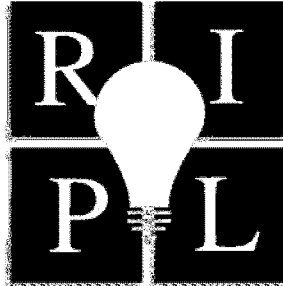


THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



WHY BOTHER CALLING PATENTS PROPERTY? THE GOVERNMENT'S PATH
TO LICENSE ANY PATENT AND MAYBE PAY FOR IT

BRADLEY M. TAUB

ABSTRACT

In 2006 the Federal Circuit in *Zoltek Corp. v. United States* denied a patent owner the basic protections of the Constitution. In 2005 the United States Supreme Court in *Kelo v. City of New London* effectively wrote the Public Use Clause out of the Fifth Amendment. This comment focuses on the constitutional and statutory rights of patent owners in light of *Zoltek*, *Kelo*, and 28 U.S.C. § 1498. After *Zoltek* and *Kelo* several questions remain, which this comment asks and analyzes. First, can the Federal Government unilaterally take a patent owner's patent reasoning the taking benefits the economy, public safety, or public health? Second, can a government contractor intentionally use a patented process out of the country to evade all liability for the government to pay just compensation? Third, can Congress strip patent owners of their constitutional rights granted to the citizenry in the Fifth Amendment? This comment answers all three questions in the affirmative and concludes patent owners require an amendment of 28 U.S.C. § 1498 to curb the Government's ability to take any patent for any reason without paying for it.

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Cite as Bradley M. Taub, *Why Bother Calling Patents Property? The Government's Path to License Any Patent and Maybe Pay for it*, 6 J. MARSHALL REV. INTELL. PROP. L. 151 (2006).

WHY BOTHER CALLING PATENTS PROPERTY? THE GOVERNMENT'S PATH TO LICENSE ANY PATENT AND MAYBE PAY FOR IT

BRADLEY M. TAUB^{*}

I. AN INTRODUCTION TO THE PROBLEMS WITH 28 U.S.C § 1498

Inherent in the United States' sovereignty resides the power of eminent domain, the power to take private property for public use.¹ The addition of a requirement to pay just compensation for taken property, in the Fifth Amendment's "Takings Clause,"² merely limits the Government's power to take private property.³ Since 1876, courts have consistently defined patents as property interests.⁴ However, a recent Federal Circuit case, *Zoltek Corp. v. United States* rejects the idea that the Fifth Amendment's Takings Clause covers patents as property.⁵ Specifically, *Zoltek* held patent owners suffering from a United States taking of a compulsory license in their patent only course of action exists under 28 U.S.C. § 1498.⁶ This comment analyzes how the holding in *Zoltek* affects patent owners and suggests patents remain a pseudo property subject to Governmental takings only under an eminent domain theory rooted in 28 U.S.C. § 1498.⁷

^{*} J.D. Candidate, May 2007, The John Marshall Law School. B.S. Mechanical Engineering, Purdue University, West Lafayette, December 2003. I would like to thank my family for all of their support throughout my life, especially my father and mother for always encouraging me to do my best. I would also like to thank my editors, Art Sokolov and Isaiah Fishman, for all of their help and guidance while writing my comment. Finally, thank you to the staff of THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW for their invaluable editorial assistance. Any mistakes in this article are my own.

¹ *United States v. Jones*, 109 U.S. 513, 518 (1883) ("The power to take private property for public uses, generally termed the right of eminent domain, belongs to every independent government."); *Mississippi & Rum River Boom Co. v. Patterson*, 98 U.S. 403, 406 (1878) ("The right of eminent domain, that is, the right to take private property for public uses, appertains to every independent government.").

² U.S. CONST. amend. V ("nor shall private property be taken for public use, *without just compensation*") (emphasis added).

³ *Jones*, 109 U.S. at 518 ("The provision found in the fifth amendment to the federal constitution, and in the constitutions of the several states, for just compensation for the property taken, is merely a limitation upon the use of the power.").

⁴ *Zoltek Corp. v. United States*, 58 Fed. Cl. 688, 696–97 (Ct. Cl. 2003) (declaring that patents are property capable of being appropriated); *Cammeyer v. Newton*, 94 U.S. 225, 226 (1887); *Seymour v. Osborne*, 78 U.S. 516, 533 (1871) ("Inventions secured by letters patent are property in the owner of the patent, and as such are as much entitled to protection as any other property, consisting of a franchise, during the term for which the franchise or the exclusive right is granted.").

⁵ *Zoltek Corp. v. United States*, 442 F.3d 1345, 1353 (Fed. Cir. 2006).

⁶ *See id.* (holding the patentee's only cause of action against the United States was under 28 U.S.C. § 1498 and no cause of action exists under the Fifth Amendment).

⁷ *See id.* The court's holding allowed the government to use the patented process; however, the court's holding did not allow compensation because it found the government's actions fell outside

At the moment, 28 U.S.C. § 1498 contains the statutory authority for any Federal Officer to use or manufacture any U.S. patented invention with minute restriction.⁸ Section 1498 also provides a cause of action in the United States Court of Federal Claims for patent owners to sue the United States for reasonable and entire compensation.⁹ However, prior to the enactment of Section 1498's predecessor, The Act of 1910, no adequate statutory cause of action against the United States for patent owners existed.¹⁰ The Act of 1910 specifically waived the Federal Government's sovereign immunity, and provided patent owners a statutory right to recover reasonable compensation when the United States used the patented invention without license or lawful right.¹¹

In June of 2005, The U.S. Supreme Court decision in *Kelo v. City of New London*¹² blurred the meaning of the "Public Use Clause" of the Fifth Amendment affecting all private property.¹³ *Kelo* is the most recent Supreme Court eminent domain case to expand the government's ability to take private property.¹⁴ *Kelo* paves the way for governmental takings of any property if a better economical use of the property exists.¹⁵ How does *Kelo*, a ruling essentially geared towards real property, affect patents?

While *Kelo* excludes a discussion on patents,¹⁶ the case broadened the Public Use Doctrine, which should affect *all* governmental takings, including the taking of compulsory licenses in patents.¹⁷ The following hypothetical situation exemplifies the injustice¹⁸ facing patent owners when the Federal Government's takings under

the language of applicable statute and no Fifth Amendment claim existed against the United States for the taking of a patent license. *Id.* at 1347.

⁸ See 28 U.S.C. § 1498(a) (2000) ("Whenever an invention . . . covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same . . ."); see 5 DONALD S. CHISUM, CHISUM ON PATENTS § 16.06[3] (2004).

⁹ 28 U.S.C. § 1498(a) ("[The patent] owner's remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture.").

¹⁰ See Act of June 25, 1910, Pub. L. No. 61-305, 36 Stat. 851 (codified as amended at 28 U.S.C. § 1498 (2000)) [hereinafter The Act of 1910].

¹¹ *Id.*

¹² *Kelo v. City of New London*, 125 S. Ct. 2655 (2005).

¹³ See *id.* at 2665 (holding that the redevelopment plan proposed by the city serves a public purpose, which satisfies the public use requirement of the Takings Clause of the Fifth Amendment).

¹⁴ *Id.* (holding that economic development is a public use); see also *Berman v. Parker*, 348 U.S. 26, 33 (1954) (holding that taking land to effectuate a spacious, clean, well-balanced, and carefully patrolled community is a public use); *Hawaii Hous. Auth. v. Midkiff*, 467 U.S. 229, 230 (1989) (holding that the breaking up of a land oligopoly that created artificial deterrents to the regular functioning of the state's residential land market is a public use).

¹⁵ See *Kelo*, 125 S. Ct. at 2665.

¹⁶ *Cf. Zoltek Corp. v. United States*, 442 F.3d 1345, 1347 (Fed. Cir. 2006) (holding a patent owner does not have Fifth Amendment cause of action against the government via the Tucker Act).

¹⁷ *Id.* The implications of *Zoltek* lead to a conclusion that all eminent domain law developed around the takings of land do not apply to the takings of patents, now governed solely by 28 U.S.C. § 1498 according to the Federal Circuit. *Id.*

¹⁸ *Decca Ltd. v. United States*, 640 F.2d 1156, 1166-67 (1980). One of the many injustices to patent owners caused by Government takings emanates from the Government's "right to take patent licenses [without the possibility of injunctions] from doing" so. *Id.* at 1166. Additionally, patent owners must further live with government "contractor[s] engaging in patent-infringing manufacture

28 U.S.C. § 1498 incorporate the restrictive holding from *Zoltek*¹⁹ and the broad holding from *Kelo*.²⁰

A. Hypothetical Situation Exemplifying the Federal Government's Ability to Cheat Patent Owners in More Than One Way

Suppose an independent inventor 'X' develops a process for producing an ultra sterile material used in manufacturing surgical tools and medical devices. The material possesses superior sanitary qualities, which causes the material to repel all bacteria, viruses, pathogens, and harmful germs. X applies for a patent with the United States Patent and Trademark Office eager to start a manufacturing company based around the technology in the patent application.

Now imagine a large private surgical tool and device manufacturing company, 'P,' gets notice of X's patented process and decides it wants to use X's process to make all of its surgical tools and medical devices. P tries to obtain a license from X but because X wants to corner the market with the new technology, a lawful decision based on X's patent rights, X refuses P's request.²¹ Not wanting to give up, P consults *Kelo* and offers the Federal Government a deal it cannot refuse.

P proposes the Government grant P a government contract to manufacture ultra sanitary surgical tools and medical devices, using X's process. In return, P will build a multi-million dollar manufacturing plant creating one thousand jobs and significant tax revenue for the Government. Under the contract, P asserts it will supply all of the government's military medical needs, and P will supply private hospitals in furtherance of the public health. P sweetens the deal mentioning it will perform some of the steps of X's patented process out of the country, evading government liability to pay compensation.²²

The Government accepts P's proposal exercising its eminent domain power to take any private property for public uses, including patents.²³ However, several questions arise: (1) Can the Federal Government unilaterally take X's patent and give a compulsory license to P reasoning it benefits the economy, public safety, or public health?²⁴ (2) Can P intentionally use X's patented process out of the country to

or use pursuant to . . . a procurement contract with the Government" without the possibility of obtaining an injunction from its patent-infringing activity. *Id.* at 1166–67.

¹⁹ See *Zoltek*, 442 F.3d at 1345.

²⁰ *Kelo*, 125 S. Ct. at 2671 (O'Connor, J., dissenting). The majority's reasoning was so broad that it "effectively [deleted] the words 'for public use' from the *Takings Clause of the Fifth Amendment*." *Id.* at 2671 (emphasis added).

²¹ 35 U.S.C. § 154(a)(1) (2000) ("Every patent shall . . . grant to the patentee . . . the right to exclude others. . .").

²² *Zoltek*, 442 F.3d at 1347 (holding the United States is only liable for the use of a method patent when it practices every step of the claimed method in the United States).

²³ See *supra* note 1 and text accompanying; see also 28 U.S.C. § 1498(a) (2000). The government also has the statutory authority to take a license in any patent because 28 U.S.C. § 1498 gives it express authority to do so. *Decca*, 640 F.2d at 1166 ("Section 1498 authorizes the Government to take a license in any United States patent . . .").

²⁴ See *Kelo*, 125 S. Ct. at 2673 (O'Connor, J., dissenting) (explaining Congress previously determined injury "to the public health, safety, morals, and welfare" qualify as valid reasons for

evade all liability for the government to pay just compensation?²⁵ (3) Can Congress strip X of its Constitutional rights granted to the citizenry in the Fifth Amendment?²⁶ This comment develops the history surrounding these questions and answers all three in the affirmative.

This comment focuses on the rights of patent owners in light of *Zoltek*, *Kelo* and 28 U.S.C. § 1498. Part I provides the history and development of eminent domain law in relation to patent and in relation to real property. Part I also sets up the background surrounding the *Zoltek* holding, which modifies all prior eminent domain law as it relates to patent takings. Next, Part II analyzes *Kelo* and how its holding affects the Public Use Clause and compulsory patent license takings. Part II also analyzes the restrictive holding in *Zoltek* and how its holding limits patent owners to one cause of action against the United States, with a slim chance of recovery. Part III proposes a solution to the current problems with 28 U.S.C. § 1498 in light of *Kelo* and *Zoltek*, securing the rights of U.S. patent owners. Lastly, Part IV concludes patent owners require an amendment of 28 U.S.C. § 1498 to curb the Government's ability to take any patent for any reason without paying for it.

II. THE HISTORY OF EMINENT DOMAIN IN RELATION TO REAL PROPERTY AND PATENTS

While most commonly associate eminent domain law with the taking of real property, this section emphasizes how courts apply eminent domain to both patents and real property. Subsection *A* presents the complete history of eminent domain law in relation to patents starting with the organization of the Court of Claims and finishing with the codification of the Act of 1910 located at 28 U.S.C. § 1498. Subsection *B* presents a brief overview of eminent domain in relation to the takings of land including the development of the Public Use Clause into the Public Purpose Test. Subsection *C* discusses the recent Federal Circuit decision in *Zoltek Corp. v. United States*.

A. The History of the United States Taking Patents via Eminent Domain

Government takings via eminent domain in a patent context come in the form of intangible compulsory licenses to use or manufacture patented inventions.²⁷ The

employing eminent domain); *see id.* at 2657 (holding economic development qualifies as a valid reason for exercising eminent domain).

