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THE FEDERAL CIRCUIT AS A FEDERAL COURT

PAUL R. GUGLIUZZA*

ABSTRACT

The U.S. Court of Appeals for the Federal Circuit has exclusive jurisdiction over patent appeals and, as a consequence, the last word on many legal issues important to innovation policy. This Article shows how the Federal Circuit augments its already significant power by impeding other government institutions from influencing the patent system. Specifically, the Federal Circuit has shaped patent-law doctrine, along with rules of jurisdiction, procedure, and administrative law, to preserve and expand the court's power in four interinstitutional relationships: the court's federalism relationship with state courts, its separation of powers relationship with the executive and legislative branches, its vertical relationship with trial courts, and its horizontal relationship with the regional circuits. The Article leverages this descriptive contribution to consider whether

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specialized or semispecialized courts will inevitably exclude other institutions from shaping the law within their domain. Although judicial behavior will likely vary depending on the court's jurisdictional model, the Federal Circuit's power enhancement arguably relates to the court's dual missions to construct a uniform patent law and to provide expert adjudication in patent cases.

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INTRODUCTION

One court, the U.S. Court of Appeals for the Federal Circuit, has an enormous influence on patent law and innovation policy. Some of this influence is by design, as the Federal Circuit has near-exclusive jurisdiction over patent appeals.[1] This Article shows how the Federal Circuit has supplemented this already significant authority by impeding other government institutions from shaping patent law. The Federal Circuit's consolidation of power raises questions about whether this semispecialized court will embrace legal reforms that may be needed to ensure the patent system promotes, rather than thwarts, innovation.[2]

The existing scholarship on the power dynamics of the patent system is rich and important[3] but has examined institutional relationships mostly in isolation, independently documenting power struggles between the Federal Circuit and institutions such as the Patent and Trademark Office (PTO),[4] the U.S. district courts,[5] and

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1. *See* 28 U.S.C. § 1295(a)(1) (2006).

2. *Cf.* DAN L. BURK & MARK A. LEMLEY, THE PATENT CRISIS AND HOW THE COURTS CAN SOLVE IT 5 (2009) (suggesting that courts, not Congress, are best positioned to reform patent law).

3. *See, e.g.*, Michael J. Burstein, *Rules for Patents*, 52 WM. & MARY L. REV. 1747 (2011); Jeanne C. Fromer, *Patentography*, 85 N.Y.U. L. REV. 1444 (2010); John M. Golden, *The Supreme Court as "Prime Percolator": A Prescription for Appellate Review of Questions in Patent Law*, 56 UCLA L. REV. 657 (2009); Sapna Kumar, *Expert Court, Expert Agency*, 44 U.C. DAVIS L. REV. 1547 (2011); Clarisa Long, *The PTO and the Market for Influence in Patent Law*, 157 U. PA. L. REV. 1965 (2009); Jonathan Masur, *Patent Inflation*, 121 YALE L.J. 470 (2011); Joseph Scott Miller, *Substance, Procedure, and the Divided Patent Power*, 63 ADMIN. L. REV. 31 (2011); Craig Allen Nard & John F. Duffy, *Rethinking Patent Law's Uniformity Principle*, 101 NW. U. L. REV. 1619 (2007); Arti K. Rai, *Engaging Facts and Policy: A Multi-Institutional Approach to Patent System Reform*, 103 COLUM. L. REV. 1035 (2003); Sarah Tran, *Administrative Law, Patents, and Distorted Rules*, 80 GEO. WASH. L. REV. 831 (2012); Liza Vertinsky, *Comparing Alternative Institutional Paths to Patent Reform*, 61 ALA. L. REV. 501 (2010); Melissa F. Wasserman, *The PTO's Asymmetric Incentives: Pressure to Expand Substantive Patent Law*, 72 OHIO ST. L.J. 379 (2011).

4. *See, e.g.*, Craig Allen Nard, *Deference, Defiance, and the Useful Arts*, 56 OHIO ST. L.J. 1415 (1995); Sarah Tran, *Patent Powers*, 25 HARV. J.L. & TECH. 595 (2012); Melissa F. Wasserman, *The Changing Guard of Patent Law:* Chevron *Deference for the PTO*, 54 WM. & MARY L. REV. 1959 (2013).

5. *See, e.g.*, David L. Schwartz, *Practice Makes Perfect? An Empirical Study of Claim Construction Reversal Rates in Patent Cases*, 107 MICH. L. REV. 223 (2008).

the International Trade Commission (ITC).[6] This Article, by contrast, comprehensively examines the Federal Circuit's interactions with all other government bodies that encounter patent law. This multidimensional analysis supports what scholars of judicial behavior have previously theorized: that specialized or semispecialized courts might naturally tend to expand their power.[7] Yet the analysis also generates deeper questions about *why* this power expansion occurs.

