

## RETHINKING PATENT LAW'S UNIFORMITY PRINCIPLE: A RESPONSE TO NARD AND DUFFY

*S. Jay Plager\* & Lynne E. Pettigrew\*\**

### INTRODUCTION

In their challenging and extensively researched study, Professors Craig Allen Nard and John F. Duffy argue that Congress's decision in 1982 to give to the Court of Appeals for the Federal Circuit exclusive jurisdiction over patent litigation is no longer a good idea, if it ever was.<sup>1</sup> Instead, they posit, jurisdiction should be shared among several of the federal courts of appeals, somewhat in the manner it was before 1982. They extract from recent criticisms of the court's work the conclusion that a return to diversity in judicial appellate review, despite the problems that existed and that led to the 1982 restructuring, would produce decisions more in line with their sense of how patent law policy should be evolving. The thesis presented by Professors Nard and Duffy raises a number of questions. A central one, one to which we will devote some attention, is whether the perceived shortcomings in the world of patent law are within the ability of courts to cause or cure, and, to the extent they are, whether having more rather than fewer judges at work on them would likely help or hurt.

When the Act creating the United States Court of Appeals for the Federal Circuit was signed twenty-five years ago, it was understood that this newest of the circuit courts was something of an experiment.<sup>2</sup> The new court had two characteristics that differentiated it from its sister circuits. One was that its jurisdiction was to be based entirely on subject matter, not geography. The other was that in the subject matter areas that were assigned to it, the court would have exclusive jurisdiction, that is, no other circuit court would hear appeals in those subject matter areas.<sup>3</sup>

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\* Senior Circuit Judge, United States Court of Appeals for the Federal Circuit.

\*\* Law clerk to Judge Plager, 1999–present.

<sup>1</sup> Craig Allen Nard & John F. Duffy, *Rethinking Patent Law's Uniformity Principle*, 101 NW. U. L. REV. 1619 (2007).

<sup>2</sup> See S. Jay Plager, *The United States Courts of Appeals, the Federal Circuit, and the Non-Regional Subject Matter Concept: Reflections on the Search for a Model*, 39 AM. U. L. REV. 853, 866 (1990).

<sup>3</sup> *But see* Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc., 535 U.S. 826 (2002) (holding that the Federal Circuit's exclusive jurisdiction in patent cases is limited to cases in which the patent issue arises in a complaint).

Though having a circuit court with *only* those characteristics is unique to the Federal Circuit, the Federal Circuit is not the only circuit with subject matter jurisdiction exclusive to that circuit. The United States Court of Appeals for the District of Columbia Circuit, like the eleven numbered regional circuits, derives its basic jurisdiction from the general statutes designed for geographic-based circuits. In addition, however, the D.C. Circuit hears appeals in specified subject matter areas assigned to it by Congress.<sup>4</sup>

The effect of assigning specified subject matter areas to a single court of appeals is to provide nationwide uniformity in those areas, thus making the designated court the final arbiter of the applicable law, subject only to Supreme Court review. Since much Supreme Court review results from the need to settle differences between the several circuit courts of appeals, the consequence of courts having exclusive jurisdiction is that the decisions of the Federal Circuit and the D.C. Circuit in their respective subject matter areas will be the primary methods for resolving disputes under the applicable laws, and this has proven to be the case.<sup>5</sup>

To put in perspective the debate about uniformity (one court) versus diversity (multiple courts) in the decisional process, it is important to recognize the different approaches to the judicial function called for by the different ways in which legal rules are framed. Historically, the framing of legal rules was a function of the judicial process. Each new set of facts required the courts to determine whether a plaintiff's pleading stated a cognizable cause of action. Each set of facts for which relief could be granted either fit a prior precedent or called for a new or revised rule. Thus evolved the common law, and the courts were known as common-law courts.<sup>6</sup>

Today, legislative enactments and their by-products, in the form of agency rules and regulations, have all but supplanted the common law. In particular, the federal courts do not function as common-law courts, and there is no federal general common law.<sup>7</sup> The rights vindicated in the federal courts derive from legal rules established by others—the Constitution, treaties, and, importantly, legislation enacted by Congress and agency rules and regulations adopted pursuant to congressional enactments.

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<sup>4</sup> See, e.g., Clean Air Act, 42 U.S.C. § 7607(b)(1) (2000) (review of standards and regulations); 47 U.S.C. § 402(b) (2000) (appeals from decisions and orders of the Federal Communications Commission); Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) § 113(a), 42 U.S.C. § 9613(a) (2000) (review of regulations promulgated under CERCLA).

<sup>5</sup> In the last five years, the court's records show that the Federal Circuit has decided approximately 3,500 cases on the merits. During that same period, the Supreme Court has granted certiorari in only sixteen cases from the Federal Circuit.

<sup>6</sup> See KARL N. LLEWELLYN, *THE COMMON LAW TRADITION: DECIDING APPEALS* 36 (1960) ("This is the Grand Style of the Common Law. I am referring to a way of thought and work, not to a way of writing. It is a way of on-going renovation of doctrine . . ."). The emergence of equity courts from the King's Chancellor is another story, not relevant here.

<sup>7</sup> *Erie R.R. Co. v. Tompkins*, 304 U.S. 64, 78 (1938).

Sometimes the mandated rule—the governing statement of the law—is set forth in a brief, broadly stated sentence or phrase. A familiar example is the constitutional provision regarding due process.<sup>8</sup> There are some equally broad legislative mandates, including most notably the Sherman Act’s two sweeping statements around which much of the nation’s competition law has been built.<sup>9</sup> When the law is so cast, courts have no choice but to play a major role in fleshing out the policy that is intended to govern the nation’s conduct.

On the other hand, there are elaborate and complex statutory schemes, such as the Clean Air Act,<sup>10</sup> the federal civil service law,<sup>11</sup> and the Patent Act,<sup>12</sup> in which Congress, by the way in which it has written both the structure and the detail of the legislation, has incorporated important basic policy choices. It is certainly true that within such detailed legislation there nevertheless may be broadly stated provisions, or provisions with broadly stated directives, that are intended for agency implementation.<sup>13</sup> Yet even in these cases, when the courts are called upon to review a legislative gap through interpretation that has policy overtones, the choices are constrained by the central policies reflected in the basic legislative scheme, as well as by the self-imposed deference to the policy-fulfilling role of the executive branch.<sup>14</sup>

Furthermore, given that most federal litigation today results from congressional enactments that are part of an elaborate legislative scheme, the issues that arise primarily involve careful parsing of statutory language, informed by the court’s perception of Congress’s purpose. Justice Scalia has succinctly observed: “By far the greatest part of what I and all federal judges do is to interpret the meaning of federal statutes and federal agency regulations.”<sup>15</sup> While discerning Congress’s purpose in such legislation may require the exercise of some judgment, the court’s function is not to assess the extent to which the congressional policy is responsive to current

<sup>8</sup> U.S. CONST. amend. V (“No person shall . . . be deprived of life, liberty, or property, without due process of law.”).

<sup>9</sup> Sherman Act § 1, 15 U.S.C. § 1 (2000) (“Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal.”); Sherman Act § 2, 15 U.S.C. § 2 (2000) (“Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a felony . . .”).

<sup>10</sup> 42 U.S.C. § 7401–7671q (2000).

<sup>11</sup> 5 U.S.C. § 1101–05 (2000).

<sup>12</sup> 35 U.S.C. § 1–14 (2000).

<sup>13</sup> *See, e.g.*, 35 U.S.C. § 101 (2000) (stating in broad terms what is patentable subject matter); Clean Air Act, 42 U.S.C. § 7401 et seq. (2000) (establishing clean air goals to be achieved through agency regulations).

<sup>14</sup> *See Chevron U.S.A., Inc. v. Natural Res. Def. Council Inc.*, 467 U.S. 837, 843–44 (1984).