²⁵ *See Zoltek*, 442 F.3d at 1347 (holding the United States is liable for the use of a method patent only when it practices every step of the method in the United States).

²⁶ *See id.* at 1378 (Plager, J., dissenting) (asking if Congress can withhold the remedies and revoke the protections of the Fifth Amendment). Judge Plager continues to announce in his opinion, "it hardly seems appropriate for this court to be the first to announce" that section 1498 (legislation) cabined the Constitution, a view contrary to the common understanding that the Constitution trumps legislation. *Id.*

²⁷ *Leesona Corp. v. United States*, 599 F.2d 958, 968 (Ct. Cl. 1979) ("The nature of the property taken by the government in a patent infringement suit has traditionally been a compulsory compensable license in the patent . . .").

method for compensating patent owners differs from compensating land owners.²⁸ When the government takes private property, like land, for public use, the government compensates the owner with just compensation according to the Fifth Amendment to the Constitution.²⁹ Usually, land owners know of the taking because of the physical and tangible nature of land. Conversely, for a patent owner to obtain just compensation when the government decides to use a patented invention, the patent owner must first discover the taking and then make a timely filing of a law suit in the United States Court of Federal Claims for “reasonable and entire compensation.”³⁰ The lack of notice given to patent owners when the Government takes a license in their patent exemplifies one of the many hardships associated with Governmental patent license takings.³¹

While the Federal Government’s power to take a compulsory license in a patent existed from the conception of its sovereignty, patent owners have consistently lacked a sufficient statutory method to obtain just compensation for the takings.³² The history of patent owners’ remedies against United States takings begins in the mid to late nineteenth century, a time prior to the enactment of the Tucker Act.³³

²⁸ Compare 28 U.S.C. § 1498(a) (“[T]he owner’s remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation . . .”), with U.S. CONST. amend. V (providing “just compensation” for private property taken for public use).

²⁹ U.S. CONST. amend. V.

³⁰ 28 U.S.C. § 1498(a).

³¹ See *supra* note 18 and accompanying text. See 28 U.S.C. § 1498(a) (omitting the inclusion of a notice provision to patent owners whose patent is used or manufactured); see also LiLan Ren, Comment, *A Comparison of 28 U.S.C. § 1498(a) and Foreign Statutes and An Analysis of § 1498(a)’s Compliance with TRIPS*, 41 HOUS. L. REV. 1659, 1670 (2005) (“[O]ther provisions pertaining to patent infringement, such as notice and compensation under title 35, are not incorporated into [Section] 1498(a).”).

³² *Crozier v. Fried Krupp Aktiengesell-Schaft*, 224 U.S. 290, 304 (1912).

³³ Act of March 3, 1887, ch. 359, 24 Stat. 505 (codified as amended at 28 U.S.C. § 1491 (2000)) [hereinafter *The Tucker Act*]. The Act reads in part:

All claims founded upon the Constitution of the United States or any law of Congress, except for pensions, or upon any regulation of an Executive Department, or upon any contract, express or implied, with the Government of the United States, or for damages, liquidated or unliquidated, in cases not sounding in tort, in respect of which claims the party would be entitled to redress against the United States either in a court of law, equity, or admiralty if the United States were suable.

Id.

1. Remedies Available to Patent Owners after the Organization of the Court of Claims

On February 24, 1855 Congress created the Court of Claims³⁴ to hear “[a]ll claims founded . . . upon any contract, expressed or implied, with the Government of the United States.”³⁵ Prior to the Court of Claims organization, patent owners possessed no protection from unauthorized government use of their patented inventions.³⁶ Patent owners were constrained to either apply directly to Congress for recourse,³⁷ or, if the patent owner was fortunate, the Government would purchase or agree to pay fair compensation for the use of the patent.³⁸

Once Congress established the Court of Claims,³⁹ patent owners could apply to the court for compensation from the United States under one of two methods. The first method for obtaining compensation relied on the Fifth Amendment right to just compensation when the Government took private property for public use – in a patent context, the Government used a patented invention or took a license in the invention.⁴⁰ However, it remained uncertain whether a patent owner could sue the government for violating the Fifth Amendment because in *James v. Campbell* the Supreme Court declined to answer that jurisdictional question.⁴¹ In *James*, the Supreme Court noted Congress never specifically provided for a mode of obtaining compensation from the United States for unauthorized uses of patented inventions.⁴² The Court also noted the Court of Claims would be the most appropriate forum for

³⁴ *Schillinger v. United States*, 155 U.S. 163, 166 (1894); *see also* CHISUM, *supra* note 8, § 16.06[3].

For many years, the Court of Claims had exclusive jurisdiction of Section 1498(a) suits. On October 1, 1982, the Court of Claims was abolished. Its trial functions were transferred to a newly created United States Claims Court, which was an Article I rather than an Article III federal court. Appeals from decisions of the Claims Court go to the Court of Appeals for the Federal Circuit, an Article III court parallel to the other Courts of Appeal. ‘Effective October 29, 1992, the United States Claims Court became the United States Court of Federal Claims.’ During the course of these changes in the structure and name of the tribunal, the substantive remedy against the United States under 28 U.S.C. Section 1498(a) has remained unchanged.

Id.

³⁵ *Schillinger*, 155 U.S. at 167.

³⁶ *Id.* at 166 (“[T]he only recourse of claimants was in an appeal to congress.”).

³⁷ *James v. Campbell*, 104 U.S. 356, 359 (1882) (“[T]he only remedy against the United States [for the use of a patented invention,] until Congress enlarges the jurisdiction of [the Court of Claims], would be to apply to Congress itself.”); *Schillinger*, 155 U.S. at 166.

³⁸ *Campbell*, 104 U.S. at 358 (stating the general practice of compensation relies upon the government’s own accord to pay).

³⁹ *See supra* note 34 and accompanying text.

⁴⁰ *Leesona Corp. v. United States*, 599 F.2d 958, 966 (Ct. Cl. 1979). The United States Supreme Court “stated in dictum that the owner of a patent infringed by the government had a fifth amendment right to just compensation . . .” *Id.* *Leesona* also mentioned the avenues to enforce the Fifth Amendment rights were dubious. *Id.*

⁴¹ *Campbell*, 104 U.S. at 359. The Court of Claims in *Leesona* proposes that because the United States was itself an “indispensable party who had not consented to be sued,” the plaintiff in *Campbell* could had no cause of action against the Government. *Leesona*, 599 F.2d at 966.

⁴² *Campbell*, 104 U.S. at 358.

such uses, if it had the requisite jurisdiction.⁴³ However, the *James* Court did not decide the Court of Claims' jurisdiction regarding violations of the Fifth Amendment and unauthorized uses of patent inventions because it held the patent invalid.⁴⁴

The second method available to patent owners for obtaining compensation from the United States relied on an expressed or implied contract between the patent owner and the United States.⁴⁵ In *James*, the Supreme Court recognized several other courts allowed patent owners to waive the tort,⁴⁶ patent infringement, and place their claim upon the footing of an implied contract, which reached the Court of Claims' jurisdiction.⁴⁷ While the contract path for patent owners worked in theory, it did not work in practice because most of the time the United States and the patent owner never communicated and never established a basis for an implied contract, let alone an express one.

The available methods for compensating patent owners left patent owners in a dubious situation because no reliable avenue for enforcing their property rights against the United States existed.⁴⁸ The specific question of a patent owner's Fifth Amendment cause of action was never resolved because Congress passed the Tucker Act shortly after *James*, which expanded the Court of Claims jurisdiction.⁴⁹

2. The Tucker Act Barely Improved the Situation for Patent Owners

Congress enacted the Tucker Act on March 3, 1887⁵⁰ to add to the Court of Claims jurisdiction. Specifically, the Tucker Act enabled the Court to hear "all claims founded upon the Constitution of the United States . . ."⁵¹ However, the Act added little in the way of patent owner's causes of action against the United States because of the construction given to the Act in the United States Supreme Court case of *Schillinger v. United States*.⁵²

Schillinger rejected a Fifth Amendment taking of a patent as a claim founded upon the constitution within the jurisdiction of the Court of Claims granted in the

⁴³ *Id.*

⁴⁴ *Id.* at 383.

⁴⁵ *Id.* at 358–59 (recognizing other courts allow patent owners to waive the tort claim and sue on an implied contract theory).

⁴⁶ See *Russell v. United States*, 182 U.S. 516, 530 (1901). Patent infringement is a tort, and torts were precluded in the original Court of Claims' jurisdiction. See *id.*

⁴⁷ *Campbell*, 104 U.S. at 358–59.

⁴⁸ *Leesona Corp. v. United States*, 599 F.2d 958, 966 (Ct. Cl. 1979) (discussing the situation in *Campbell*).

⁴⁹ See *Schillinger v. United States*, 155 U.S. 163, 168 (1894) (holding a Fifth Amendment taking of private property for public use without just compensation is *not* a claim founded upon the constitution for the purposes of the Tucker Act); see also *Zoltek Corp. v. United States*, 442 F.3d 1345, 1350 (Fed. Cir. 2006) (explaining in *Schillinger* the Supreme Court did not allow a patent owner to "sue the government for patent infringement as a Fifth Amendment taking under the Tucker Act."). *Zoltek* holds "*Schillinger* remains the law." *Id.*

⁵⁰ See *supra* note 33 and accompanying text.

⁵¹ *Schillinger*, 155 U.S. at 167.

⁵² *Id.* at 168.

Tucker Act.⁵³ In a vigorous dissent, Justice Harlan opined “[i]f the claim here made to be compensated for the use of a patented invention is not founded upon the constitution of the United States, it would be difficult to imagine one that would be of that character.”⁵⁴ Nonetheless, to this day patent owners cannot sue the United States for unauthorized uses of their patented inventions as a violation of the Fifth Amendment.⁵⁵ According to the 2006 Federal Circuit decision in *Zoltek v. United States*, the 1894 Supreme Court holding in *Schillinger*, denying patent owners a remedy under the Fifth Amendment, remains the reason Fifth Amendment remedies against the United States for taking compulsory patent licenses never saw the light of day.⁵⁶

The *Schillinger* construction left patent owners to rely on establishing a contractual relationship with the United States to obtain compensation, which, as explained above, left patent owners vulnerable to takings without compensation for unauthorized Government uses.⁵⁷ Moreover, patent owners rarely succeeded in proving a contract existed between them and the United States.⁵⁸

After the enactment of the Tucker Act, Government officers could still infringe patents freely, forcing patent owners to sue the United States and argue an implied contract existed.⁵⁹ Additionally, the Tucker Act’s language limited patent owners to recovering only damages.⁶⁰ Not until the Act of 1910 did patent owners gain

⁵³ *Id.*

⁵⁴ *Id.* at 179 (Harlan, J., dissenting).

⁵⁵ *Zoltek Corp. v. United States*, 442 F.3d 1345, 1353 (Fed. Cir. 2006) (holding the trial court erred in allowing the patent owner to “allege patent infringement as a Fifth Amendment taking under the Tucker Act.”). Patent owners are restricted to remedies against the United States as provided in 28 U.S.C. § 1498. *See generally Zoltek*, 442 F.3d 1345.

⁵⁶ *Id.* at 1350 (“In *Schillinger v. United States*, 155 U.S. 163 (1894), the Supreme Court rejected an argument that a patentee could sue the government for patent infringement as a Fifth Amendment taking under the Tucker Act. *Schillinger* remains the law.”).

⁵⁷ *See Schillinger*, 155 U.S. at 168; *Zoltek*, 442 F.3d at 1353 (affirming the *Schillinger* holding: no cause of action under the Fifth Amendment for patent owner).

⁵⁸ *See Harley v. United States*, 198 U.S. 229, 235–36 (1905) (holding that the “there was no coming together of the minds,” thus the patent owner is not entitled to remuneration for the United States use of the patented device); *Russell v. United States*, 182 U.S. 516, 535 (1901) (affirming the Court of Claims that sustained a demurrer to the plaintiff’s complaint because there was no contract between the plaintiff and the United States); *United States v. Berdan Fire-Arms Mfg. Co.*, 156 U.S. 522, 565–66 (1895) (holding that “[e]ven if there were findings sufficient to show that the government [infringed the] patent, there is nothing disclosing a contract, express or implied; and mere infringement, which is only a tort, creates no cause of action cognizable in the Court of Claims.”); *Schillinger*, 155 U.S. at 172 (affirming the dismissal of the suit because the Court of Claims lack subject matter jurisdiction because there was no express or implied contract and the government cannot be sued for the tort of infringement). *But see United States v. Palmer*, 128 U.S. 262, 272 (1888) (affirming the judgment for the patent owner because the claim was for implied contract and not for infringement and the government was liable for fair compensation for the consensual use of the patent owner’s invention).

⁵⁹ *See Harley*, 198 U.S. at 235–36; *Russell*, 182 U.S. at 535; *Berdan Fire-Arms*, 156 U.S. at 565–66; *Schillinger*, 155 U.S. at 172. *But see Palmer*, 128 U.S. at 272.