This Article begins with a descriptive task, using federal courts theory to map the Federal Circuit's four key relationships, namely, its relationships with state courts (the *federalism* relationship), other branches of the federal government (the *separation of powers* relationship), the district courts and the ITC (the *vertical* relationship), and the regional circuits (the *horizontal* relationship). In all four relationships, the Federal Circuit has obstructed other institutions from shaping patent law.

One additional important relationship, that of the Federal Circuit with the U.S. Supreme Court, is too complex to examine fully in this space. The Article, however, provides numerous examples of Federal Circuit rules of jurisdiction and procedure that are inconsistent with general legal principles established by the Supreme Court.[8] These examples of Federal Circuit exceptionalism support a theory that the Federal Circuit has also attempted to enhance its power vis-à-vis the Supreme Court and are consistent with scholarship

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6. *See, e.g.*, Kumar, *supra* note 3. For an exception to the typical one-dimensional approach, see Rai, *supra* note 3, which studies the fact-finding and policy-making capabilities of the Federal Circuit, PTO, and district courts.

7. *See, e.g.*, LAWRENCE BAUM, SPECIALIZING THE COURTS 54 (2011) ("[S]pecialist judges may favor expansion of their jurisdiction when such an expansion strengthens the rationale for maintaining their court."); Ori Aronson, *Out of Many: Military Commissions, Religious Tribunals, and the Democratic Virtues of Court Specialization*, 51 VA. J. INT'L L. 231, 259 (2011) ("[C]ourts of limited jurisdiction may be inclined to broadly interpret their jurisdictional empowerments in order to maintain a continuing flow of cases and thereby to justify their existence and perhaps garner more attention, respect, funds, and judgeships."); Chad M. Oldfather, *Judging, Expertise, and the Rule of Law*, 89 WASH. U. L. REV. 847, 877 (2012) (suggesting that "a specialized court seems more likely to allocate the power to decide certain issues to itself rather than to juries").

8. *See infra* notes 135-39 and accompanying text (discussing the Federal Circuit's exceptionalistic approach to federal jurisdiction, judicial review of agency action, remedies for patent infringement, and declaratory judgment standing).

suggesting that specialized courts are peculiarly resistant to Supreme Court supervision.[9]

From a normative perspective, the mere fact of institutional power enhancement is not necessarily condemnable. In expanding its power, however, the Federal Circuit has sometimes abandoned its ostensible role of patent appellate court to play roles better suited to other institutions. For example, the Federal Circuit has acted as a state court in extending its jurisdiction to include many claims created by state law, has acted as a fact-finder by refusing deference to district court interpretations of patent claims,[10] and has acted as an agency administrator by dictating the process of patent examination at the PTO.[11] This shape shifting relates to important problems in the patent system, such as the unpredictability of claim construction.[12] Moreover, the Federal Circuit's consistent power expansion finds few analogues in the regional circuits, which regularly cede power over federal law to state courts[13] and appear to be less searching in their appellate review of district court decisions.[14]

Why then, at least in cases in which existing doctrine mandates no clear outcome, does the Federal Circuit seem to favor the power-enhancing result? This expansionary drift could be analogized to the

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9. *See* Lawrence Baum, *Specialization and Authority Acceptance: The Supreme Court and Lower Federal Courts*, 47 POL. RES. Q. 693, 701 (1994); *see also* Kelly Casey Mullally, *Legal (Un)Certainty, Legal Process, and Patent Law*, 43 LOY. L.A. L. REV. 1109, 1133-34 (2010) (arguing that the Federal Circuit is pressured by the PTO and district courts to turn the Supreme Court's flexible patent-law standards into bright-line rules).

10. *See infra* notes 200-22 and accompanying text.

11. *See infra* notes 156-60 and accompanying text.

12. *See* Dan L. Burk & Mark A. Lemley, *Fence Posts or Sign Posts? Rethinking Patent Claim Construction*, 157 U. PA. L. REV. 1743, 1745 (2009) ("Claim construction is sufficiently uncertain that many parties don't settle a case until after the court has construed the claims, because there is no baseline for agreement on what the patent might possibly cover. Even after claim construction, the meaning of the claims remains uncertain, not only because of the very real prospect of reversal on appeal but also because lawyers immediately begin fighting about the meaning of the words used to construe the words of the claims.").

13. *See, e.g.*, Singh v. Duane Morris LLP, 538 F.3d 334, 340 (5th Cir. 2008) (declining to follow Federal Circuit jurisdictional law in a legal malpractice case).