<sup>15</sup> ANTONIN SCALIA, *A MATTER OF INTERPRETATION: FEDERAL COURTS AND THE LAW* 13–14 (1997).

problems or to determine how well-tuned the statute is to subtle changes in people's behavior or market conditions. Justice Breyer recently chastised our court for what he viewed as an effort to do exactly that. He commented from the bench that "the [C]ourt of [A]ppeals for the Federal Circuit thought it was bringing this statute up to date and even said [it was] making an extension of the statute to keep up to date with the technology. That is not for courts to do."<sup>16</sup> Within the constraints imposed by the Constitution, it is the court's function to apply the law as written, consistent with Congress's policy as best that can be ascertained, in the terms and manner that the legislature has declared. The governing policy choices, when pre-established in the legislation, are those chosen by the legislature and not those preferred by particular judges, even when the judges know they are "right."<sup>17</sup>

### I.

With this framework in mind, let us look at the case made by the authors<sup>18</sup> for reversing Congress's decision to favor uniformity in the patent law decisional field. The authors are of the view that the problem with uniformity in judicial interpretation and application of patent law as established by the Federal Circuit centers on the content of the court's precedents. The argument goes somewhat as follows. Uniformity of decisionmaking does not necessarily equate with quality of decisions.<sup>19</sup> Federal Circuit precedents in the patent area fail to reflect desired policy imperatives.<sup>20</sup> In the substantial body of literature on the general problem of uniformity versus diversity in institutional arrangements, there resides a proposed solution for this failure.<sup>21</sup> Since uniformity in patent law has proved less than perfect, at least as the authors see it, we should try diversity as a way to get better (i.e., preferred) decisions and decisional rules.<sup>22</sup>

Our first quarrel with the authors' position is their untested hypothesis that more decisionmakers will produce *better* decisions and *better* decisional rules, rather than just different ones. Judicial decisionmaking is not

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<sup>16</sup> Transcript of Oral Argument at 53, *Microsoft Corp. v. AT&T Corp.*, 127 S. Ct. 1746 (2007) (No. 05-1056), available at [http://www.supremecourtus.gov/oral\\_arguments/argument\\_transcripts/05-1056.pdf](http://www.supremecourtus.gov/oral_arguments/argument_transcripts/05-1056.pdf).

<sup>17</sup> See STEPHEN BREYER, *ACTIVE LIBERTY: INTERPRETING OUR DEMOCRATIC CONSTITUTION* 17 (2005) ("[Judicial tradition] calls for *judicial restraint* . . . . [C]ourts are ill-equipped to make the investigations [that] should precede most legislation. . . . [A] judge's agreement or disagreement about the wisdom of a law has nothing to do with the right of a majority to embody their opinions in law. . . . [E]ven if a judge knows what the just result should be, that judge is not to substitute even his juster will for that of the people." (internal quotation marks omitted)).

<sup>18</sup> For ease of reference, "the authors" will be shorthand for Professors Nard and Duffy.

<sup>19</sup> Nard & Duffy, *supra* note 1, at 1620.

<sup>20</sup> *Id.* at 1620–21.

<sup>21</sup> *Id.* at 1626–27.

<sup>22</sup> *Id.* at 1642–64.

like computer programming, either a 1 or a 0. There is no right or wrong rule universally applicable to every situation. Rather, when it comes to rule pronouncement, decisional rule choices exist across a wide range. Thus, having multiple versions of rules applicable to similar problems may produce only different results, not necessarily better ones.

The authors acknowledge that there is no empirical support for the claimed advantages of a multi-circuit model vis-à-vis a singular tribunal.<sup>23</sup> This stands in marked contrast to the relative wealth of empirical studies, extensively cited by the authors,<sup>24</sup> concerning the Federal Circuit and its work, little of which can be said to support the authors' preferred solution. At best, then, the authors propose a solution in search of a problem,<sup>25</sup> one that is a theoretical and untested construct, the consequences of which can only be guessed.

Furthermore, if we look at the larger context in which the patent law world functions, the correctness of the assumption that the reason we have "bad" outcomes in patent law cases is that we have only one judicial rule-maker is at best questionable. It is not surprising that there are problems with the articulation and enforcement of patent rights under United States law. Not that many years ago, patent law existed in a backwater that was largely the province of relatively small boutique law firms specializing in the area. Academic attention was limited to a handful of professors, with help from adjuncts who offered patent law courses in those few law schools that thought to do so.

Today, patent law is recognized as a major factor in the economy, and of vital significance to science and technology. The academic community now is eager to be a participant in proposing and critiquing the law; few law schools are without courses in intellectual property, and a number have programs or centers with titles that incorporate some aspect of IP law. Nor has the world of corporate law missed the point—boutique patent firms still exist, but many have disappeared into the maw of large business and corporate law firms. In sum, in just the last few decades patent law has moved into the mainstream of legal and economic thought and activity in this country, as well as in other countries. This transition has not been without its difficulties, and, given the rapidity with which technologies change, there is still some distance to go before the transition is complete, if it ever will be.

Is the problem that this difficult economic, social, and legal world has been given to a court that is structurally unable to handle it? Though they distinguish between centralization and specialization, the authors perpetuate a misunderstanding about the nature of the Federal Circuit, referring to it as

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<sup>23</sup> *Id.* at 1625.

<sup>24</sup> *Id.* at 1627 n.38.

<sup>25</sup> This is not a new phrase. See, e.g., Sheldon J. Plager, *The Spouse's Nonbarrable Share: A Solution in Search of a Problem*, 33 U. CHI. L. REV. 681 (1966).

“an experiment in judicial specialization.”<sup>26</sup> A court could be considered specialized, with whatever inherent limitations such a label may suggest, either in terms of its narrow subject matter jurisdiction or the uniformity of background and training of the judges who make up the court, or both. In neither respect is the Federal Circuit “specialized.” The subject matter jurisdiction of the court is broad and diverse.<sup>27</sup> The judges who make up the court are equally eclectic.<sup>28</sup> Whatever may be the relevant differences between specialized and generalized courts, they have little relevance to the issue here because we are not dealing with a “specialized” court.

## II.

To their credit, the authors do not build their case for diversity of decision-forum on such unsupported distinctions between so-called generalized and specialized courts. Rather, their case stands on perceived inadequacies in the Federal Circuit’s performance. The authors propose three criteria for evaluating the Federal Circuit’s performance. They ask whether Federal Circuit precedent “adequately reflects” (1) “current knowledge regarding the beneficial functions of the patent system in generating technological innovation,” (2) “the potential problems of patent rights in foreclosing legitimate competition,” and (3) “the need for predictable rules capable of curtailing litigation costs.”<sup>29</sup>

If these are the criteria by which the court’s work—and its continued viability as the exclusive forum for patent cases—is to be judged, we first ask whether and to what extent do these criteria relate to a court’s performance at all, i.e., to the judicial role? Applying these criteria, will reconfiguring that role with more courts and more judges address the problems the authors perceive to exist? Interestingly enough, as will be seen later, the authors do not actually use these criteria in evaluating the precedents they see as falling short.<sup>30</sup> Perhaps that is because the suggested criteria themselves are problematic.

With regard to the first proposed criterion, the court’s current knowledge regarding the beneficial functions of the patent system that generate

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<sup>26</sup> Nard & Duffy, *supra* note 1, at 1642.

<sup>27</sup> In addition to intellectual property issues, which make up as little as a third of its caseload, the court’s jurisdiction includes personnel employment and benefits cases from the entire federal workforce and the veterans administration; international trade cases; tax cases; contract suits against the government on appeal from courts and agency review boards; property takings cases under the Constitution; Indian rights cases; and a variety of administrative law issues, such as the vaccine injury cases.

<sup>28</sup> The backgrounds of the judges include work in private law practice, public service, corporations, and academia in many areas of law, including litigation, criminal law, intellectual property, tax, and labor law. See U.S. Court of Appeals for the Federal Circuit Judicial Biographies, <http://www.fedcir.gov/judgbios.html> (last visited Apr. 18, 2007). No single subject matter area, including patents, is represented in the backgrounds of a majority of the judges.