⁶⁰ *Crozier v. Fried Krupp Aktiengesell-Schaft*, 224 U.S. 290, 304 (1912) (holding that the remedy available precluded any enjoinder of a federal officer for infringement).

practical protection from government takings, allowing them to abandon the tenuous and largely unsuccessful implied contract argument.⁶¹

3. *The Act of 1910*

Congress proposed and passed the Act of 1910⁶² to provide additional protection for patent owners who struggled to obtain compensation under an implied contract theory.⁶³ The new legislation provided a statutory means of recovery in the Court of Claims, expanding the rights of patent owners when suing the United States.⁶⁴ The Act of 1910 waived the Government's sovereign immunity for suits on unauthorized uses of patented inventions.⁶⁵ Because of the Governmental waiver of sovereign immunity, patent owners could sue the United States for reasonable compensation when the government used a patented invention without permission.⁶⁶

However, only eight years would pass before Congress would limit the Act of 1910, diminishing the power it originally granted patent owners.⁶⁷ When the United States became involved in World War I, it used several governmental contractors to aid in producing goods for the war effort. Under the Act of 1910, patent owners could enjoin those governmental contractors from manufacturing goods if they infringed their patent.⁶⁸

William Cramp & Sons Ship & Engine Building Co. v. International Curtis Marine Turbine Co. highlighted the injunction problems created under the Act of 1910 and eventually caused its amendment in 1918.⁶⁹ In *Cramp*, the government contracted with a ship company to build torpedo boat destroyers. Unfortunately for Cramp, the Turbine Company owned several patents on the turbine engine proposed for use in the destroyer's design.⁷⁰ When the Turbine Company found out about the contract, they sued and obtained an injunction preventing Cramp from using the

⁶¹ The Act of 1910.

⁶² *Id.* The act read in part: "[t]hat whenever an invention . . . covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims . . ." *Id.*

⁶³ *Crozier*, 224 U.S. at 303 (explaining that the enactment of The Act of 1910 emerged from the Tucker Act problems because under the Tucker Act it was only possible to sue the United States on contract theories and not tort).

⁶⁴ The Act of 1910.

⁶⁵ *Id.* ("[W]hensoever an invention . . . shall hereafter be *used* by the United States . . .") (emphasis added).

⁶⁶ *Id.* ("[O]wner may recover reasonable compensation for such use by suit in the Court of Claims . . .").

⁶⁷ See Act of July 1, 1918, Pub. L. No. 65-182, 40 Stat. 704, 705 (codified as amended at 28 U.S.C. § 1498 (2000)) [hereinafter The Act of 1918].

⁶⁸ See The Act of 1910 (omitting a provision preventing patent owners from obtaining injunctions against the United States).

⁶⁹ *William Cramp & Sons Ship & Engine Bldg. Co. v. Int'l Curtis Marine Turbine Co.*, 246 U.S. 28, 37 (1918).

⁷⁰ *Id.* at 36.

patented turbine engine.⁷¹ Immediately after *Cramp* the Government realized the Act of 1910's potential catastrophic effect on the production of wartime goods and asked Congress to help.⁷²

4. *The Act of 1918, Amending the Act of 1910*

Future president Franklin D. Roosevelt, the then United States Navy Acting Secretary, wrote a letter to Congress detailing the shortcomings of the Act of 1910.⁷³ Roosevelt cited difficulties in procuring goods from private manufacturers, necessary to meet military requirements of World War I, as the reason for an amendment.⁷⁴ The letter detailed how government contractors refused to supply the government because of the potential exposure to litigation involving the possibilities of injunctions and damages.⁷⁵

Congress responded to Roosevelt's letter less than four months after *Cramp*, passing the Naval Appropriation Bill, the Act of July 1, 1918, amending the Act of 1910.⁷⁶ The amendment specifically provided patentees' sole remedy against an infringing government contractor was to sue the United States in the Court of Claims.⁷⁷ The Act of 1918 effectively did two things. First, it completely relieved government contractors from liability "for the infringement of patents in manufacturing anything *for* the Federal Government . . ."⁷⁸ Second, the Act limited

⁷¹ *Id.* at 28 (holding the defendant liable for infringing while performing under a government contract).

⁷² See generally *Wood v. Atl. Gulf & Pac. Co.*, 296 F. 718, 720–21 (S.D. Ala. 1924) (discussing Franklin D. Roosevelt's letter to Congress asking for an amendment to The Act of 1910).

⁷³ *Id.*

⁷⁴ *TVI Energy Corp. v. Blane*, 806 F.2d 1057, 1060 (Fed. Cir. 1986).

⁷⁵ *Wood*, 296 F. at 721. The letter from Franklin D. Roosevelt to Benjamin R. Tillman dated April 20, 1918 reads in part:

The situation promised serious disadvantage to the public interests, and in order that vital activities of this department may not be restricted unduly at this time, and also with a view of enabling dissatisfied patentees to obtain just and adequate compensation in all cases conformably to the declared purpose of said act, I have the honor to request that the act be amended by the insertion of a proper provision therefor in the pending naval appropriation bill.

Id.

⁷⁶ The Act of 1918. See *Richmond Screw Anchor Co. v. United States*, 275 U.S. 331, 345 (1928) ("The intention and purpose of Congress in The Act of 1918 was to stimulate contractors to furnish what was needed for the War, without fear of becoming liable themselves for infringements to inventors or the owners or assignees of patent."); see also *Wood*, 296 F. at 720 (explaining how the holding in *Cramp* implored Congress to prevent patent owners from enjoining government contractors manufacturing goods necessary for war).

⁷⁷ *TVI Energy Corp.*, 806 F.2d at 1060; see also The Act of 1918 ("That whenever an invention . . . covered by a patent of the United States shall hereafter be used *or manufactured by or for the United States* without license or lawful right . . .") (emphasis added).

⁷⁸ *Richmond Screw*, 275 U.S. at 343 (emphasis added).

patent owners' causes of action to those against the United States in the Court of Claims for reasonable and entire compensation.⁷⁹

5. *The Scope of 28 U.S.C. § 1498*

28 U.S.C. § 1498 codifies the Act of 1910, including its 1918 amendment, in substantially the same form in which it existed when enacted.⁸⁰ 28 U.S.C. § 1498 harnesses the Government's sovereign eminent domain power, permitting the Government to use or manufacture patented devices only in exchange for reasonable and entire compensation to the patent owner.⁸¹

The Federal Government takes compulsory licenses in patents under 28 U.S.C. § 1498 without restrictions and without penalties private infringers accrue under Title 35.⁸² For instance, patent owners cannot obtain treble damages or an injunction in a suit against the United States for a taking.⁸³ The United States does not infringe patents.⁸⁴ It takes a compulsory license in the patent under its eminent domain power and must only provide just compensation for the taking.⁸⁵ Just

⁷⁹ *Id.* (stressing the point that the addition of the word "entire" to The Act of 1918 emphasized the exclusive and comprehensive character of the remedy under the amended law); *see also* The Act of 1918 ("[S]uch owner's remedy shall be by suit against the United States in the Court of Claims for the recovery of his *reasonable and entire compensation* for such use and manufacture . . .") (emphasis added).

⁸⁰ *Zoltek Corp. v. United States*, 58 Fed. Cl. 688, 700–01 n.22 (Ct. Cl. 2003) (explaining the Act of 1910 as amended by the Act of 1918 was originally codified in Title 35 but was moved to Title 28 during the 1948 revision). 28 U.S.C. § 1498(a) reads in part as follows:

Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture.

28 U.S.C. § 1498(a) (2000).

⁸¹ *Irving Air Chute Co. v. United States*, 93 F. Supp. 633, 635 (Ct. Cl. 1950) (explaining 28 U.S.C. § 1498 is "an eminent domain statute, which entitles the Government to manufacture or use a patented article becoming liable to pay compensation to the owner of the patent.").

⁸² *See* 28 U.S.C. § 1498(a).

⁸³ *Leesona Corp. v. United States*, 599 F.2d 958, 969 (Ct. Cl. 1979). Title 35 (Patents) allows for remedies such as injunction and increased damages which are not permissible under 28 U.S.C. § 1498 because that would grant the plaintiff a recovery in excess of just compensation as required by the Fifth Amendment and in excess of the reasonable and entire compensation authorized by Congress in 28 U.S.C. § 1498. *Id.* *See also* 35 U.S.C. § 283 (2000) ("The several courts having jurisdiction of cases under this title [35 USCS §§ 1 et seq.] may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable."); *see also* 35 U.S.C. § 284 (2000) ("When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed.").

⁸⁴ *Leesona*, 599 F.2d at 967 (stating the government takes a license in the patent as a rightful exercise of eminent domain and an injunction is not available). "When the [G]overnment has infringed, it is deemed to have 'taken' the patent license under an eminent domain theory . . ." *Id.* at 964.

⁸⁵ *Id.* at 964 ("[C]ompensation is the just compensation required by the [F]ifth [A]mendment.").

compensation, under 28 U.S.C. § 1498, is generally a “reasonable royalty”⁸⁶ for the license the Government took.⁸⁷ Next, subsection *B* discusses eminent domain and its development through the government’s taking of land.

B. The History of the United States Taking Land Via Eminent Domain

In 1870, the Supreme Court of the United States held private property includes United States patents.⁸⁸ That holding developed into the Government taking licenses in any patent under its eminent domain power, a power inherent in its sovereignty.⁸⁹ Congress solidified the law of eminent domain regarding the takings of patents about a century ago when it enacted the Act of 1910.⁹⁰ However, the following subsections demonstrate how the law of eminent domain regarding the taking of land remains volatile.⁹¹

1. Eminent Domain: Two Restrictions, The Public Use Clause and Just Compensation: The development of Public Use into Public Purpose

The United States sovereign power of eminent domain allows the Federal Government to take any private property.⁹² The only limitation of the United States eminent domain power emanates from the Fifth Amendment to the United States Constitution.⁹³ The United States Government can only take private property for *public use* and the Government must pay *just compensation* for the taking.⁹⁴ The following two polar scenarios establish a base for discussing the historical

⁸⁶ *Id.* at 973. The preferred method for determining a reasonable royalty is the comparative royalty technique where the court looks at what other licensees pay the patent owner as a royalty. *Id.* The reasonableness and fairness of the determined just compensation is monitored by comparing the determined amount an estimated reasonable royalty on a proper compensation base and then testing that amount by comparing it to other available measures like savings to the Government and lost profits. *Id.*

⁸⁷ *See id.* (stating that when a reasonable royalty cannot be ascertained there are several other methods that can be employed to determine reasonable and entire compensation owed to the patent owner). *See, e.g.,* Tekronix, Inc. v. United States, 552 F.2d 343, 349 (1977) (determining the reasonable royalty by holding a hypothetical negotiation between a willing buyer and willing seller); Pitcairn v. United States, 547 F.2d 1106, 186–87 (1976) (determining the royalty rate by using rates offered by the patent owner to other companies attempting to obtain a license); Calhoun v. United States, 453 F.2d 1385, 1395 (1972) (asserting that when commercial royalty rates are established that represent fair market value, no addition to the rate will be added for litigation difficulties, nor will attorney fees nor expenses cause the rate to rise).

⁸⁸ *Seymour v. Osborne*, 78 U.S. 516, 533 (1871) (holding patents are property).

⁸⁹ *See supra* note 1 and accompanying text.

⁹⁰ The Act of 1910.

⁹¹ *See, e.g.,* *Kelo v. City of New London*, 125 S. Ct. 2655, 2665–66 (2005) (exemplifying the changes of eminent domain holding economic redevelopment as a valid public purpose satisfying the public use requirement of the Takings Clause of the Fifth Amendment).

⁹² *See supra* note 1 and accompanying text.

⁹³ *See* *United States v. Jones*, 109 U.S. 513, 518 (1883); U.S. CONST. amend. V.

⁹⁴ *See* U.S. CONST. amend. V.

development of the Government's ability to take property as limited in the Fifth Amendment.⁹⁵

In scenario one, the Fifth Amendment forbids the United States from taking private property from private party 'A' for the sole purpose of giving it to another private party 'B,' even if 'A' receives just compensation.⁹⁶ In scenario two, the United States may transfer property from one private party to another private party if the public may use the property in the future.⁹⁷ Scenario two exemplifies the "Use by the Public Test" and courts continued to apply it until the mid-nineteenth century.⁹⁸

Originally, many state courts applied the Use by the Public Test to determine the constitutionality of the sovereign's taking; however, in the mid-nineteenth century, many state courts circumvented or abandoned the test completely because of difficulty in its administration.⁹⁹ For example, courts toiled with questions such as: how much of the condemned land must the public use in the future, how much of the public needs access to the land, and at what cost.¹⁰⁰ Due to the application difficulties and inadequacy of the Use by the Public Test, the U.S. Supreme Court adopted the Public Purpose Test at the close of the nineteenth century.¹⁰¹

In *Fallbrook Irrigation District v. Bradley*¹⁰² the U.S. Supreme Court embraced the Public Purpose¹⁰³ interpretation of the Public Use Clause, and in *Strickley v.*

⁹⁵ *Kelo*, 125 S. Ct. at 2661.

⁹⁶ *Id.* at 2662; *see e.g.*, *Brest v. Jacksonville Expressway Auth.*, 194 So. 2d 658, 662 (Fla. Dist. Ct. App. 1967) ("The court acknowledged the general rule to be that a public body may not use its power of eminent domain to acquire property for the sole purpose of making such property available to private enterprises for private use.").