14. *See* Ted L. Field, *"Judicial Hyperactivity" in the Federal Circuit: An Empirical Study*, 46 U.S.F. L. REV. 721, 723 (2012) (showing that reversal rates in Federal Circuit patent cases are significantly higher than in regional circuit cases). As discussed in more detail below, not all scholars agree that reversal rates are significantly higher in Federal Circuit patent cases than in similarly complex cases in the regional circuits. *See infra* note 231 and accompanying text.

behavior of a specialized government agency.[15] Yet other complex influences may lead the court to incrementally expand its authority. For example, existing literature suggests that specialized courts might develop a "mission" to serve the policy that justified their creation.[16] Congress gave the Federal Circuit a clear mandate to bring uniformity to patent law,[17] and the court frequently cites legal uniformity as a reason to limit the power of other government bodies.[18] Also, the Federal Circuit is a singular institution and an experiment in institutional design; it is the only Article III court of appeals with jurisdiction defined by case subject matter, not geography.[19] The court has arguably helped ensure its continued existence by affirming the legal, social, and political importance of patent law and by enhancing the importance of the court to the patent system.[20]

But the Federal Circuit is not just a patent court. It also has jurisdiction over appeals involving international trade, veterans benefits, government contracts, and other matters.[21] The court's power enhancement in patent law contrasts with the court's nonpatent decisions, which often grant deference to inferior tribunals and are characterized by relatively high affirmance rates.[22] A complete inquiry into power dynamics in nonpatent cases is difficult, however,

15. *See* ANTHONY DOWNS, INSIDE BUREAUCRACY 16-18 (1967) (discussing the "widely prevalent notion that bureaus have an inherent tendency to expand").

16. BAUM, *supra* note 7, at 39-40.

17. *See* H.R. REP. NO. 97-312, at 20-23 (1981); S. REP. NO. 97-275, at 5-6 (1981).

18. *See, e.g.*, Immunocept, LLC v. Fulbright & Jaworski, LLP, 504 F.3d 1281, 1285-86 (Fed. Cir. 2007) (holding that the Federal Circuit had exclusive jurisdiction over a state-law malpractice claim against patent attorneys, emphasizing "Congress' intent to remove non-uniformity in the patent law"); Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1455 (Fed. Cir. 1998) (en banc) ("[T]his court's role in providing national uniformity ... would be impeded if we were bound to give deference to a trial judge's asserted factual determinations incident to claim construction."); *see also infra* notes 336-40 and accompanying text. These frequent appeals to the value of uniformity also give lie to the court's oft-discussed insistence that policy concerns are irrelevant to adjudication of patent disputes. *See* Paul R. Gugliuzza, *Rethinking Federal Circuit Jurisdiction*, 100 GEO. L.J. 1437, 1440 n.7 (2012) (collecting statements by the court's judges expressing disinterest in policy concerns).

19. *See* COMM'N ON STRUCTURAL ALTS. FOR THE FED. COURTS OF APPEALS, FINAL REPORT 72 (1998) (commission chaired by Supreme Court Justice Byron White noting that the Federal Circuit is "the most significant and innovative structural alteration in the federal intermediate appellate tier since its establishment").

20. *See infra* notes 350-55 and accompanying text.

21. *See* 28 U.S.C. § 1295 (2006).

22. *See infra* Part VI.B.

for many of those cases are governed by statutes that limit the scope or rigor of appellate review.[23] Still, scholars of institutional design have suggested that administrative agencies charged with multiple objectives tend to give prominence to one of those goals due to agency culture, history, monitoring difficulties, and political concerns.[24] A similar dynamic could manifest in a semispecialized court, with the court enhancing its power in cases that are central to its mission, such as patent cases in the example of the Federal Circuit, and surrendering power in fields that the bar, the academy, and the public often ignore.

It is therefore worthwhile to consider prophylactic measures to ensure against marginalization of a semispecialized court's less visible matters. One alternative, which I have introduced in previous work, is a model of *limited specialization*.[25] As applied to the Federal Circuit, a model of limited specialization would maintain the court's exclusive jurisdiction over patent law, remove its exclusive jurisdiction in most other areas, and instead grant the court nonexclusive jurisdiction over a wide variety of nonpatent cases.[26] This reimagined court would more closely resemble a regional circuit, which might make it identify less closely with a mission to unify patent law and less likely to expand its power in ways that harm the patent system.[27]

This Article proceeds as follows. The first Part provides background on the Federal Circuit and the patent system. The next four Parts identify and deconstruct the Federal Circuit's interinstitutional relationships, showing how the court has generally protected and expanded its power relative to other government institutions. The final Part uses this institutional analysis to assess the potential effects of specialization on judicial decision making. It concludes that specialized courts might naturally expand their power to carry

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23. *See, e.g.*, 38 U.S.C. § 7292(d) (2006) (providing that the Federal Circuit may review only pure questions of law in veterans cases).