<sup>29</sup> Nard & Duffy, *supra* note 1, at 1620.

<sup>30</sup> See *infra* Part III.

technological innovation, we do not have the benefit of a specific explanation of what the authors see as those beneficial functions. They write: “The court’s precedents have been viewed as ‘increas[ing] the cost of patent acquisition, augment[ing] the burdens of patent administration, and encourag[ing] free riders—trends that make both the patent system, and the process of innovation, less attractive alternatives.’”<sup>31</sup> From this we could infer that the beneficial functions of the patent system that generate technological innovation include decreasing the cost of patent acquisition, lessening the burdens of patent administration, and discouraging free-riding. Beyond this passing reference to another’s criticism, there is no real discussion of which of, and in what ways, the court’s precedents adequately reflect or fail to reflect “current knowledge” about these “beneficial functions,” even assuming a court’s precedents should be based on such knowledge.

The second criterion is somewhat more specific. It addresses the possibility that patent rights might be foreclosing legitimate competition, and asks, though does not answer, whether the court’s precedents adequately reflect that problem. Is there a possibility that patent rights might be foreclosing legitimate competition? Of course there is. Patent rights are intended to foreclose legitimate competition—that is their very purpose. By definition, foreclosing *illegitimate* competition is accomplished by rules other than patent law rules, rules that make the competition illegitimate.<sup>32</sup>

A key right in the bundle of sticks a patent awards to its holder is the right to exclude others from making, using, or selling the patented invention for the duration of the patent grant. If, absent the consent of the patent holder, the patent does not make it possible to foreclose unwanted marketplace competition, legitimate or otherwise, there seems to be little purpose in having a patent. In creating the rights attributable to a patent and providing for foreclosing competition in that manner, Congress has sought to balance the value of open competition in the marketplace regarding the particular invention against the value of providing a period of exclusivity, thereby encouraging investment in research and development of new products—new drugs, new information technology, and new inventions in every field. The balance being sought, the policy levers to be employed, are those written into the Patent Act by Congress.<sup>33</sup> If a court charged with deciding

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<sup>31</sup> Nard & Duffy, *supra* note 1, at 1621 (quoting John R. Thomas, *Formalism at the Federal Circuit*, 52 AM. U. L. REV. 771, 773 (2003)).

<sup>32</sup> *E.g.*, Sherman Act, 15 U.S.C. §§ 1–7 (2000); Clayton Act, 15 U.S.C. §§ 12–27 (2000).

<sup>33</sup> For an extensive discussion of that balance, and suggestions for legislative and administrative changes needed to improve it, see FED. TRADE COMM’N, TO PROMOTE INNOVATION: THE PROPER BALANCE OF COMPETITION AND PATENT LAW AND POLICY (2003), available at <http://www.ftc.gov/os/2003/10/innovationrpt.pdf> [hereinafter FTC REPORT]. The Supreme Court has noted that “[t]he tension between the desire to freely exploit the potential of our inventive resources and the need to create an incentive to deploy those resources is constant.” *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 152 (1989).

patent cases has a bias, it should be a bias in favor of the Patent Act and the rights and remedies the Act creates.<sup>34</sup> Applying the law is what courts do.

We can test this thesis. Suppose the judges of the Federal Circuit come to the conclusion that the balance Congress has struck is wrong with regard to a particular field of endeavor, say, in the pharmaceutical industry. Suppose we conclude that the Hatch-Waxman Act<sup>35</sup> is stifling competition, and needs tweaking in favor of manufacturers of generic drugs over the brand pharmaceuticals. Should the court's precedent reflect the view that patent rights are foreclosing some legitimate competition? What if the judges conclude the opposite—that the competition from generic manufacturers is discouraging investment in research by the branded pharmaceutical companies? Should the court's precedents “adequately reflect” this view instead?

How are the judges to make this assessment? Read newspaper and law review articles?<sup>36</sup> Hold public hearings?<sup>37</sup> Ask litigants to brief and argue the question? Our rules require that the appellant state at the beginning of the opening brief the specific issues on appeal, that is, the specific errors made by the trial forum. Shall the rules now include a requirement that the appellant specify in what manner Congress got its policy wrong, or at least how the trial court failed to fix it? What if the views of different judges differ? Will dispute outcomes become policy-driven based on the makeup of the particular panel?<sup>38</sup> Contrary to the view of the authors that “it is the appellate courts that are well positioned to develop policy and advance doctrine through an engaged common law,”<sup>39</sup> some in or out of Congress might find that whole idea presumptive, and question whether that is what this court—or any other—can or should be doing.

The authors' view is nicely illustrated by their discussion of the several actors in patent lawmaking, and how they relate to the Federal Circuit. Is the Federal Circuit, the authors ask, “merely one actor along with Congress, the [Patent and Trademark Office (PTO)], the Supreme Court, and, to a

<sup>34</sup> For an interesting perspective on the balance from the businessman's viewpoint, see Lawrence B. Ebert, *On Patent Quality and Patent Reform*, 88 J. PAT. & TRADEMARK OFF. SOC'Y 1068, 1069, 1076 (2006) (“Businessmen are more concerned with innovation than with invention. . . . [P]atent law is concerned with invention, not innovation.”).

<sup>35</sup> Drug Price Competition and Patent Term Restoration Act of 1984, Pub. L. No. 98-417, 98 Stat. 1585 (codified at 21 U.S.C. §§ 355, 360cc (2000), and 35 U.S.C. §§ 156, 271, 282 (2000)). The Hatch-Waxman Act is designed to provide a legal mechanism for allowing manufacturers of generic drugs to avoid some of the strictures of the patent laws while continuing to encourage investment in drug research and development by protecting the essential rights of the branded pharmaceutical companies in their patents. See *Andrx Pharms., Inc. v. Biovail Corp.*, 276 F.3d 1368, 1370–71 (Fed. Cir. 2002).

<sup>36</sup> See, e.g., Jeanne Whalen, *Scavenger Hunt: Small Firms Seek To Profit From Drug Giants' Cast-offs*, WALL ST. J., Feb. 7, 2007, at A1.

<sup>37</sup> See, e.g., *Paying Off Generics to Prevent Competition with Brand Name Drugs: Should It Be Prohibited?: Hearing Before the S. Comm. on the Judiciary*, 110th Cong. (Jan. 17, 2007).

<sup>38</sup> See Nard & Duffy, *supra* note 1, at 1627–28 n.38 (citing empirical studies concluding that Federal Circuit outcomes are not panel-dependent).

<sup>39</sup> *Id.* at 1623.

much lesser degree, the district courts,” or is it the case that it has “no effective peer or competitor”?<sup>40</sup> Their answer is that the Federal Circuit is more than just one of the actors in the patent drama. As they see it, Congress itself is impotent: “The difficulty of enacting legislation ensures that Congress cannot sit as a general monitor of the small- and medium-sized issues decided weekly by an intermediate appellate court.”<sup>41</sup> Further, the district courts have not a clue: “Few of [the district courts] have sufficient patent sophistication to engage the Federal Circuit on complex issues of patent policy . . . .”<sup>42</sup> The Supreme Court comes close, but it “is at best a very awkward institution to provide a competitive check on the Federal Circuit.”<sup>43</sup> The PTO comes closest, but even it fails. Fails at what? Consistent with their view of the court’s function, the authors’ implicit premise is that all of these other actors fail at making “correct” patent policy for the nation. How else could institutions like the Supreme Court and Congress and the PTO be lumped together, and how else could they be assessed in terms of their being “peers” of an appellate court?