⁹⁷ *Kelo*, 125 S. Ct. at 2661 (stating an example when the Government uses the power of eminent domain to give the railroad, or any common carrier, land to build on which will be open to the public at large to use the land in the future); *Hawaii Hous. Auth. v. Midkiff*, 467 U.S. 229, 244 (1984) (stating that the public use requirement does not literally require all condemned property to be put into use for the general public, a taking that satisfies a valid public purpose will satisfy the requirement).

⁹⁸ *Kelo*, 125 S. Ct. at 2662.

⁹⁹ *Id.* (suggesting that the use by the public test meant that the court would look to see if the land being taken would actually be used by the public in the future to satisfy the Public Use Clause). The Use by the Public Test also proved to be impractical because the needs of society were always changing and evolving with the time. *Id.* *See also* *Dayton Gold & Silver Mining Co. v. Seawell*, 11 Nev. 394, 405 (1876) (rejecting the use by the public interpretation of the Public Use Clause because it would cripple the legislature and prevent the beneficial influence on the welfare and prosperity of the state).

¹⁰⁰ *Kelo*, 125 S. Ct. at 2662.

¹⁰¹ *Id.* When the U.S. Supreme Court began applying the Fifth Amendment to the states at the close of the nineteenth century, it embraced the broader public purpose test over the narrow use by the public test. *Id.* *See also* *Strickley v. Highland Boy Gold Mining Co.*, 200 U.S. 527, 531 (1906) (stressing the inadequacy of use by the general public as a universal test to meet the Public Use Clause).

¹⁰² *Fallbrook Irrigation Dist. v. Bradley*, 164 U.S. 112 (1896).

¹⁰³ *Id.* at 161–62 (holding that taking land not to be used by the public is not fatal as long as the taking is a public purpose and a matter of public interest); *see Kelo*, 125 S. Ct. at 2673 (O'Connor, J., dissenting) ("[I]n certain circumstances and to meet certain exigencies, takings that serve a public purpose also satisfy the Constitution even if the property is destined for subsequent private use.") (emphasis added); *see, e.g.*, *Berman v. Parker*, 348 U.S. 26, 33 (1954) (holding that taking land to effectuate a spacious, clean, well-balanced, and carefully patrolled community benefits the public welfare and is permissible under the Government's eminent domain power); *see*,

Highland Boy Gold Mining Co.,¹⁰⁴ the Court left no uncertainty that the Public Purpose interpretation of the Public Use Clause replaced all preceding ones.¹⁰⁵ From its inception, the Public Purpose Test blurred the line of permissible and impermissible takings, because it deviated from the straightforward test – if the public can use the land, then the taking satisfies the Public Use Clause.¹⁰⁶ Specifically, the Public Purpose interpretation strays from the enumerated words in the Fifth Amendment, namely “Public Use.”¹⁰⁷ Additionally, courts have the authority to stretch the definition of permissible public purposes to find a legislative taking constitutional.¹⁰⁸

e.g., *Hawaii Hous. Auth. v. Midkiff*, 467 U.S. 229, 241 (1989) (holding that when the exercise of the power of eminent domain is rationally related to a conceivable public purpose, a compensated taking has never been held to be prohibited by the Public Use Clause). The Court in *Kelo* defied the understanding the Framers of the Constitution allowed the government to take private property for public use and not public necessity, when they replaced public use with public purpose. *Kelo*, 125 S. Ct. at 2677 (Thomas, J., dissenting).

¹⁰⁴ *Strickley*, 200 U.S. 527 (1906).

¹⁰⁵ *Id.* at 531 (holding that a mining company’s use of an aerial bucket line to transport ore over private property was a valid public purpose satisfying the public use requirement); *Clark v. Nash*, 198 U.S. 361, 369–70 (1905) (holding that a statute that authorized the owner of arid land to widen a ditch on his neighbor’s land was a valid public purpose and it met the requirement of public use); *see Hous. Fin. & Dev. Corp. v. Castle*, 79 Haw. 64, 83 (1995) (holding “one person’s property may not be taken for the benefit of another private person without a *justifying public purpose*, even though compensation be paid.”). When “the exercise of the eminent domain power is *rationally related to a conceivable public purpose*, the Court has never held a compensated taking to be proscribed by the Public Use Clause.” *Id.* *Daniels v. Area Plan Comm’n*, 306 F.3d 445, 462 (7th Cir. 2002) (holding “even takings that transfer property from one private person to another have been deemed valid as long as there is a public purpose underlying the transfer.”); *Besig v. Friend*, 463 F. Supp. 1053, 1063 (N.D. Cal. 1979) (holding a “transfer of property by the state is not a ‘gift’ in violation of this constitutional provision if the transfer is supported by adequate consideration or if the transfer serves a valid public purpose.”); *Hollywood v. Hollywood, Inc.*, 432 So. 2d 1332, 1338 (Fla. Dist. Ct. App. 1983) (holding the government’s transfer of development rights was proper and reasonably related to a valid public purpose to protect the beachfront property); *Scott v. State Bd. of Equalization*, 50 Cal. App. 4th 1597, 1604 (Cal. Ct. App. 1996) (holding “expenditures of public funds or property which involve a benefit to private persons are not gifts within the meaning of the constitutional prohibition if those funds are expended for a public purpose.”).

¹⁰⁶ *See Kelo*, 125 S. Ct. at 2683 (Thomas, J., dissenting) (“[T]he ‘public purpose’ standard is not susceptible of principled application.”). The U.S. Supreme Court embraced public purpose as the more natural and more broad interpretation of the public use requirement when it began to apply the Fifth Amendment to the States at the closing of the nineteenth century. *See, e.g., Fallbrook*, 164 U.S. at 158–64 (1896).

¹⁰⁷ *Kelo*, 125 S. Ct. at 2686 (Thomas, J., dissenting) (“When we depart from the natural import of the term ‘public use,’ and substitute for the simple idea of a public possession and occupation, that of public utility, public interest, common benefit, general advantage or convenience . . . we are afloat without any certain principle to guide us.”).

¹⁰⁸ *Id.* at 2663. For example, the Court in *Kelo* stretched the meaning of public purpose to include economic development as a constitutional taking under the Fifth Amendment. *See id.* at 2666–67. Whether economic development can be a reason to take a license in a patent is yet to be determined; however, “where the exercise of the eminent domain power is rationally related to a conceivable public purpose, the Court has never held a compensated taking to be proscribed by the Public Use Clause.” *Midkiff*, 467 U.S. at 241.

2. *Kelo* – Expanding the Public Purpose Test

In *Kelo v. City of New London*, the issue facing the Supreme Court asked whether the city’s proposed economic revitalization plan of private property¹⁰⁹ satisfied the Public Use Clause of the Fifth Amendment as a valid public purpose.¹¹⁰ The Court held the city’s plan unquestionably served a public purpose,¹¹¹ forcing the plaintiff home owners out of their homes.¹¹²

In *Kelo*, the Court began its analysis of Public Use looking at the two polar scenarios¹¹³ mentioned above, and decided *Kelo* did not fall in either situation because the general public would not have access to the condemned land, and because the taking was not purely private.¹¹⁴ Accordingly, the Supreme Court considered whether the taking satisfied a recognized public purpose.¹¹⁵

In order to make its decision, the Court relied on *Berman v. Parker*¹¹⁶ and *Hawaii Housing Authority v. Midkiff*¹¹⁷ both cases upheld controversial takings because both cases found valid public purposes.¹¹⁸ Following its precedents in

¹⁰⁹ *Kelo*, 125 S. Ct. at 2660. The property referred to in *Kelo* was fifteen pieces of land that was owned by nine petitioners in Fort Trumbull, which is an area situated on a peninsula that juts into the Thomas River in Connecticut. *Id.*

¹¹⁰ *Id.* at 2661. *Kelo* was an issue of first impression for the Court. *Id.* at 2673 (O’Connor, J., dissenting) (deciding whether economic development takings are constitutional). *Kelo* was also the first time in over twenty years the Court had to decide if a purported public purpose met the public use requirement of the Fifth Amendment. *Id.* “Promoting economic development is a traditional and long accepted function of government.” *Id.* at 2665. “Clearly, there is no basis for exempting economic development from our traditionally broad understanding of public purpose.” *Id.* at 2665–66.

¹¹¹ *Id.* at 2665. The redevelopment plan was based around a privately held drug company who was going to move to the area and build a multi-million dollar facility, creating many new jobs and generating tax revenue. *Id.* at 2659.

¹¹² *See Id.* at 2665. There were nine plaintiffs that owned fifteen properties that were subjected to the city’s takings. *Id.* at 2660. There was no allegation that the properties were blighted or in bad condition, they were only taken because of their location in the prospective development area. *Id.* One plaintiff was born in her house and lived there since 1918 and others bought more recently and made extensive improvements to their land. *Id.*

¹¹³ *Id.* at 2661. Recall that Scenario one embraced the general rule that a public body may not use its power of eminent domain to acquire property for the sole purpose of making such property available to private enterprises for private use. *Id.* Also recall, Scenario two embraced the general rule that land taken by eminent domain and given to a private party to be developed and used by the public in the future will also satisfy the public use requirement. *Id.*

¹¹⁴ *Id.* at 2661–62 (stating that condemned property does not have to be put to use for the general public; yet a purely private taking could not withstand the scrutiny of the public use requirement).

¹¹⁵ *Id.* at 2662–63. The Court did not apply the “Use by the Public” test because the Public Purpose test was the more broad and natural interpretation of Public Use as public purpose. *Id.* Analyzing its prior decisions, the Court noted that the narrow use by the public test has been rejected consistently since *Strickley v. Highland Boy Gold Mining Co.*, in favor of the broad public purpose test. *Id.*

¹¹⁶ *Berman v. Parker*, 348 U.S. 26 (1954).

¹¹⁷ *Hawaii Hous. Auth. v. Midkiff*, 467 U.S. 229 (1984).

¹¹⁸ *Kelo*, 125 S. Ct. at 2663–64; *see also Berman*, 348 U.S. at 35 (holding the condemnation of land to redevelop a blighted area of Washington, D.C. satisfies the public use requirement as a valid public purpose); *Midkiff*, 467 U.S. at 241–42 (holding eliminating the social and economic evils of a

Berman and *Midkiff*, the Supreme Court concluded in *Kelo* that economic development undoubtedly served a public purpose, which accordingly satisfied the Public Use Clause of the Fifth Amendment.¹¹⁹ The holding in *Kelo* expanded the meaning of the Public Use Clause in the Fifth Amendment, but whether that holding affects the United States' ability to take compulsory patent licenses looks dim after a review of the per curiam opinion in *Zoltek Corp. v. United States*.¹²⁰

C. How Zoltek Corp. v. United States Affects Patent Owners Rights Against the United States Federal Government

Subsections *A* and *B* above detail the history of eminent domain as it relates to the takings of compulsory patent licenses and land respectively. To this point, this comment has assumed the case law developing eminent domain in land cases applies to takings in patent cases. Many patent cases discussing United States takings under 28 U.S.C. § 1498 refer to eminent domain stating the statute embraces its power including the Fifth Amendment's limitations.¹²¹ Justice Plager provides an explanation of how 28 U.S.C. § 1498 embraces eminent domain. Plager states "[t]he Government can exercise its power of eminent domain and . . . 'take' the property it needs for a *public use*. In effect, the Government forcibly acquires a license to use the invention. However, because of the Constitution, the Government may do this only if it pays the *just compensation demanded by the Fifth Amendment*."¹²²

Contrarily, the majority's view in *Zoltek* leads the discussion on eminent domain relating to patents down a whole new road.¹²³ The majority in *Zoltek* relied on *Schillinger*.¹²⁴ In *Schillinger* the Supreme Court rejected an argument that a patent owner could sue the United States for patent infringement as a Fifth Amendment taking under the Tucker Act.¹²⁵ The majority then summarily stated *Schillinger*

land oligopoly qualified as a valid public use even though the land was taken from one private person and given directly to another private person).

¹¹⁹ *Kelo*, 125 S. Ct. at 2664 (noting for more than a century its public use jurisprudence has wisely favored giving the legislature broad latitude in determining what public needs justify the use of takings and that it should resolve the landowner's challenges as a whole and not on a piecemeal basis).

¹²⁰ *See Zoltek Corp. v. United States*, 442 F.3d 1345, 1351–53 (Fed. Cir. 2006).

¹²¹ *Irving Air Chute Co. v. United States*, 93 F. Supp. 633, 635 (Ct. Cl. 1950). 28 U.S.C. § 1498 is "an eminent domain statute, which entitles the Government to manufacture or use a patented article becoming liable to pay compensation to the owner of the patent." *Id.* *Leesona Corp. v. United States*, 599 F.2d 958, 967 (Ct. Cl. 1979) (stating the government takes a license in the patent as a rightful exercise of eminent domain without a possibility of an injunction). "When the [G]overnment has infringed, it is deemed to have 'taken' the patent license under an eminent domain theory . . ." *Id.* at 964; *Zoltek*, 442 F.3d at 1374 (Plager, J., dissenting) ("[W]hen the wrongful use is committed by the United States Government (or its agents), such suit is not brought under Title 35 but under Title 28, section 1498.").

¹²² *Zoltek*, 442 F.3d at 1374 (Plager, J., dissenting) (emphasis added).

¹²³ *See Zoltek*, 442 F.3d at 1353 (holding no Fifth Amendment claims for patent owners against United States takings). *See also Crozier v. Fried Krupp Aktiengesell-Schaft*, 224 U.S. 290, 304 (1912) (explaining the Government takes compulsory licenses in patented inventions under 28 U.S.C. § 1498 and its predecessor, the Act of 1910).

¹²⁴ *Zoltek*, 442 F.3d at 1350.

¹²⁵ *Id.*

remains the law.¹²⁶ The majority's analysis effectively wrote the Fifth Amendment out of patent owners' bundle of rights because of a case over a hundred years old applying law now understood in a different light.¹²⁷

Justice Plager points out in his dissent *Schillinger* was correct because at the time it was decided judicial treatment of the Tucker Act was still in its early stages of development.¹²⁸ However, Plager explains not until *Jacobs v. United States* did the idea of a separate non-statutory constitutional basis for a taking remedy under the Fifth Amendment emerge.¹²⁹ Until the Supreme Court steps in, the disagreement as to whether a patent owner has a cause of action against the United State for taking a compulsory patent license other than 28 U.S.C. § 1498 remains uncertain.¹³⁰

Additionally, *Zoltek* involved a taking where the United States hired Lockheed Martin Corporation ("Lockheed") to design and build the F-22 fighter.¹³¹ Following its precedent in *NTP Inc. v. Research in Motion, Ltd.*, the Federal Circuit held "direct infringement under Section 271(a) is a necessary predicate for government liability under Section 1498."¹³² Thus, because Lockheed performed some of the patent owner's patented process outside of the United States, the United States escaped all liability to pay reasonable and entire compensation as required in 28 U.S.C. § 1498.¹³³ In a vigorous dissent, Justice Plager argued the per curium opinion errs because nothing in Section 1498(a) requires each and every step of a claimed process be performed in the United States.¹³⁴ Unless the Supreme Court steps in and revisits *NTP* and *Zoltek*, patent owners' rights will remain easily avoided by contracting to perform at least one of the patented process' steps out of the country.

¹²⁶ *Id.*

¹²⁷ *Id.* at 1376 (Plager, J., dissenting) (explaining the law on takings after *Jacobs* changed the view of courts and since 1933 courts understand a taking to not be a tort nor a contract, but a separate claim arising out of the self-executing language of the Fifth Amendment).

¹²⁸ *Id.*

¹²⁹ *Id.*

¹³⁰ Compare *id.* at 1378 (explaining the majorities opinion that section 1498 is the "sole remedy for a taking of a patent right."), with *id.* (explaining Plager's view "the existence of a proper takings claim is an issue wholly independent of whether under [section] 1498 there is a valid claim that triggers a remedy under that statute.").

¹³¹ *Id.* at 1349.

¹³² *Id.* at 1350.

¹³³ See *id.* at 1347 (holding the United States is only liable for the use of a method patent when it practices every step of the claimed method in the United States).

¹³⁴ *Id.* at 1379 (Plager, J., dissenting).

[T]hat notion is come to only by incorporating into § 1498(a) the requirement for infringement by a private party under 35 U.S.C. § 271(a). . . . Contrast that with the actual language of § 1498(a): "Whenever a [patented] invention is used . . . by or for the United States . . . without lawful right . . . the owner's remedy shall be by action against the United States." Section 1498(a) simply does not contain the same territorial limitation on infringement as § 271(a). Congress obviously knew how to write limiting language when it wanted to: its absence means that there is nothing in subsection (a) of § 1498 that requires that the infringing activity, or any part of it, take place in the United States; that is the role played by subsection (c), discussed below.

Id.

III. ANALYSIS

The drafters of the United States Constitution granted Congress the power to develop a patent system to “promote the Progress of Science and useful Arts.”¹³⁵ The patent system encourages development and progress through grants of letter patents to patent owners, which include the right to exclude anyone else from making, using, offering to sell, or selling any patented invention.¹³⁶

The patent laws bind individuals and the United States government; however, because the Federal Government does not infringe patent rights,¹³⁷ it cannot violate Section 271 of the Patent Act.¹³⁸ Instead, 28 U.S.C. § 1498 governs United States takings, which limits the United States’ ability to *take* a compulsory license in a patent, requiring the United States to pay patent owners reasonable and entire compensation.¹³⁹

The restrictions imposed on the Federal Government in the Fifth Amendment and Section 1498 are necessary because otherwise the United States would have power to take a patent owner’s invention without paying just compensation.¹⁴⁰

¹³⁵ See U.S. CONST. art. I, § 8, cl. 8.

¹³⁶ 35 U.S.C. § 154(a)(1) (2000). In part the statute says: “Every patent shall . . . grant to the patentee . . . the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States.” *Id.* See also *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730 (2002). The monopoly that the patent grants to the patentee is the property right that is capable of being appropriated. *Id.*

¹³⁷ *Hollister v. Benedict & Burnham Mfg. Co.*, 113 U.S. 59, 67 (1885). The Constitution guarantees private property, including patent rights, are protected from the Government’s appropriation:

[T]he right of the patentee, under letters patent for an invention granted by the United States, was exclusive of the government of the United States as well as of all others, and stood on the footing of all other property, the right to which was secured, as against the government, by the constitutional guaranty which prohibits the taking of private property *for public use* without compensation.

Id. (emphasis added).

¹³⁸ See *supra* note 84 and accompanying text.

¹³⁹ See *supra* note 85 and accompanying text; *Irving Air Chute Co. v. United States*, 93 F. Supp. 633, 635 (1950) (“28 U.S.C. § 1498, is in effect, an eminent domain statute, which entitles the Government to manufacture or use a patented article becoming liable to pay compensation to the owner of the patent.”); *Leesona Corp. v. United States*, 599 F.2d 958, 968 (Ct. Cl. 1979) (“[J]ust compensation has in most cases been defined by a calculation of a ‘reasonable royalty’ for that license.”).

¹⁴⁰ See *supra* notes 1, 3 and accompanying text. See also U.S. CONST. amend. V (stating the government cannot take private property, including patent rights, without paying just compensation and the taking must be for a public use). *James v. Campbell* clarified the government must compensate a patent owner for taking a compulsory patent license. *James v. Campbell*, 104 U.S. 356, 357–58 (1882).

That the government of the United States when it grants letters-patent for a new invention or discovery in the arts, confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser, we have no doubt. The Constitution gives to Congress power “to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries,” which

Fortunately, the Constitution's drafters included the Fifth Amendment, making a governmental taking of a compulsory license in a patent unconstitutional without paying just compensation.¹⁴¹

Theoretically, the United States must also take a compulsory license in a patent for a public use; however, no such *express* requirement exists in 28 U.S.C. § 1498.¹⁴² Unfortunately for patent owners, the Federal Circuit's decision in *Zoltek Corp. v. United States* held the Fifth Amendment plays no role in determining compensation to patent owners when the United States takes a compulsory license in their patented inventions, leaving patent owners guessing whether the United States must conform to the Fifth Amendment's Public Use Clause or if the United States may simply take any patent for any reason.¹⁴³ Next, subsection A looks at the Public Use Clause as deteriorated in *Kelo* and suggests the small-time inventor X in the hypothetical above remains subject to losing not only his house, but also his exclusive rights in his patent for economic development.

A. Kelo Confirms the Public Purpose Test Allows the United States to Take Any Property for Any Reason Only Subject to Pay Just Compensation

In the hypothetical in the introduction, X patented an invention of unimaginable financial value. P, the large manufacturing company, easily convinced the Federal Government to harness its broad eminent domain powers under 28 U.S.C. § 1498 and take a compulsory license in X's patented invention and hire P to produce goods using the patented process for the Government and the public. Upon what basis did the Government rely for the taking? Did the taking comply with the Public Use Clause of the Fifth Amendment? This comment will now evaluate the Public Use Clause from its inception through the Supreme Court's holding in *Kelo* and unfortunately conclude that virtually any reason the Government takes a license in a patent satisfies the Fifth Amendment to the Constitution.

could not be effected if the government had a reserved right to publish such writings or to use such inventions without the consent of the owner. Many inventions relate to subjects which can only be properly used by the government, such as explosive shells, rams, and submarine batteries to be attached to armed vessels. *If it could use such inventions without compensation, the inventors could get no return at all for their discoveries and experiments.* It has been the general practice, when inventions have been made which are desirable for government use, either for the government to purchase them from the inventors, and use them as secrets of the proper department; or, if a patent is granted, to pay the patentee a fair compensation for their use.

Id. See also *Zoltek Corp. v. United States*, 442 F.3d 1345, 1377 (Fed. Cir. 2006) (Plager, J., dissenting) (“[P]laintiff’s non-frivolous allegation of a constitutional [patent] taking claim comes within the jurisdiction of the Court of Federal Claims. . . . Summary judgment in favor of the Government as the majority dictates is wrong as a matter of law, and is a *denial of plaintiff’s constitutional rights.*”) (emphasis added).

¹⁴¹ See *supra* note 3 and accompanying text.

¹⁴² See 28 U.S.C. § 1498(a) (2000) (omitting a requirement the United States must use a patented invention for a public use).

¹⁴³ *Zoltek*, 442 F.3d at 1353.

1. *The Supreme Court Renamed the Public Use Clause the Public Purpose Test*

Currently the Public Purpose Test remains the interpretation of the Public Use Clause¹⁴⁴ courts apply when the Federal Government takes private property.¹⁴⁵ A constitutional governmental exercise of eminent domain requires the taking to satisfy a valid public purpose, thus meeting the Fifth Amendment's Public Use requirement.¹⁴⁶ Several Supreme Court decisions provide guidance as to what constitutes a valid taking satisfying the Public Purpose Test.¹⁴⁷

For example, the U.S. Supreme Court said in *Midkiff* the Public Use Clause never invalidated any taking rationally related to a conceivable public purpose.¹⁴⁸ Additionally, the U.S. Supreme Court in *Kelo* held taking land for economic development unquestionably serves a public purpose.¹⁴⁹ Yet, if economic development qualifies as a conceivable public purpose, then *Kelo* substantially diminished the rights of private property owners, including patent owners, because the United States can spin economic development to mean anything, making any taking constitutional.¹⁵⁰

¹⁴⁴ See generally *Hawaii Hous. Auth. v. Midkiff*, 467 U.S. 229 (1984). The public purpose test allows the Government to use its power of eminent domain to take private property, with just compensation, if the taking serves a public purpose, subsequent use of the condemned property by the public is not required for the taking to be constitutional under the Fifth Amendment. *Id.* at 240. “[W]here the exercise of the eminent domain power is rationally related to a conceivable public purpose, the Court has never held a compensated taking to be proscribed by the Public Use Clause.” *Id.* at 241; “The role of the judiciary in determining whether [the state’s police] power is being exercised for a public purpose is an extremely narrow one.” *Berman v. Parker*, 348 U.S. 26, 32 (1954).

¹⁴⁵ *Kelo v. City of New London*, 125 S. Ct. 2655, 2662 (2005). During the nineteenth century the courts required that the condemned property be put to use by the general public, either as a park or land that was used by a common carrier which would also be open to the general public. *Id.* This nineteenth century definition of public use would only allow the government to take a license in a patent, using eminent domain, if the general public could make use of the same patent. *Id.* Applying the use by the public test to taking a compulsory license in a patent would be impossible. *Id.* (discussing the use by the public test as being difficult to administer and explaining that use of the test eroded over time). For example, when attempting to apply the use by the public test, what portion of the public would have to have access to the property to meet the public use requirement? *Id.* And at what price? *Id.* The patent owner’s right under 35 U.S.C. § 154 to exclude others from making, using, selling, or importing the patented invention would be significantly diminished if the public was also allowed use the Government’s compulsory license to use or manufacture the patented invention. 35 U.S.C. § 154(a)(1) (2000) (granting patent owners the right to exclude others from making, using, selling, and importing their patented invention).

¹⁴⁶ *Midkiff*, 467 U.S. at 241 (stating a taking for a public purpose is constitutional).

¹⁴⁷ See generally *id.* *Berman*, 348 U.S. 26; *Kelo*, 125 S. Ct. 2655.

¹⁴⁸ *Midkiff*, 467 U.S. at 241–42 (upholding the taking of land to break up a land oligopoly as a conceivable public purpose).

¹⁴⁹ *Kelo*, 125 S. Ct. at 2665.

¹⁵⁰ *Id.* at 2671 (O’Connor, J., dissenting) (“Under the banner of economic development, all private property is now vulnerable to being taken and transferred to another private owner, so long as it might be upgraded—*i.e.*, given to an owner who will use it in a way that the legislature deems more beneficial to the public—in the process.”). See generally *Zoltek Corp. v. United States*, 442 F.3d 1345 (Fed. Cir. 2006). In *Zoltek*, the court alludes to 28 U.S.C. § 1498 remaining the only law courts may look to when deciding if the complaining patent owner shall receive compensation. See *id.* at 1378 (Plager, J., dissenting).

28 U.S.C. § 1498 exercises the Government's eminent domain power,¹⁵¹ but the scope of Section 1498 in terms of the Public Use Clause awaits adjudication in the courts.¹⁵² Although no court has held, or implied in dictum, that the scope of Section 1498 is unlimited,¹⁵³ no court has held or implied otherwise. To determine the scope of the taking power in Section 1498, one can look to the Public Use Clause interpretation in eminent domain cases for real property, or to the history of 28 U.S.C. § 1498 and its predecessor.