This discussion highlights our major area of disagreement with the authors’ thesis. Their assumption throughout the article is that the court in deciding patent cases should play a significant, if not dominant, policymaking role.<sup>44</sup> As they see it, a large part of the court’s role is to reach beyond deciding cases as best it knows how within the law and policy established by Congress and consistent with Supreme Court guidance. Rather, they apparently believe it is the court’s responsibility to see to it that the consequences of the policies and decisions of these other players properly reflect current needs and market conditions, and if the extant policies fail to do so then the court is the forum for correction. We find this a little surprising in light of the widely shared view of the role of courts, especially appellate courts, and the inherent and self-imposed restraints on the judicial decisional process. As Chief Justice John G. Roberts Jr. stated recently in a speech at the Northwestern University School of Law, “Yes, we might be able to furnish clearer guidance with more sweeping opinions, but our job is to decide cases, not promulgate comprehensive rules. And I think we are more apt to err when we go beyond what is necessary to decide the case before us.”<sup>45</sup> Simply put, we see the role of an appellate court—any appellate court—as more constrained by basic democratic and constitutional constructs than the authors do.

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<sup>40</sup> *Id.* at 1638–39.

<sup>41</sup> *Id.* at 1639.

<sup>42</sup> *Id.*

<sup>43</sup> *Id.* at 1640.

<sup>44</sup> *Id.* at 1623 n.20 (“[I]nstitutional proposals [for reform at the district court and PTO levels] do not fully address patent law at the appellate level, where policymaking is most pronounced.”).

<sup>45</sup> Robert Barnes, *Roberts Supports Court’s Shrinking Docket*, WASH. POST, Feb. 2, 2007, at A6 (quoting Chief Justice John G. Roberts Jr.).

By contrast with the first two proposed criteria, the third offered criterion does ask a question that addresses an important responsibility of the court—do the court’s precedents adequately reflect the need for predictable rules?<sup>46</sup> We fully agree that whether court precedents provide predictable rules for the future is an issue that goes to the “quality” of judicial decisionmaking. Providing predictable outcomes is a sine qua non of a court’s function. However, it is less obvious that quality in decisionmaking and in articulation of decisional rules is a function of the number of judges or courts that make the decisions, rather than a function of the individual judge’s craftsmanship.<sup>47</sup>

We have written elsewhere about the problem of indeterminacy in patent law, and some of the steps that can be taken by courts and others to reduce the problem.<sup>48</sup> Opinions that provide clear legal rules for predicting future outcomes are to be desired. For example, rules that declare that appellate outcomes will depend on the totality of the circumstances usually are not helpful.<sup>49</sup> Legal rules that more clearly define and acknowledge the role of the trial forum can be crafted, and are to be preferred. Does it make sense in terms of judicial economy and efficiency, much less comparative competence, for an appellate court to simply redo what the trial forum has done without any consideration for the work of that forum?<sup>50</sup>

In sum, we conclude that in resolving the uniformity versus diversity argument, the first two criteria the authors suggest—whether Federal Circuit precedents “adequately reflect” current knowledge about the beneficial functions of the patent system, or address the problem of “foreclosing legitimate competition”—are not useful criteria in assessing the role of a court in the system. The third criterion—predictable rules—speaks to that role, but as we shall see in the next Part, it is hard to discern its place in the

<sup>46</sup> The second part of the question, whether even predictable rules will be capable of curtailing litigation costs, is a separate matter.

<sup>47</sup> For a still-relevant discussion of the craft of judging, see LLEWELLYN, *supra* note 6, at 213–36. In a chapter entitled “Appellate Judging as a Craft of Law,” Llewellyn describes “the concept of craft, of craft-tradition, of craft-responsibility, and of craftsmanship not as meaning merely the high artistry of God’s gifted, but as including the uninspired but reliable work of the plain and ordinary citizen of the craft.” *Id.* at 214.

<sup>48</sup> S. Jay Plager, *Challenges for Intellectual Property Law in the Twenty-First Century: Indeterminacy and Other Problems*, 2001 U. ILL. L. REV. 69.

<sup>49</sup> See *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 67 (1998) (replacing the Federal Circuit’s “totality of the circumstances” test for analyzing the on-sale bar under 35 U.S.C. § 102(b) with a two-part “bright-line” test). *But see Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 739–40 (2002) (rejecting the Federal Circuit’s bright-line rule for determining patent claim scope under the doctrine of equivalents).

<sup>50</sup> See, e.g., *Zenith Elecs. Corp. v. United States*, 99 F.3d 1576, 1579 (Fed. Cir. 1996) (Plager, J., concurring) (criticizing the Federal Circuit’s practice, in appeals from the United States Court of International Trade, of reviewing the underlying agency decision rather than the trial court’s judgment); see also *Crawfish Processors Alliance v. United States*, 483 F.3d 1358, 1364 (Fed. Cir. 2007) (Rader, J., concurring) (same).

analysis of the three specific decisional areas the authors have chosen to critique.

### III.

The three decisional areas the authors single out for detailed critique are (1) claim interpretation, (2) nonobviousness, and (3) the written description requirement.<sup>51</sup> As we have noted, the critique does not follow along the lines of the three criteria set out earlier, but instead provides individual reasons for objection. For the reasons we explain below,<sup>52</sup> it is not our purpose to defend the state of the law as it presently is, though we have not been reluctant from time to time to dissent from the court's occasional misanthropic excursions. Our purpose is only to note some problems in the approach taken by the authors.

#### A.

With regard to claim interpretation, one noted objection to the Federal Circuit's handling of these cases is that over time two interpretative techniques have developed among the judges, the "holistic" and the "procedural."<sup>53</sup> Whatever those terms may mean,<sup>54</sup> differences in interpretative style are inherent in the judicial process and provide the sort of diversity that the authors seek. Nevertheless, the authors lament that "[o]ne would assume that nearly ten years after the Supreme Court's decision in *Markman*, the Federal Circuit would have resolved this issue [of which interpretative style is the correct style]. . . ."<sup>55</sup> Not only do the authors object to the existence of diversity in interpretative style—one might have thought they would applaud that—but they then conclude that "competition among circuits would likely give rise to a consensus methodology,"<sup>56</sup> i.e., more judges would bring about uniformity in approach.

Putting aside the question of whether there is such a thing as holistic vs. procedural decisionmaking,<sup>57</sup> the notion that involving more judges on more circuit courts would in and of itself result in greater uniformity of approach is a mistaken view about how "consensus" in the appellate process is reached. Consensus is reached in one and only one way—by a majority

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<sup>51</sup> Nard & Duffy, *supra* note 1, at 1655–64.

<sup>52</sup> See *infra* Part IV, at 1752.

<sup>53</sup> Nard & Duffy, *supra* note 1, at 1656.

<sup>54</sup> The authors cite the work of Polk Wagner for the terminology but disagree with his understanding of what the terms mean. *Id.* at 1656 n.133.

<sup>55</sup> *Id.* at 1656.

<sup>56</sup> *Id.*

<sup>57</sup> A close reading of the source of this concept reveals that even in these terms most of the circuit's judges fall somewhere in between. See R. Polk Wagner & Lee Petherbridge, *Is the Federal Circuit Succeeding? An Empirical Assessment of Judicial Performance*, 152 U. PA. L. REV. 1105, 1158 (2004); see also The Claim Construction Project, <http://www.claimconstruction.com> (last visited July 11, 2007).

vote of the judges who have the last say. Perhaps the authors' argument is that, by having more circuit courts involved pronouncing more diverse rules, the Supreme Court would be forced to engage in patent law more often, and that would produce "consensus." That assumes the Court is reluctant to engage now, despite the evidence to the contrary, and that its engagement would produce better rules, rather than just different ones in some cases.<sup>58</sup>

Beyond that, the call for a "consensus methodology," i.e., fixed rules for deciding claim construction issues in every case, is misplaced. There just are too many variables that influence how a claim is to be understood to have a set of invariable, mechanically applied, and outcome-determinative rules of claim interpretation. These operative variables over which the interpreter has no control include: (1) the extent to which the invention can be understandably described in words; (2) the extent to which the patent applicant used terms according to their ordinary meaning or instead gave them special definitions; (3) the extent to which the applicant was successful in obtaining broad claims that may cover later-developed technology; (4) the extent to which the original claims were amended during the patent examination process; (5) the extent of any conflicts between the language of the claims and the language of the written description, and between those and the record of explanations and amendments submitted by the applicant during the often-lengthy PTO prosecution; and on and on. The Federal Circuit's recent decision in *Phillips v. AWH Corporation*<sup>59</sup> was an effort to pull together in one place the many strands of the interpretative process, somewhat like cataloguing the effluent of the stygian stables. That it could not do more is due to the nature of the process, not to a lack of trying. The process is not likely to be magically different, or simpler, if performed by twenty-four or thirty-six judges, rather than the current sixteen.