While *Kelo* suggests tangible takings in furtherance of economic developments remain constitutional under the Public Use Clause, the historical development of Section 1498 suggests a different result for intangible takings. Section 1498 and its predecessor support the position the Federal Government can only take a compulsory license to use or manufacture a patented invention for certain governmental needs, such as the procurement of devices for war or to protect the nation from attacks and the general welfare of the U.S. citizens.¹⁵⁴ It does not include economic development. When the Court does decide the scope of Section 1498's taking power, it most likely will limit the governmental takings to ones that satisfy the Public Purpose Test, which, as explained above, will do little but frustrate the statute's original purpose of helping patent owners.

2. Three Public Purpose Scenarios Exemplifying the United States Taking Power under the Fifth Amendment and 28 U.S.C. § 1498

An examination of the scope of includible public purpose takings of a compulsory license in a patent requires an exploration of three different scenarios. First, can the Government take a license in a patent in furtherance of national security and defense? Second, can the Government take a license in a patent in furtherance of the public health and welfare? Third, can the Government take a license in a patent in furtherance of economic development?

First, the Government can and should always have power to take a license in a patent in furtherance of national security and defense. Courts have always held governmental takings of licenses in patents needed to defend the United States from attacks, or procure supplies in the time of war, as conceivable public purposes.¹⁵⁵ In

¹⁵¹ *Leesona Corp. v. United States*, 599 F.2d 958, 966–67 (Ct. Cl. 1979) (explaining the United States uses 28 U.S.C. § 1498 as an exercise of eminent domain).

¹⁵² *Trojan, Inc. v. Shat-R-Shield, Inc.*, 885 F.2d 854, 857 (Fed. Cir. 1989) (Newman, J., concurring) (“[28 U.S.C. § 1498’s] application to all possible cases wherein patents may be infringed by or on behalf of the government, whether or not grounded in ‘public use’ within the meaning of the fifth amendment, has not been tested in the courts.”).

¹⁵³ *Id.* at 858 (“[U]ntil the issue [of public use requirement under section 1498] is presented for adjudication it is inappropriate to imply, even in dictum, that Section 1498(a) is of unlimited scope.”).

¹⁵⁴ *See supra* notes 72 and 75 and accompanying text.

¹⁵⁵ *Crozier v. Fried Krupp Aktiengesell-Schaft*, 224 U.S. 290 (1912) (taking a compulsory license in three of the plaintiff's patents related to improvements in guns and gin carriages); *Leesona Corp. v. United States*, 599 F.2d 958 (Ct. Cl. 1979) (taking a compulsory license in a patent for mechanically rechargeable metal-air batteries to be used in the field by the U.S. armed forces).

fact, this policy drove the enactment of Section 1498's predecessor¹⁵⁶ to allow the U.S. armed forces to procure contracts with government contractors for supplies needed in World War I.¹⁵⁷ If Congress prevented the Federal Government from taking a compulsory license to use or manufacture a patented device in furtherance of protecting the country in a time of war, then it would make little sense to allow it to exercise this power under any other circumstances.

Second, the Government can and should have power to take a license in a patent in furtherance of the public health and welfare. U.S. Supreme Court cases on the Public Purpose Test have defined the concept broadly and the courts have deferred to the legislature's judgment on what constitutes a conceivable furtherance of public health and welfare.¹⁵⁸ The Court, in *Berman v. Parker*,¹⁵⁹ held the redevelopment of a blighted area satisfies the Public Purpose Test and the Fifth Amendment.¹⁶⁰ The Court referred to the development project as benefiting the public welfare, stating the concept was broad and inclusive.¹⁶¹ The Supreme Court in *Strickley v. Highland Boy Gold Mining Co.*,¹⁶² a case allowing an aerial bucket line across the plaintiff's land connecting the mountain side mines and the railways, held the public welfare of Utah citizens required the state to use its power of eminent domain to take land.¹⁶³ The Supreme Court's broad and inclusive definition of public welfare in *Berman* and *Strickley* exemplifies the view a public purpose benefiting the public welfare will always satisfy the Public Purpose Test and the Fifth Amendment.

Third, the Government can take a license in a patent in furtherance of economic development, but Congress should forbid government officers from doing so. If *Kelo* applies to compulsory patent license takings, then the answer to question one in the introduction – can the Federal Government unilaterally take X's patent and give a compulsory license to P reasoning that it benefits the economy, public safety, or public health? – is undoubtedly yes as to all three reasons; however, no patent case has expressed such a holding.¹⁶⁴

¹⁵⁶ The Act of 1910. The predecessor to 28 U.S.C. § 1498 is the Act of 1910 as amended by the Act of 1918 in the Naval Appropriation bill. *Id.* The Act of 1910 was enacted to provide additional protection to patent owners from Government appropriations, as its title suggests. *Id.*

¹⁵⁷ *Richmond Screw Anchor Co. v. United States*, 275 U.S. 331, 345 (1928) (“The intention and purpose of Congress in the Act of 1918 was to stimulate contractors to furnish what was needed for the War, without fear of becoming liable themselves for infringements to inventors or the owners or assignees of patent.”).

¹⁵⁸ *Kelo v. City of New London*, 125 S. Ct. 2655, 2663 (2005).

¹⁵⁹ *Berman v. Parker*, 348 U.S. 26 (1954).

¹⁶⁰ *Id.* at 33.

¹⁶¹ *Id.*

¹⁶² *Strickley v. Highland Boy Gold Mining Co.*, 200 U.S. 527 (1906).

¹⁶³ *Id.* at 531 (holding that the Utah legislature and the Utah Supreme Court determined that the state required the ability to use the power of eminent domain to take private property because the public welfare demanded aerial lines between the mines upon the mountain sides and the railways in the valleys below).

¹⁶⁴ *Trojan, Inc. v. Shat-R-Shield, Inc.*, 885 F.2d 854, 857 (Fed. Cir. 1989) (Newman, J., concurring) (explaining courts have not determined whether 28 U.S.C. § 1498's application to patent taking cases are grounded in the Public Use Clause within the meaning of the Fifth Amendment).

3. Reconciling the Three Public Purpose Scenarios

If the Federal Circuit or the Supreme Court decides to apply *Kelo* to taking compulsory patent licenses under Section 1498, then the small-time inventor X, in the hypothetical above, will face an unfair situation. Recall smalltime inventor X who invented and patented a process for producing an ultra sterile material used in manufacturing surgical tools and medical devices. Also recall P, a large manufacturer, who convinced the United States to hire P as a government contractor free to use X's patented process. Under the holding in *Kelo*, the United States would have legal authority to take a compulsory license in X's patented process, reasoning it benefits economic development. This situation represents X's worst nightmare because P and the United States freely walked all over X's patent rights leaving small-time X to sue the United States in the Court of Federal Claims, where the United States will rigorously defend its action, costing X and taxpayers millions of litigation dollars.

The Fifth Amendment of the U.S. Constitution was meant to prevent the Federal Government from taking private property from U.S. citizens for private use or gain.¹⁶⁵ The Public Use Clause of the Fifth Amendment remains the only constitutional limit on the Government's takings of private property.¹⁶⁶ The further courts expand the interpretation of the Public Use Clause, the greater the Government's power to constitutionally take private property gets, leaving patent owners minimal legal theories to oppose the unfair takings.

The takings under scenario three are unfair to patent owners, because economic development has no place in patents. The premise behind patents subsists in the United States Constitution, which grants Congress the power to "promote the Progress of Science and useful Arts."¹⁶⁷ When an inventor receives a patent, the inventor not only receives the right to exclude anyone else from making, using, offering to sell, or selling any patented invention,¹⁶⁸ but the inventor also benefits economically and financially. If the United States and P can take away X's most important patent benefit (X's economic benefit) *ex parte*, then why would other inventors patent their inventions?

Moreover, a thorough investigation of the historical development of 28 U.S.C. § 1498 reveals allowable public purposes for taking a compulsory license in a patent include only takings in furtherance of procuring materials for war or public health and welfare. Congress realized sometime between 1887 and 1910 if they did not pass a law providing patent owners more protection from United States takings, inventors would eventually curb their efforts towards patenting their inventions.¹⁶⁹ The

¹⁶⁵ U.S. CONST. amend. V.

¹⁶⁶ *See id.*

¹⁶⁷ U.S. CONST. art. I, § 8, cl. 8.

¹⁶⁸ 35 U.S.C. § 154(a)(1) (2000). In part the statute says: "Every patent shall . . . grant to the patentee . . . the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States." *Id.* *See also* Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 535 U.S. 722, 730 (2002). The monopoly that the patent grants to the patentee is a property right that is capable of being appropriated. *Id.*

¹⁶⁹ The Tucker Act. In 1887 The Tucker Act was passed allowing suits against the Government in the Court of Claims on a theory of express or implied contract. *Id.* In 1910 the

purpose behind the Act of 1910 became more evident with its 1918 amendment. While the U.S. Navy was in desperate need to procure materials for World War I, patent owners obtained injunctions preventing the Navy's contractors from producing patented inventions, thus interfering with the Government's procurement of material.¹⁷⁰

The framers of the Act of 1918 were primarily concerned with the Act of 1910's ability to frustrate the Government's war needs¹⁷¹ and did not concern themselves with expanding the Fifth Amendment's Public Use Clause to allow takings of compulsory licenses in a patent for economic development.¹⁷² The allowable public uses for taking land and for taking compulsory patent licenses both stem from eminent domain power, yet each type of taking needs a separate definition of the Fifth Amendment's Public Use Clause. Whether the United States taking of X's patent process for P's use shall become allowable in the patent eminent domain context depends on the U.S. Supreme Court's determination of the scope of the Public Purpose Test and 28 U.S.C. § 1498. The Court can either allow economic development through the taking of compulsory licenses, or the Court can confine the takings to public purposes in furtherance of war, national security, public health and public welfare. If Congress fails to act and restrict governmental takings as suggested, it appears the United States' power to take will remain only limited to pay compensation and only when the United States practices the entire patent within the borders of the Country.¹⁷³ Next, subsection *B* takes a deeper look into *Zoltek* and shows how its holding and analysis overhauls the patent eminent domain landscape for patent owners suing the United States for compensation.

Government acted to give patent owners more protection from Government takings by enacting the Act of 1910 providing the patent owners a means to obtain redress for Federal takings in the Court of Claims without a need for a contract theory. The Act of 1910.

¹⁷⁰ *Richmond Screw Anchor Co. v. United States*, 275 U.S. 331, 345 (1928) (explaining The Act of 1918 attempted to prevent government contractors from liability for patent infringement). Now 28 U.S.C. § 1498, the Act of 1910's current form, even protects government contractors from infringement suits while preparing to bid on a government contract, even if the patent owner previously obtained an injunction against the contractor for infringing the same patent. *Trojan, Inc. v. Shat-R-Shield, Inc.*, 885 F.2d 854, 857 (Fed. Cir. 1989) (denying injunctive relief to the patent owner because government suppliers are immune to injunctive relief).

¹⁷¹ *Shat-R-Shield*, 885 F.2d at 858 (Newman, J., concurring) ("It is clear from the legislative history that Section 1498(a) was not enacted to enable cheaper procurement."). The sponsor stated "the 1918 amendment was 'necessary and urgent' as it would 'expedite the manufacture of war materials.'" *Id.* "Further, even in 1910 Congress was concerned about the effect on inventors and innovation of such takings." *Id.*

¹⁷² *TVI Energy Corp. v. Blane*, 806 F.2d 1057, 1059–60 (stating Congress enacted the Act of 1918 at the behest of the Secretary of the Navy, who cited difficulties in procuring goods from private manufacturers necessary to meet military requirements of World War I).

¹⁷³ *See Kelo v. City of New London*, 125 S. Ct. 2655, 2665 (2005) (permitting a taking because economic development serves a public purpose); *see Zoltek Corp. v. United States*, 442 F.3d 1345, 1347 (Fed. Cir. 2006) (holding the United States liable under 28 U.S.C. § 1498 only when it practices every step of a method claim in the United States borders).

*B. Zoltek – Restricting Patent Owners to Suits Against the United States under
28 U.S.C. § 1498*

In *Zoltek*, the Federal Circuit faced a matter of first impression no court ever addressed.¹⁷⁴ The issue raised on appeal, according to the per curiam opinion, asked if a patent owner could bring a cause of action in the Court of Federal Claims for patent infringement as a Fifth Amendment taking under the Tucker Act.¹⁷⁵ Justice Plager phrased the issue quite differently in his dissent.¹⁷⁶ Plager phrases the issue as whether “an owner of a United States patent [may] bring a cause of action under the Fifth Amendment to the Constitution against the United States for a ‘taking’” of a property right.¹⁷⁷ The differences in the wording result in vastly different analyses and conclusions, because the Court of Federal Claims’ jurisdiction includes actions founded upon the Constitution, such as taking claims, but does not include torts, such as patent infringement.¹⁷⁸

1. The Internally Inconsistent Majority Holding of Zoltek Corp. v. United States

The per curiam opinion based its analysis on Congress’s response to the United States Supreme Court decision in *Schillinger v. United States*.¹⁷⁹ In *Schillinger*, the Supreme Court held the Court of Claims lacked jurisdiction to hear a claim of patent infringement because the Court of Claims’ jurisdiction did not include torts.¹⁸⁰ The majority in *Zoltek* asserts *Schillinger* remains the law and continues to prevent patent owners from suing the United States in the Court of Federal Claims for patent infringement.¹⁸¹

The majority’s analysis recognizes the United States Supreme Court in *Crozier* specifically noted when Congress enacted the Act of 1910, in response to *Schillinger*,¹⁸² Congress waived sovereign immunity allowing patent owners to sue the United States in the Court of Claims for patent infringement.¹⁸³ The majority reasoned: if in 1910 patent owners possessed the right to sue the United States under the Fifth Amendment for patent infringement, then why would Congress enact the

¹⁷⁴ *Zoltek*, 442 F.3d at 1371 (Plager, J., dissenting) (asking if patent rights are some how less of a property interest not worthy of the same constitutional protection as land).