If there is to be improvement in the process of claim construction, it will occur primarily in two places. One is the PTO, by having that organization exercise more definitive control over what gets patented. That will require further reworking of the agency and its processes, a topic already in play.<sup>60</sup> The other will be in improving the process of review by the trial

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<sup>58</sup> Compare the Federal Circuit's attempt to fashion a relatively straightforward rule for cabining the doctrine of equivalents with the Supreme Court's version. See *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558, 569 (Fed. Cir. 2000) (en banc) (holding that prosecution history estoppel creates an absolute bar to application of the doctrine of equivalents), *vacated*, 535 U.S. 722, 739–40 (2002) (rejecting absolute bar in favor of a rebuttable presumption that the patentee surrendered the subject matter between the original and amended claim limitations).

<sup>59</sup> 415 F.3d 1303 (Fed. Cir. 2005) (en banc).

<sup>60</sup> See, e.g., S. 1145, 110th Cong. (2007) (patent reform legislation proposing, inter alia, post-grant review procedures and expanded PTO rulemaking authority); H.R. 1908, 110th Cong. (2007) (same); FTC REPORT, *supra* note 33, at 4–18 (making recommendations for structural and procedural changes at the PTO). But see Patrick A. Doody, *What is A Bad Patent?*, 73 PAT., TRADEMARK & COPYRIGHT J. (BNA) 525, 525 (Mar. 2, 2007) ("If we cannot define a bad patent, we cannot expect to solve the problems such patents are alleged to have caused.").

courts. As that process improves (and there are various proposals for doing that too, but that is also another subject),<sup>61</sup> there will be a concomitant willingness on the part of the appellate judges to defer to the trial courts' understanding of the scope of the patented invention, with a concomitant improvement in claim construction predictability and judicial economy.<sup>62</sup> There is always a temptation for the last person to hear a case to want to decide it anew; the judges of the Federal Circuit now have had considerable experience with the cost of yielding to that temptation. Nothing in this debate suggests that more voices, and especially less experienced voices, will add anything but cacophony.

### B.

With regard to the issue of nonobviousness, the authors decry the Supreme Court's recent undertaking in *KSR*<sup>63</sup> as an example of a failure in the way the patent system works, and in particular the judicial decisionmaking process. Their remedy for that failure is again the same—more “peer” courts deciding patent cases, and therefore presumably showing the way. An alternative perspective might suggest that the Supreme Court's intervention into the nonobviousness issue is an example of how well the system actually works. It demonstrates that there is no reluctance on the part of that Court to intervene, not just into such procedural matters as the general requirements for permanent injunctions<sup>64</sup> or the role of juries,<sup>65</sup> but into the substantive elements of patenting itself. To the extent the authors seek a corrective for the Federal Circuit judges “overextending their analysis,”<sup>66</sup> the *KSR* event should be applauded.

For us to respond comprehensively to the authors' discussion of nonobviousness doctrine and the Supreme Court's treatment of it in *KSR*, we would run the risk of appearing to defend the Federal Circuit's performance and the “teaching-suggestion-motivation” test. As we noted at the beginning of this Part III, we do not think it seemly to engage in such a defense. Perhaps a few observations relevant to the question of one versus many courts would be appropriate, and would not appear too defensive.

First, for the record and contrary to the authors' statement,<sup>67</sup> the doctrinal test for nonobviousness applied by the Federal Circuit was not a Fed-

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<sup>61</sup> See, e.g., H.R. 34, 110th Cong. (2007) (bill “[t]o establish a pilot program in certain United States district courts to encourage enhancement of expertise in patent cases among district judges”).

<sup>62</sup> See *Amgen Inc. v. Hoechst Marion Roussel, Inc.*, 469 F.3d 1039 (Fed. Cir. 2006) (several opinions dissenting from or concurring in the denial of a petition for rehearing en banc, urging that the Circuit reconsider its position on deference to district claim construction as set forth in *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (Fed Cir. 1998) (en banc)).

<sup>63</sup> *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727 (2007).

<sup>64</sup> *eBay Inc. v. MercExchange, L.L.C.*, 126 S. Ct. 1837 (2006).

<sup>65</sup> *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996).

<sup>66</sup> Nard & Duffy, *supra* note 1, at 1660.

<sup>67</sup> *Id.* at 1659.

eral Circuit innovation, but was developed as early as 1961 by our predecessor court, the Court of Customs and Patent Appeals (CCPA). That court required that a teaching, suggestion, or motivation to combine prior art references be demonstrated in order to show that the combination would have been obvious.<sup>68</sup> When making obviousness determinations under the *Graham v. John Deere Co.*<sup>69</sup> framework, the CCPA believed the test accomplished an important purpose in protecting against the impermissible use of hindsight.<sup>70</sup> Over the years, the test has been applied in hundreds of cases. When it appeared to the Supreme Court that the Federal Circuit's implementation of the rule had become too inflexible, the Court stepped in, demonstrating that the system worked exactly as intended. This undercuts the authors' view that Supreme Court review of Federal Circuit law is not an effective corrective in the system.

Second, and again contrary to the authors' characterization, the Supreme Court's *KSR* decision was not a repudiation of the Federal Circuit's efforts to avoid hindsight in the test for obviousness. Though the Court rejected a rigid application of the teaching-suggestion-motivation test, it acknowledged the importance of identifying "a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does."<sup>71</sup> Such a showing provides a "helpful insight" in determining whether claimed subject matter would have been obvious under 35 U.S.C. § 103.<sup>72</sup>

Thus, the Federal Circuit's development of the teaching-suggestion-motivation test was not, as described by the authors, a "radical step" that required a major correction.<sup>73</sup> While the doctrine over the years may have been stated and applied in stringent terms in some cases, and the circuit's opinion in *KSR*, a non-precedential opinion,<sup>74</sup> may have been one of those,

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<sup>68</sup> See *In re Bergel*, 292 F.2d 955, 956–57 (C.C.P.A. 1961) ("The mere fact that it is possible to find two isolated disclosures which might be combined in such a way to produce a new compound does not necessarily render such production obvious unless the art also contains something to suggest the desirability of the proposed combination.").

<sup>69</sup> 383 U.S. 1 (1966).

<sup>70</sup> See *In re Stephens*, 314 F.2d 589, 592 (C.C.P.A. 1963) ("The suggestion to combine the references in the instant case is found in the references themselves and in no wise emanates as 'hindsight' from appellant's disclosure."); see also *In re Kahn*, 441 F.3d 977, 986 (Fed. Cir. 2006) ("The 'motivation-suggestion-teaching' requirement protects against the entry of hindsight into the obviousness analysis. . .").

<sup>71</sup> *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1741 (2007).

<sup>72</sup> *Id.*

<sup>73</sup> Nard & Duffy, *supra* note 1, at 1660.

<sup>74</sup> *Teleflex, Inc. v. KSR Int'l Co.*, 119 Fed. App'x. 282 (Fed. Cir. 2005). It is the practice of the Federal Circuit judges, as in most appellate courts, to leave the merits decision in a case, even when thought to be wrong, to the judgment of the panel that heard the case, so long as the law is not incorrectly stated, and its application to the facts is in the range within which reasonable judges could differ. En bancs are reserved for law correction, or for particularly important issues. This is even more true of non-precedential opinions, which do not ordinarily receive pre-issuance review by non-panel judges.

the test at other times has been stated and applied in broader and more flexible terms.<sup>75</sup> The Court acknowledged this in its decision, but made it clear that its task was to decide the case before it.<sup>76</sup>

Ultimately, despite the media and academic excitement surrounding the case, the Supreme Court's decision in *KSR* did not produce the "sea change" in the law on obviousness that some seemed to think it would,<sup>77</sup> but instead more of a "tweaking, rather than throwing the baby out with the bath water."<sup>78</sup> The bottom line is this: though *KSR* is a timely addition to the authors' arsenal of things to point to, their argument that this is an example of a failure in the way the patent system works proves too much. What *KSR* proves is that the system works itself out over time through the existing process of testing, retesting, challenge, and ultimately resolution. And even when a resolution of sorts is reached, there is always the need for further testing and rethinking. Since *KSR*, the Federal Circuit and the PTO have recognized the continuing validity of the teaching-suggestion-motivation test so long as it is not applied as a "rigid and mandatory" formula.<sup>79</sup> Where and how the "new" doctrine will eventually emerge remains to be seen, but it will be a product of the work of a number of judges versed in the problem, and an even larger number of lawyers who will bring the cases before the court. Nothing in that process justifies the radical step of reintroducing the unfocused decision process that characterized patent law decisionmaking pre-1982.

### C.

With regard to the issue of written description, the authors complain that in several cases the Federal Circuit "arguably" departed from its "long line of precedent and erected a more demanding disclosure standard for biotechnology-related inventions."<sup>80</sup> They decline to engage the merits of what the written description requirement should be, and whether there has been a change in it, but state that their point is "merely to suggest that this is an

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<sup>75</sup> See *Dystar Textilfarben GmbH & Co. Deutschland KG v. C.H. Patrick Co.*, 464 F.3d 1356, 1361 (Fed. Cir. 2006); *Alza Corp. v. Mylan Labs., Inc.*, 464 F.3d 1286, 1290–91 (Fed. Cir. 2006).

<sup>76</sup> *KSR*, 127 S. Ct. at 1743.

<sup>77</sup> See *KSR Ruling No 'Sea Change,' But May Challenge Examiners, Ex-PTO Chief Says*, 74 PAT., TRADEMARK & COPYRIGHT J. (BNA) 8, 88 (May 18, 2007) (quoting Gerald J. Mossinghoff, former Commissioner of Patents and Trademarks).

<sup>78</sup> See *Supreme Court Patent Rulings Meet Mixed Reaction From Industry, Parties, Practitioners*, 74 PAT., TRADEMARK & COPYRIGHT J. (BNA) 10, 11 (May 4, 2007) (quoting Stephen G. Kunin, former Deputy Commissioner for Patent Examination Policy at the PTO).

<sup>79</sup> See *Takeda Chem. Indus., Ltd. v. Alphapharm Pty., Ltd.*, 492 F.3d 1350, 1357 (Fed. Cir. 2007); *PTO Issues a Staff Memo in Response to High Court's KSR Ruling*, 74 PAT., TRADEMARK & COPYRIGHT J. (BNA) 58, 58 (May 11, 2007) (describing to patent examining corps the May 3, 2007 PTO memo regarding the Court's *KSR* decision from Margaret A. Focarino, Deputy Commissioner for Patent Operations).

<sup>80</sup> Nard & Duffy, *supra* note 1, at 1664.

area of patent law that would benefit from additional circuit voices.”<sup>81</sup> They suggest several questions that could be asked about the requirement by other circuit courts if such courts were hearing cases on the issue, but they do not suggest why those courts might find better answers, or even necessarily different ones. They acknowledge that, as was the case in nonobviousness, ultimately the Supreme Court would be the final determiner of the doctrine.<sup>82</sup>

Looked at alongside their argument regarding the nonobviousness doctrine, it is hard to discern from these two examples a principled basis for criticism of the present system and the Federal Circuit’s role in it—is it too rigid and unwilling to change, or is it too willing to adapt to the new? Will more or different judges from different circuits be more willing one way or the other, and will the different outcomes be better? Our point again is not to defend (or attack) the specific judicial decisions that the authors have chosen to support their case. It is to note that the connection between the right or wrong of these decisions on the merits is not demonstrably aided by turning the decisional process into one in which more cooks get to flavor the stew.

#### IV.

One complaint that the authors raise about Federal Circuit opinions that raises specific issues related to their thesis and our general critique is the absence of citation to the secondary literature.<sup>83</sup> Admittedly there is a certain amount of self-interest in any complaint by the academic community that their work is being largely ignored, though as a former academic Judge Plager can empathize with that view. Even so, and putting aside the question of how much academic commentary is sufficiently useful to be worth citing in an opinion dealing with real world problems, there well may be research and writing that helps to clarify issues with which this court, and other courts, wrestle, and which can help a judge in seeing the big picture regarding the issues before the court. This is so especially when the research is empirically based and illuminates aspects of the problem not likely to be revealed by the focused advocacy of the parties.

At the same time, a judge must be careful in deciding a case—that is after all what judges do—to decide on the facts and issues presented by the parties, and not to stray beyond the record in the case. What fun it would be if we could just reach out and opine on issues we recently read about, even if they are not in the case and the parties have not had an opportunity to argue why that should decide their rights. We might not even have to wait for a case to come before us; we could just opine on things we think

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<sup>81</sup> *Id.*

<sup>82</sup> *Id.*

<sup>83</sup> *Id.* at 1647–48.

need correcting. We might even publish our own law review, though it would differ from others in that the opinions expressed would be binding. Everyone would want to be a judge.

By making light of this we do not mean to denigrate the value of academic commentary. It is quite likely that more of it finds its way into judicial thought than the absence of specific citation suggests. No one should be surprised that there are judges interested in what others think about the issues with which judges contend, particularly if the thinking is thoughtful and is relevant to what we actually do.

That is quite different, however, from the authors' suggestion that the court should "engage the empirical and social science literature on patent law as a way to offset its relative institutional disconnectedness from the various technological communities its decisions affect."<sup>84</sup> If by "engage" the authors mean discussing in opinions the relevant literature and explaining our reasons for agreement or disagreement, the suggestion again reflects, in at least two respects, a misapprehension of the court's role.

First, the suggestion that the court needs to offset its institutional separation from the organizations and interests over which it has decisional authority assumes that separation is a bad idea. On the contrary, judicial ethics are very clear about the importance of judges in their professional lives, individually and collectively, remaining apart from persons and organizations and their interests that are or may come before them. Yes, judges read newspapers and even law reviews, give speeches at schools and bar meetings (which sometimes they may regret now that everything is searchable on the web), and go to educational conferences to learn as well as to contribute. But they are enjoined to avoid not only the reality but even the appearance of improper influence in the decisional process, including untoward involvement with potential litigants and their interests. That imposed distance, carefully respected by conscientious judges, is not to be bemoaned but appreciated.

The second respect in which that suggestion misses the point is the idea that judges should debate the literature in their opinions. As a colleague elsewhere has noted,<sup>85</sup> courts are not debating societies, and in any event the debate would be unfair since the judges will always have the last word, at least as far as opinions and the law they proclaim are concerned. For that matter, we do not even debate with the litigants, though we often describe in our opinions their arguments for the purpose of demonstrating that we have considered them, and for the purpose of providing the predicates for the outcomes in their cases.

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<sup>84</sup> *Id.* at 1648 (citations omitted).

<sup>85</sup> Hon. Alan Lourie, Keynote Address at the Joint Patent Practice Seminar of the Connecticut, New York, New Jersey, and Philadelphia Intellectual Property Law Association (May 3, 2006), in 72 *PAT., TRADEMARK & COPYRIGHT J.* (BNA) 41, 41 (May 12, 2006).