¹⁷⁵ *Id.* at 1349.

¹⁷⁶ *See id.* at 1370–71 (Plager, J., dissenting).

¹⁷⁷ *Id.* (emphasis added).

¹⁷⁸ *Compare id.* at 1353 (holding the patent owner could not allege patent infringement as a Fifth Amendment taking under the Tucker Act), *with id.* at 1374 (Plager, J., dissenting) (explaining a takings claim under the Fifth Amendment is not the same as an infringement action under Title 35 of the Patent Act). 28 U.S.C. § 1491 (2000) (“The United States Court of Federal Claims shall have jurisdiction to render judgment upon any claim against the United States founded either upon the Constitution, or . . . for liquidated or unliquidated damages in cases not sounding in tort.”).

¹⁷⁹ *Zoltek*, 442 F.3d at 1350–53 (discussing *Schillinger v. United States*, 155 U.S. 163 (1894)).

¹⁸⁰ *Schillinger v. United States*, 155 U.S. 163, 169 (1894).

¹⁸¹ *Zoltek*, 442 F.3d at 1350.

¹⁸² *Id.* at 1352 (“Congress provided a specific sovereign immunity waiver for a patentee to recover for infringement by the government.”).

¹⁸³ *Id.* at 1351 (citing *Crozier v. Fried. Krupp Aktiengesellschaft*, 224 U.S. 290, 303 (1912)).

Act of 1910 specifically granting patent owners such a right, rendering the analysis in *Crozier* flawed?¹⁸⁴ The majority's reasoning uncovers an important question, to which Justice Plager offers an impressive answer discussed below in subsection two.

The majority's opinion suggests it realized the holding in *Schillinger* may not apply to the current situation of a patent owner asserting a takings claim under the Tucker Act. Nonetheless, the majority overlooked those realizations, stating "[t]he life of the law has not been logic; it has been experience." Thus, the majority refused to allow a takings claim under the Tucker Act and followed the path of patent law as it evolved under 28 U.S.C. § 1498.¹⁸⁵

The per curiam opinion recognizes a patent owner's sole remedy against the United States for a taking rests in 28 U.S.C. § 1498.¹⁸⁶ The majority fails to recognize the statute's historical development, which is rooted in eminent domain and the Fifth Amendment.¹⁸⁷ Case law reveals the statute's historical development embraces the power of eminent domain as limited by the Fifth Amendment.¹⁸⁸ The Fifth Amendment limits the U.S. Government's eminent domain power requiring any taking to be for a public use and provide just compensation.¹⁸⁹ The inconsistency lies in the majority relying on the Fifth Amendment's limitations included in 28 U.S.C. § 1498 and, at the same time, rejecting the notion that patent owners may use the Fifth Amendment directly as a vehicle to obtain just compensation. "[T]he right to just compensation for a taking is constitutional . . . and it requires no legislative blessing."¹⁹⁰ How can 28 U.S.C. § 1498 rely on the Fifth Amendment, yet at the same time restrict patent owners constitutional rights? According to Justice Plager, it cannot, because Section 1498 and the Fifth Amendment are, as a matter of law, two separate legal claims founded upon separate legal basis.¹⁹¹

2. Justice Plager's Dissent Offers Patent Owners a Slight Sigh of Relief

Justice Plager argues the majority erred when it equated a takings claim with an infringement claim.¹⁹² Plager asserts "these are two separate legal claims founded on separate legal bases."¹⁹³ Plager explains patent infringement is a tort

¹⁸⁴ *Id.* at 1351–52 ("Had Congress intended to clarify the dimensions of the patent rights as property interests under the Fifth Amendment, there would have been no need for the new and limited sovereign immunity waiver.").

¹⁸⁵ *Id.* at 1352.

¹⁸⁶ *Id.* at 1378 (Plager, J., dissenting) (explaining the majorities opinion that section 1498 is the "sole remedy for a taking of a patent right.").

¹⁸⁷ See *supra* note 81 and accompanying text.

¹⁸⁸ See *supra* note 81 and accompanying text.

¹⁸⁹ U.S. CONST. amend. V ("nor shall private property be taken *for public use*, without just compensation") (emphasis added).

¹⁹⁰ *Zoltek*, 442 F.3d at 1375 (Plager, J., dissenting).

¹⁹¹ *Id.*

¹⁹² *Id.*

¹⁹³ *Id.*

statutorily defined by Congress in Title 35; yet, a taking claim for just compensation subsists in the Constitution, it is not a tort and requires no legislation blessing.¹⁹⁴

Justice Plager points our attention to *Jacobs v. United States*¹⁹⁵ to answer the majority's question as to why Congress would have enacted the Act of 1910 if patent owners previously could obtain compensation in the Court of Claims under the Fifth Amendment. In *Jacobs* the Supreme Court dealt with a Fifth Amendment taking claim against the United States where the plaintiff sought interest on its award for the government flooding the plaintiff's land.¹⁹⁶ The Supreme Court granted the plaintiff interest on its award for damages.¹⁹⁷ The significance of the award of interest to the plaintiff is that no statutory provision provided for interest. Thus, the Supreme Court awarded interest solely because of the Fifth Amendment's just compensation requirement.¹⁹⁸

Jacobs concludes the claim for interest was founded upon the Constitution of the United States and that alone was enough for the Court to award just compensation.¹⁹⁹ Plager explains that *Jacobs* clarifies that a taking of private property was neither a tort claim nor a contract claim, but a separate independent claim arising from the self-executing language of the Fifth Amendment.²⁰⁰ Because no one prior to *Jacobs* saw taking compulsory patent licenses as a taking and always saw it as either a tort or contract claim, no previous court would have allowed patent owners compensation under the Fifth Amendment. After Plager's explanation, one can easily understand why the Court in *Schillinger* denied the patent owners compensation and why Congress enacted the Act of 1910 in addition to the Fifth Amendment.

Who is right, Justice Plager in his dissent or the *Zoltek* majority? The answer shall come if and when *Zoltek* files and is granted a writ of certiorari asking the United States Supreme Court to decide the issue.²⁰¹ This author believes Justice Plager's view should prevail. The Supreme Court should hold that *Zoltek* may bring a cause of action in the Court of Federal Claims against the United States for a Fifth Amendment compulsory license taking under the Tucker Act.²⁰² Once the Court

¹⁹⁴ *Id.*

¹⁹⁵ *Jacobs v. United States*, 290 U.S. 13 (1933).

¹⁹⁶ *Id.* at 16.

¹⁹⁷ *Id.*

¹⁹⁸ *Id.* ("That right was guaranteed by the Constitution. . . . The form of the remedy did not qualify the right. It rested upon the Fifth Amendment. Statutory recognition was not necessary.")

¹⁹⁹ *Id.* ("The suits were based on the right to recover just compensation for property taken by the United States for public use in the exercise of its power of eminent domain. That right was guaranteed by the Constitution. . . . The suits were thus founded upon the Constitution of the United States.")

²⁰⁰ *Zoltek Corp. v. United States*, 442 F.3d 1345, 1376 (Fed. Cir. 2006) (Plager, J., dissenting) ("That has been the law at least since 1933. Today a cause of action under the Fifth Amendment's taking clause is understood to be neither a tort claim nor a contract claim, but a separate cause arising out of the self-executing language of the Fifth Amendment.")

²⁰¹ As of the time this comment published, no writ of certiorari was filed by either party to *Zoltek Corp. v. United States*, 442 F.3d 1345 (Fed. Cir. 2006).

²⁰² See 28 U.S.C. § 1491 (2000) ("The United States Court of Federal Claims shall have jurisdiction to render judgment upon any claim against the United States founded either upon the Constitution . . .").

applies *Jacobs*, the Court will undoubtedly cast *Schillinger* aside and recognize that whenever the United States takes a part of a person's private property, the United States Constitution mandates that the Government pay just compensation.²⁰³

C. One Final Basis for Allowing Patent Owners to Sue the United States under the Fifth Amendment

The majority in *Zoltek* stated “direct infringement under Section 271(a) is a necessary predicate for government liability under Section 1498.”²⁰⁴ In order to hold an infringer liable for a direct infringement under 35 U.S.C. § 271(a), the statute requires whoever infringes to do so within the United States.²⁰⁵ *NTP* took the statute one step further, holding “a process cannot be used ‘within’ the United States as required by [S]ection 271(a) unless each of the steps is performed within” the United States.²⁰⁶ The *Zoltek* majority applied the *NTP* holding to Lockheed's use of Zoltek's patented process and held because Lockheed performed some of the patented process out of the United States, the United States remains free from all liability to pay reasonable and entire compensation as required in 28 U.S.C. § 1498.²⁰⁷

The injustices to Zoltek include: a lack of notice regarding Lockheed and the United States' use of its patent; the Federal Circuit construction of Section 1498 denying Zoltek its only statutory remedy; and the Federal Circuit's holding that no cause of action exists for patent owners under the Fifth Amendment.²⁰⁸ If *Zoltek* remains the law, then the answers to questions two and three posed in the introduction – (2) can P intentionally use X's patented process out of the country to evade all liability for the government to pay just compensation? (3) can Congress strip X of its Constitutional rights granted to the citizenry in the Fifth Amendment? – are certainly yes.²⁰⁹ How did the Federal Circuit draft a holding that leaves patent owners vulnerable to so many injustices when the United States has so many protections private infringers lack?

For example, no patent owner may enjoin the United States from using its patent.²¹⁰ The Government can hire a contractor to build whatever it desires without even thinking about negotiations with the patent owner.²¹¹ Moreover, the United

²⁰³ *Jacobs*, 290 U.S. at 16 (“There was thus a partial taking of the lands for which the government was bound to make just compensation under the Fifth Amendment.”).

²⁰⁴ *Zoltek*, 442 F.3d at 1350 (citing *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1316 (Fed. Cir. 2005)).

²⁰⁵ 35 U.S.C. § 271(a) (2000).

²⁰⁶ *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1318 (Fed. Cir. 2005).

²⁰⁷ See *Zoltek*, 442 F.3d at 1347 (holding the United States is only liable for the use of a method patent when it practices every step of the claimed method in the United States).

²⁰⁸ *Id.*

²⁰⁹ See *id.* at 1347; see *id.* at 1378 (Plager, J., dissenting) (asking if Congress can withhold the remedies and revoke the protections of the Fifth Amendment).

²¹⁰ See 28 U.S.C. § 1498(a) (2000).

²¹¹ See *supra* note 1 and accompanying text. See also 28 U.S.C. § 1498(a).

States is never subject to treble damages, because when they take property under eminent domain they do not infringe.²¹²

Clearly, the United States' ability to take compulsory patent licenses places it on a different footing than regular patent infringers. Why does the Federal Circuit not recognize this difference and correspondingly allow patent owners to sue the United States for a violation of the Fifth Amendment, which contains a limitation on takings applicable only to the United States?²¹³ Even though Lockheed practiced some of Zoltek's patented process outside the United States, the steps Lockheed did practice in the United States were nonetheless private property taken, for which the United States must pay just compensation according to the Fifth Amendment to the United States Constitution.

III. PROPOSAL

Sections I and II frame the problem with 28 U.S.C. § 1498, the Public Purpose Test, and eminent domain laws in general. After the Supreme Court decided *Kelo* in 2005, the Federal Government could apparently take any private property.²¹⁴ The *Kelo* decision broadened the meaning of the Public Purpose Test, effectively eliminating the Public Use Clause from the Fifth Amendment.²¹⁵ Additionally, after *Zoltek*, government contractors could easily traverse patent owners' only cause of action against the United States, Section 1498, by simply practicing part of the invention out of the country, revoking the patent owners' Constitutional rights.²¹⁶ Subsection *A* proposes the Public Purpose Test should exclude economic development as a valid reason for taking private property satisfying the Public Use Clause of the Fifth Amendment. Subsection *A* also recommends Congress amend Section 1498 to expressly limit takings of compulsory licenses in patents to takings in furtherance of the preparation for war, national security, and public health and welfare. Subsection

²¹² *Leesona Corp. v. United States*, 599 F.2d 958, 969 (Ct. Cl. 1979) (stating Title 35 allows for remedies such as injunction and increased damages which are not permissible under 28 U.S.C. § 1498 because that would grant the plaintiff a recovery in excess of just compensation as required by the Fifth Amendment and in excess of the reasonable and entire compensation authorized by Congress in 28 U.S.C. § 1498).

²¹³ *Abney v. Alameida*, 334 F. Supp. 2d 1221, 1228 (S.D. Cal. 2004) (explaining the Fifth Amendment applies only to the Government).