Beyond that, to suggest that we should “engage” the secondary literature in an opinion raises fundamental questions about the rights of the parties before the court and the extent to which the issues in a case are determined by the litigants and the record on appeal, rather than by matters outside the record or by the views of non-parties.<sup>86</sup> Even if the literature we are to “engage” addresses the legal issue presented by the case, and even if the literature is read solely for the additional insight the judge might gain into the problem, to “engage” the literature in an opinion is an invitation to flights of dicta, that pervasive curse of the judicial process that adds immeasurably to confusion in the law (a curse to which even we cannot plead immunity).

Perhaps the authors are suggesting by “engage . . . the literature” that the judges should produce law review or other commentary addressing the critiques of the court’s opinions, either defending them or explaining them, or perhaps siding with the critics and thus demonstrating diversity within the system. But that too has its problems. It is an understood tradition among judges that neither in writing nor in speeches do judges defend or attack specific rulings of the court, or explain the politics of why a particular decision came out the way it did. That activity is the privilege of media and the academy. If judges opine about the work of the courts, it is usually in the form of explaining the process of argument and decision, sometimes a discussion of a substantive area of the law, and occasionally a foray into history.<sup>87</sup> It is generally thought unseemly for a judge to try to explain why a particular decision is right or wrong, unless it happens to be one primarily of historical significance and it is in the context of a history lesson. Even in this Article, we walk a fine line between engaging the authors in terms of their structural analysis of the judicial process and slipping into an unintended defense of the court and its precedents.

## V.

Finally, we note a few additional points made by the authors that illustrate yet again why we find their thesis unpersuasive.

The authors posit that because the common-law decision process is based on precedent, it suffers from “path dependency.”<sup>88</sup> As they explain it, path dependency is a consequence of the order in which cases raising similar legal issues come before an appellate court. If case *A* comes up first, and one party’s side is better lawyered than the other, the rule of law favoring the better-lawyered side will prevail. Thereafter, because of the binding precedent, all cases having similar facts will be decided for the side that won in the first case. From this the authors argue that, since having only

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<sup>86</sup> The process by which amicus briefs are allowed is carefully controlled. See FED. CIR. R. 29.

<sup>87</sup> See, e.g., WILLIAM H. REHNQUIST, *THE SUPREME COURT* (2001); WARREN E. BURGER, *IT IS SO ORDERED: A CONSTITUTION UNFOLDS* (1995).

<sup>88</sup> Nard & Duffy, *supra* note 1, at 1645–46.

one court of appeals decide all patent cases is a recipe for path dependency, the solution to this problem is “to have multiple intermediate appellate courts that are *not* obligated to follow each other’s precedents, coupled with a Supreme Court that . . . can . . . wait for issues to ‘percolate’ among those multiple courts before final review is granted.”<sup>89</sup>

The authors may be correct in positing that “path dependency” is to some extent a factor in the way the case-by-case common law developed. Superficially, any court in which stare decisis is an applicable rule of decision would appear to be engaged in the same process. More careful thought demonstrates this is not so. As we earlier explained, what is true for traditional common-law courts is not necessarily true for federal courts operating within a constitutional system in which legislative authority prevails.<sup>90</sup> The common-law process developed the way it did because there was an absence of established legal rules governing a wide range of social behavior. Federal appellate courts do not function the way traditional common-law courts did since, as a general proposition, they do not originate new law to resolve new situations. Rather, they apply law established by other legal actors to new sets of facts. As a consequence, though good lawyering is always better than bad, the opportunity for expansively creative lawyering is more limited in the federal courts of appeals; the emphasis in federal appellate courts is on careful parsing of statutes and rules rather than on reordering of social priorities. In the Federal Circuit each appeal is thoroughly reviewed by at least three judges and one or more of their law clerks. The judges and their law clerks know when they are being treated as mushrooms. The problem of path dependency as a rule determinant, to the extent that it is a problem, is not the same in the federal system as it is in pure common-law courts.

All of which is not to say that precedent in the federal courts is unimportant. In the Federal Circuit, as well as in the other circuits, precedents are important because they guide the process of decisionmaking. They afford a degree of efficiency to the judging process—relying on precedent means that, in deciding the outcome in a new case before it, the court does not have to begin its analysis of the law from the beginning. Precedent also provides a much desired degree of predictability regarding what courts will do. Because federal appellate courts (at least those below the Supreme Court) see their role as constrained by existing law, and because predictability is essential to the rule of law, following established rule-applying precedent is an important appellate obligation.

That does not mean that the decisional process in an appellate court, including the Federal Circuit, is as rigid as the authors suggest. A variety of techniques have developed through which judges can avoid a precedent they believe should not be applied in a given case. In his insightful book

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<sup>89</sup> *Id.* at 1646.

<sup>90</sup> *See supra* pp. 1736–38.

about the appellate process, Professor Karl Llewellyn included a chapter on “The Leeways of Precedent”; that discussion is as applicable today to federal judges as it is to their common-law counterparts from which he drew his examples.<sup>91</sup> Distinguishing precedents through the use of these various techniques is part of the craft of judging.

Beyond the decisional flexibility available to the individual judge or panel of judges, there is the corrective function of the en banc process. The authors disparage the effectiveness of the en banc process, particularly in the Federal Circuit, suggesting that

the key feature of a single appellate court with exclusive subject matter jurisdiction, as compared to multiple courts, is that the single court is bound to follow its own precedents without the benefit of sister-circuit jurisprudence. This feature . . . tends to reduce the court’s ability to continue gathering information and arguments once a precedent is established. . . . [L]awyers likely will be deterred from arguing that the appellate court should reverse its own precedent . . .<sup>92</sup>

Though an individual panel is obligated to follow the law of the circuit—putting aside the artful ways in which a particular panel may choose to understand that law—the Federal Circuit sitting as an en banc court is no more bound to follow its own precedent than is any other single circuit. Indeed, the purpose of sitting en banc is to clarify or change the existing law of the circuit.<sup>93</sup> It is true that the Federal Circuit does not have the benefit of the views of sister-circuits with regard to the specific subject matter before it, but it is an open question how often circuit courts decide their cases based on what a sister-circuit has said, rather than on what the issues in the case require. And lawyers are not as easily cowed as the authors suggest, as evidenced by the number of petitions for en banc review of a panel judgment that the Federal Circuit regularly receives, though the data are not broken into petitions complaining that the panel got the law wrong as distinct from those that complain the law itself is wrong.<sup>94</sup>

More illuminating, perhaps, are the number and types of cases the Federal Circuit has decided en banc in the last several years. Since 2000, the court has issued twenty en banc decisions, covering subjects from patent claim construction<sup>95</sup> to military retirees’ benefits<sup>96</sup> to pleading requirements

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<sup>91</sup> LLEWELLYN, *supra* note 6, at 62–120.

<sup>92</sup> Nard & Duffy, *supra* note 1, at 1632.

<sup>93</sup> *See, e.g., In re Seagate Tech., LLC*, Misc. No. 830, 2007 WL 2358677, at \*5 (Fed. Cir. Aug. 20, 2007) (en banc) (overruling prior precedent to hold that proof of willful patent infringement permitting enhanced damages requires at least a showing of objective recklessness).

<sup>94</sup> For fiscal years 1998–2006, the number of petitions for rehearing en banc filed each year ranged from 93 to 151, with an average of 119 filings per year over that time period (data on file with authors).

<sup>95</sup> *E.g., Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc).