²¹⁴ *Kelo v. City of New London*, 125 S. Ct. 2655, 2665 (2005) (holding economic development is in the realm of public purposes the legislatures can determine and implement takings over). For example, the U.S. Supreme Court already held the Public Purpose Test satisfies the Public Use Clause of the Fifth Amendment. *Id.* at 2665. Economic development is included as a public purpose for taking land so any private property is now vulnerable if it can be improved upon. *Id.* at 2671 (O'Connor, J., dissenting). Additionally, 28 U.S.C. § 1498 has its own problems because the statute makes no reference to limits on the government's taking ability. 28 U.S.C. § 1498(a) (2000). One could assume there is no limit because the statute gives power to take any patent at anytime; however, on the other hand one could argue the statute exercises the government's eminent domain power and must meet the Public Use Clause requirement. *Id.*

²¹⁵ *Kelo*, 125 S. Ct. at 2671 (O'Connor, J., dissenting) (arguing the Court effectively deleted the words "for public use" right out of the Fifth Amendment's taking clause).

²¹⁶ *See Zoltek Corp. v. United States*, 442 F.3d 1345, 1347 (Fed. Cir. 2006).

B proposes the Fifth Amendment applies to compulsory patent license takings and forbids the United States from taking any amount of a U.S. patented invention. Subsection *B* also recommends Congress amend Section 1498 to expressly state all Governmental takings of compulsory patent licenses must comport with the Fifth Amendment, no matter how much of the U.S. patented invention is actually practiced in the Country.

A. Excluding Economic Development from the Public Purpose Test

Since *Kelo*, patent owners face the prospect the United States will take a compulsory license in their patents for economic development.²¹⁷ Taking property from one private party and transferring it to another private party is unconstitutional.²¹⁸ However, courts have held as long as the taking serves a public purpose the Constitution is not violated.²¹⁹ The *Kelo* Court expanded the meaning of public purpose to include economic development, making the subsequent private use look more like a private benefit and less of a public benefit.

1. Proposal – Eliminate Economic Development as a Public Purpose

To remedy *Kelo*'s virtual elimination of the Public Use Clause, Congress should add language to 28 U.S.C. § 1498 that expressly limits the United States' authority to use eminent domain to take a license in a patent to when the taking is needed to procure goods in the time of war and national security, or for the benefit of the public health and welfare. The limiting language shall provide express protection to patent owners, which the framers of the original Act in 1910 contemplated,²²⁰ solidifying patent owners' rights against government takings.²²¹

Patent owners' protection against Governmental takings concerns the framers of the Act of 1910 the most.²²² The express language of the Act, "whenever an invention

²¹⁷ *Kelo*, 125 S. Ct. at 2665. The Supreme Court made a determination that economic development is a public purpose that satisfies the Public Use Clause of the Fifth Amendment potentially making all private property subject to eminent domain for the same reason. *Id.*

²¹⁸ *Kelo*, 125 S. Ct. at 2661.

²¹⁹ *See id.* at 2665 (holding when a taking serves a public purpose, it will satisfy the public use requirement of the Fifth Amendment). However, the Courts have not held this directly in relationship to taking a compulsory license in a patented invention.

²²⁰ *See TVI Energy Corp. v. Blane*, 806 F.2d 1057 1059–60 (Fed. Cir. 1986) ("28 U.S.C. § 1498 was adopted originally in 1910 and later amended in 1918. The Act [of 1910] was amended in 1918 at the behest of the Secretary of the Navy who cited difficulties in procuring goods from private manufacturers necessary to meet military requirements of World War I.').

²²¹ 35 U.S.C. § 154(a)(1) (2000). Section 154(a)(1) gives patent owners "the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States." *Id.* These rights will mean more if Congress prevents the United States Government from taking licenses in patented inventions for economic development reasons. *Id.*

²²² *Crozier v. Fried Krupp Aktiengesell-Schaft*, 224 U.S. 290, 304 (1912) (explaining Congress enacted the Act of 1910 to provide patent owners more protection than the Tucker Act).

. . . covered by a patent . . . shall hereafter be used by the United States without license . . . such owner may recover reasonable compensation,”²²³ suggests the Act was created to provide a theory of recovery for patent owners against the United States for reasonable compensation. Yet, some courts viewed the Act of 1910 as granting the Federal Government the statutory authority to take any patent it wants in good faith.²²⁴

28 U.S.C. § 1498 and its predecessor did not allow the Federal Government to take any patent license for several reasons. For instance, nothing would prevent the United States from abusing its taking power if the Act of 1910 gave the Federal Government the authority to take any patent it wanted and for any reason. Additionally, if the United States is the patented device’s only potential purchaser, then patent owners’ right to exclude others would be pointless.²²⁵ 28 U.S.C. § 1498’s taking power is not an exception to the Constitution; Congress must limit the Government’s takings power by statutorily forbidding economic development takings.

Purely private economic development takings should be forbidden under 28 U.S.C. § 1498 because when the Government takes a compulsory license in a patented invention, the method of calculating the patent owners’ compensation demands it. When the patent owner sues the Government in the Court of Federal Claims for just and complete compensation, the court conducts a hypothetical transaction between a willing licensor and willing licensee.²²⁶ This hypothetical transaction produces a number the court uses to calculate the damages. However, if the patent owner was willing to negotiate in the first place, no court would need to determine a suitable number. When economic development is the underlying reason for the taking in the first place, one can safely assume the patent owner would have willingly negotiated a royalty rate if approached. However, allowing the Government to bypass the real negotiation in favor of a court hypothetical negotiation is unfair, unjust, and unconstitutional.

2. Solution – Amend 28 U.S.C. § 1498 to Expressly Limit Takings of Compulsory Licenses in Patents

Patent owners need additional scope limiting language in 28 U.S.C. § 1498 to protect from the United States overstepping its constitutional authority as it

²²³ The Act of 1910. The Act read in full:

That whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims.

Id.

²²⁴ *Decca Ltd. v. United States*, 640 F.2d 1156, 1166 (1980). “Section 1498 authorizes the Government to take a license in *any* United States patent.” *Id.* (emphasis added).

²²⁵ See 35 U.S.C. § 154(a)(1).

²²⁶ *Leesona Corp. v. United States*, 599 F.2d 958, 973 (Ct. Cl. 1979). Courts have used “a number of methods for determining just compensation in patent cases . . . [including] a determination of a royalty by postulating hypothetical negotiations between a willing buyer and willing seller.” *Id.*

arguably did in *Kelo v. City of New London*. In order to implement the limiting language, Congress should add a new paragraph to 28 U.S.C. § 1498(a) that would read: “Acceptable public uses are limited to public purposes in furtherance of war and national security, and for the benefit of the public health and welfare.”²²⁷ Under the added paragraph the governmental taking of private property for economic development would be forbidden. This addition will also serve to clarify 28 U.S.C. § 1498 as an exercise of the Government’s eminent domain power and simultaneously make sure patent owners retain protection under the Fifth Amendment’s Public Use Clause.²²⁸

The historical development of the Public Use Clause went from allowing takings where courts required the general public to use the property, to now where the taking must only satisfy a public purpose like economic development.²²⁹ Removing economic development from the Public Use Clause, as it applies to 28 U.S.C. § 1498, strengthens patent owners’ protection against United States takings of licenses in their patented invention. However, merely eliminating economic development from the Public Use Clause still leaves patent owners vulnerable to the United States contractors performing small parts of the patented invention out of the country to avoid all liability.²³⁰

B. Expanding Patent Owners’ Rights Under 28 U.S.C. § 1498: No De Minimus Standard

Zoltek left the United States and their contractors in a superior position over all patent owners. After *Zoltek*, merely practicing a part of a patented invention out of the country allows the United States, and their hired government contractors, to avoid all liability for using any patented invention. This comment proposes Congress amend 28 U.S.C. § 1498 to expressly prevent this result and overrule *Zoltek*.

No court should ever allow the United States to take private property without providing compensation – whether the compensation is just compensation required by the Fifth Amendment,²³¹ or reasonable and entire compensation required by 28

²²⁷ The proposed language should establish a new third paragraph added to 28 U.S.C. § 1498(a).

²²⁸ See U.S. CONST. amend. V (“nor shall private property be taken *for public use*, without just compensation”) (emphasis added).

²²⁹ See *Fallbrook Irrigation Dist. v. Bradley*, 164 U.S. 112, 161–62 (1896) (holding that satisfying the Public Use Clause does not require the land to be used by the public); *Rindge Co. v. County of Los Angeles*, 262 U.S. 700, 707 (1923) (stating it is not essential for any considerable portion of the community to directly enjoy the improvement on the condemned land to constitute a public use of the land); *Hawaii Hous. Auth. v. Midkiff*, 467 U.S. 229, 244 (1984) (explaining the need for the general public to use the land when it is taken via the power of eminent domain is an out-of-date doctrine).

²³⁰ See *Zoltek Corp. v. United States*, 442 F.3d 1345, 1347 (Fed. Cir. 2006) (“We conclude that under [Section] 1498, the United States is liable for the use of a method patent only when it practices every step of the claimed method in the United States.”).

²³¹ U.S. CONST. amend. V.

U.S.C. § 1498(a).²³² In order to cure the injustice *Zoltek* created for patent owners, this comment proposes Congress overrule the holding in *Zoltek*²³³ and expressly state in 28 U.S.C. § 1498 all takings of patented inventions must comport with the Fifth Amendment in all respects. Specifically, when the United States takes a compulsory patent license, no matter how much of the patented invention the United States takes, the United States must pay just compensation.

The proposed amendment expressly recognizes patents as property protected under the Fifth Amendment. Furthermore, the amendment will reverse the *Zoltek* majority's position that the limitations of 35 U.S.C. § 271(a) govern United States takings under Section 1498.²³⁴ The majority based its position on the erroneous²³⁵ holding of *NTP, Inc. v. Research in Motion, Ltd.*, which held "a process cannot be used 'within' the United States as required by Section 271(a) unless each of the steps is performed within this country."²³⁶ *NTP* should not apply to United States takings of private property under Section 1498 because the government *takes* property; it does not *infringe* patents, which is precisely what *NTP* and Section 271(a) address.²³⁷ Moreover, the Fifth Amendment only applies to United States takings of private property; the Fifth Amendment does not apply to private infringement actions under Section 271. Thus, the Fifth Amendment's Just Compensation Clause never requires a private infringer to pay the patent owner; the Fifth Amendment limits only the United States, requiring just compensation for all takings of private property no matter how much or how little the United States actually takes.²³⁸ Until Congress or the courts limit the United States' taking ability of compulsory patent licenses, all patent owners will remain subject to having their patent taken with the possibility of not receiving compensation as required in the Fifth Amendment.²³⁹

IV. CONCLUSION

Patent owners demand a certain level of protection from governmental takings. Without such a level of protection future technological developments bear the risk of

²³² *Id.* ("nor shall private property be taken for public use, *without just compensation*") (emphasis added); *United States v. Jones*, 109 U.S. 513, 518 ("The provision found in the fifth amendment to the federal constitution, and in the constitutions of the several states, for just compensation for the property taken, is merely a limitation upon the use of the power.").

²³³ *Zoltek*, 442 F.3d at 1347.

²³⁴ *Id.* at 1372 (Plager, J., dissenting).

²³⁵ *Id.* (basing their "conclusion on the erroneous assumption that a cause of action for infringement of a patent by the United States under § 1498 is governed by the limitations of 35 U.S.C. § 271(a) . . .").

²³⁶ *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1318 (Fed. Cir. 2005).

²³⁷ *Leesona Corp. v. United States*, 599 F.2d 958, 967 (Ct. Cl. 1979) (stating the government takes a license in the patent as a rightful exercise of eminent domain and an injunction is not available). "When the [G]overnment has infringed, it is deemed to have 'taken' the patent license under an eminent domain theory . . ." *Id.* at 964.

²³⁸ *See Zoltek*, 442 F.3d at 1378–82 (explaining an alternative reason for requiring the United States to pay just compensation under the Fifth Amendment even when part of the patented invention is performed out of the country).

²³⁹ *See id.* at 1347; *see* U.S. CONST. amend. V.

remaining secrets in fear of uncompensated Government takings. The framers of the Constitution recognized the importance of issuing patents and promoting “the Progress of Science and useful Arts.”²⁴⁰ Allowing an overreaching Supreme Court decision to effectively eliminate the Public Use Clause from the Fifth Amendment, reducing the Constitution and the Act of 1910’s framers’ visions of protection, devastates the Fifth Amendment’s limit on Government appropriations.²⁴¹ Moreover, allowing the Federal Circuit to pave a path for the United States to avoid liability for compensation altogether leaves patent owners with their hands tied behind their backs.²⁴²

The people of the United States require the proposed amendments to 28 U.S.C. § 1498 to restrict the Government from taking compulsory patent licenses without having to provide just compensation. The future development of the country’s patented technology depends on the security and incentives 35 U.S.C. § 154 provides patent owners. More protection from Government appropriations will maintain consistent patented technologies and promote the needed “Progress of Science and useful Arts.”

²⁴⁰ U.S. CONST. art. I, § 8, cl. 8.

²⁴¹ *Kelo v. City of New London*, 125 S. Ct. 2655, 2671 (2005) (O’Connor, J., dissenting).

²⁴² *See Zoltek*, 442 F.3d at 1247.