<sup>96</sup> *E.g., Schism v. United States*, 316 F.3d 1259 (Fed. Cir. 2002) (en banc).

before the Merit Systems Protection Board.<sup>97</sup> Except for a few hot-button patent issues, most of the cases dealt with areas of the court's jurisprudence that are not as well-defined as patent law is. Furthermore, even when the court purports to speak with one voice, there is ample opportunity for multiple voices to be heard, thereby encouraging future litigants to pursue alternative approaches.<sup>98</sup>

In a related discussion, the authors take a gentle poke at the patent bar, accusing it of being "a somewhat insular community," one whose insularity is exacerbated by "[t]he creation of a single specialized court located in one city [which] cannot help but foster an even greater degree of insularity. . . ."<sup>99</sup> The authors fail to appreciate the dramatic changes in the practice of patent law in the years since the Federal Circuit was created, not the least of which is the shift in that practice from the once-small boutique firms to large corporate and even larger general practice firms. The bar that practices before the Federal Circuit is a diverse, nationwide bar.<sup>100</sup> It is not unusual for advocates in major patent cases to be lawyers who specialize in appellate advocacy rather than patent law. Such lawyers show little inclination to avoid challenging precedents of the court they believe to be faulty, or as one wag put it, there is no absence of lawyers who are respectfully aggressive.

#### CONCLUSION

In this Article we have noted several respects in which we believe the case for overturning Congress's decision to have one court rather than many deal with patent cases falls short of persuading. If we were writing on a clean slate, with no prior history and no established institutions for deciding

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<sup>97</sup> E.g., *Garcia v. Dep't of Homeland Sec.*, 437 F.3d 1322 (Fed. Cir. 2006) (en banc).

<sup>98</sup> See, for example, the variety of opinions in *Kirkendall v. Department of the Army*, 479 F.3d 830 (Fed. Cir. 2007) (en banc):

MAYER, Circuit Judge, announced the judgment of the court, and filed the opinion for the court with respect to Part I, in which MICHEL, Chief Judge, NEWMAN, Circuit Judge, PLAGER, Senior Circuit Judge, and SCHALL, GAJARSA, and LINN, Circuit Judges, join, and filed an opinion with respect to Part II, in which MICHEL, Chief Judge, NEWMAN, Circuit Judge, PLAGER, Senior Circuit Judge, and GAJARSA, Circuit Judge, join. GAJARSA, Circuit Judge, filed a concurring opinion, in which NEWMAN, Circuit Judge, and PLAGER, Senior Circuit Judge, join. MOORE, Circuit Judge, filed an opinion concurring in part and dissenting in part, in which PROST, Circuit Judge, joins, and in which LOURIE, RADER, BRYSON, and DYK, Circuit Judges, join in part. BRYSON, Circuit Judge, filed a dissenting opinion, in which LOURIE, RADER, and DYK, Circuit Judges, join, and in which SCHALL and LINN, Circuit Judges, join in part. DYK, Circuit Judge, filed a dissenting opinion.

<sup>99</sup> Nard & Duffy, *supra* note 1, at 1645.

<sup>100</sup> At the recent Federal Circuit Bar Association Annual Bench and Bar Conference, the topics under discussion ranged from "Implications of Globalization as Seen in Litigation—Strategic Considerations," to "Effects of Patent Law on Innovation," to "Ethical Considerations in Practice in the Federal Circuit Community." See Federal Circuit Bar Association, Ninth Bench & Bar Conference Program (June 27–30, 2007), available at <http://www.fedcirbar.org/documents/forms/9th%20bench%20and%20bar/program.pdf>.

patent law issues, the question whether there should be a single court that hears all patent cases or whether that assignment should be decentralized would be a topic worthy of careful and thoughtful consideration. In the American judicial system, that consideration occurred and led Congress to enact the 1982 Act that created the Federal Circuit. Though it is true that we should not be wedded to a conclusion that no longer works, those who claim change is needed bear a heavy burden to prove it.

In our view, Professors Nard and Duffy have not been able to meet that burden with adequate proof. There is nothing to show that recreating the potential for forum-shopping by litigants,<sup>101</sup> and reopening the disagreement among the several circuits as to whether patents are good or bad as national policy, will produce better decisions than we currently get. There is no showing that the process of airing diverse views and exposing alternative approaches would be carried forward more thoughtfully and to better purpose in a milieu of multiple courts and thirty or forty judges than it currently is with one court with sixteen judges who regularly publish concurrences and dissents, sometimes more than some observers might think desirable. This is especially so when we consider the advantages that judges who regularly see a broad cross-section of patent cases have compared to those who see only an occasional case in the field.<sup>102</sup>

We recognize that it is always easier to critique someone else's work than to be original in one's own thinking. Professors Nard and Duffy are to be commended for identifying important problems in the administration of patent law. There are real problems, and they need attending to. The fact that, in our view, the authors' particular solution fails to address the problem in a useful way does not detract from the contribution they make in exploring these issues, and relating the academic and legal literature to the needs of the patent system.

Just as it is easy to critique others, however, it is easy to single out one actor, such as the courts, in a complex legal drama and to hope that by changing that actor's behavior the entire system will change. For the reasons we have noted, not all the ills in the system can be laid at the doorstep of the Judiciary. Yet it would be wrong to conclude that the authors' criticism of the work of the Federal Circuit is wholly unwarranted. And the authors are not alone in singling out the court for criticism, some of it misplaced, some not.<sup>103</sup>

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<sup>101</sup> The authors suggest that the problem of forum-shopping under their proposed solution could be solved by randomly assigning appellate jurisdiction of district court cases after they have been filed in district court. Nard & Duffy, *supra* note 1, at 1667–70. This proposal raises a host of new troubles, which we will not attempt to address here.

<sup>102</sup> "My colleagues and I spend most of our time on cocaine prosecutions, employment discrimination, and the myriad other subjects within federal jurisdiction. We cannot hope to be students of industrial organization." Frank H. Easterbrook, *Contract and Copyright*, 42 HOUS. L. REV. 953, 958 (2005).

<sup>103</sup> See Marcia Coyle, *Critics Target Federal Circuit*, NAT'L L.J., Oct 16, 2006, at 1; Suzanne Michel, Prepared Statement of the Federal Trade Commission Before the Subcommittee on Courts, the In-

We agree that the court can improve its contribution to the efficient functioning of the patent system, and we have noted several ways this could be done. The Federal Circuit has in the past recognized the value in bringing patent law issues into the mainstream of American jurisprudence.<sup>104</sup> To the extent the court on occasion has failed to do this, or at least has seemed to favor special rules for patents at the expense of basic legal practices, the Supreme Court has not been reluctant in recent times to provide a corrective.<sup>105</sup> Pursuit of the fundamental policies that underlie our basic jurisprudence is every court's responsibility. At the same time, it can be expected that our court—or any court—will be chary about substituting its particular policy preferences for those of the other constitutional and legal actors in the patent field who are charged with the duty to establish that policy. Rather, it can be expected that the court will continue to focus its energies on deciding cases that are brought before it. In doing so, the court will apply the law, as the court understands it, to the established facts, and, in doing so, articulate as clearly as it can what that law is. If we do that, we will have done our job as well as anyone can.

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ternet, and Intellectual Property of the Committee on the Judiciary, United States House of Representatives (Feb. 15, 2007), available at <http://www.ftc.gov/os/2007/02/02152007patenttestimonyhouse.pdf>.

<sup>104</sup> See *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990) (applying the same venue rules to patent cases that apply to civil cases generally).

<sup>105</sup> See *MedImmune, Inc. v. Genentech, Inc.*, 127 S. Ct. 764, 772–73 (2007) (holding that a patent licensee in good standing may bring a declaratory judgment action to challenge the validity of a patent because, as in non-patent cases, the plaintiff is not required to expose himself to liability before bringing suit when a private party threatens action); *eBay Inc. v. MercExchange, L.L.C.*, 126 S. Ct. 1837, 1839–41 (2006) (holding that the traditional four-factor test for granting a permanent injunction applies to patent cases, reversing the Federal Circuit's application of a rule for patent cases "that a permanent injunction will issue once infringement and validity have been adjudged").