24. *See* Eric Biber, *Too Many Things to Do: How to Deal with the Dysfunctions of Multiple-Goal Agencies*, 33 HARV. ENVTL. L. REV. 1, 61 (2009); Rachel E. Barkow, *Prosecutorial Administration* 34-37 (N.Y. Univ. Sch. of Law Pub. Law & Legal Theory Research Paper Series, Working Paper No. 12-41, 2012), *available at* http://ssrn.com/abstract=2133658.

25. Gugliuzza, *supra* note 18, at 1494-1505.

26. *See id.*

27. *See id.* at 1498-99.

out the purposes for which they were created, to increase the prestige of the institution and its popularity with the bar, and to protect the court from abolition or jurisdictional change. The dynamics at play are highly nuanced, however, as shown by the different degrees of Federal Circuit power enhancement in the different relationships studied. The Article thus concludes by outlining future research that could elaborate on and test the theoretical contribution of this project.

I. THE FEDERAL CIRCUIT AND THE PATENT SYSTEM

Despite its relatively narrow jurisdiction, the Federal Circuit is one of the most powerful courts in the federal judiciary. Patent law is increasingly important to the American and global economies,[28] and, although the Supreme Court's interest in patent law is growing,[29] the Federal Circuit still has the last word on many important issues. As an introduction to the Federal Circuit's interinstitutional relationships, this Part describes the court's jurisdiction and discusses how problems in patent law could be linked to the patent system's institutional structure.

A. Federal Circuit Patent Jurisdiction

Congress created the modern three-tier system of federal courts in 1891.[30] For nearly one hundred years, appeals in patent litigation were heard by the court of appeals for the regional circuit encompassing the district court.[31] But appellate specialization was not foreign to patent law. From 1929 until 1982, the Court of Customs and Patent Appeals (CCPA) heard appeals from proceedings at the

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28. *See, e.g.*, ADAM B. JAFFE & JOSH LERNER, INNOVATION AND ITS DISCONTENTS: HOW OUR BROKEN PATENT SYSTEM IS ENDANGERING INNOVATION AND PROGRESS, AND WHAT TO DO ABOUT IT 9-18 (2004); Charles Duhigg & Steven Lohr, *The Patent, Used as a Sword*, N.Y. TIMES (Oct. 7, 2012), http://www.nytimes.com/2012/10/08/technology/patent-wars-among-tech-giants-can-stifle-competition.html.

29. *See* Rochelle Cooper Dreyfuss, *What the Federal Circuit Can Learn from the Supreme Court—and Vice Versa*, 59 AM. U. L. REV. 787, 792-93 (2010); Timothy R. Holbrook, *Explaining the Supreme Court's Interest in Patent Law*, 3 IP THEORY (forthcoming 2013) (manuscript at 2), *available at* http://ssrn.com/abstract=2202327.

30. *See* Judiciary (Evarts) Act of 1891, ch. 517, 26 Stat. 826.

31. *See* 28 U.S.C. § 1294 (1976) (repealed 1982).

PTO.[32] The CCPA also heard appeals from the International Trade Commission (ITC),[33] which has jurisdiction to prohibit importation of products that infringe U.S. patents.[34]

In 1982, Congress effectively ended this multiforum system for patent appeals by merging the CCPA with the appellate division of the Court of Claims to create the Federal Circuit.[35] The Federal Courts Improvement Act (FCIA) granted the Federal Circuit exclusive jurisdiction over three types of patent cases: (1) federal district court cases "arising under" the patent laws—typically, claims of patent infringement or claims seeking a declaratory judgment of patent invalidity; (2) appeals from proceedings within the PTO—typically, rejections of patent applications or disputes about which party is entitled to patent a particular invention; and (3) appeals from ITC investigations into whether imported products infringe U.S. patents.[36]

Proponents of centralizing patent appeals in the Federal Circuit relied upon what Lawrence Baum has called the three "neutral virtues" of specialization: promoting uniformity of the law, increasing the quality of decision making, and enhancing the efficiency of case disposition.[37] For example, the legislative history of the FCIA notes that disuniformity in patent law was encouraging "unseemly forum-shopping,"[38] that the Federal Circuit would provide "expertise

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32. *Id.* § 1542 (repealed 1982); *see* GILES S. RICH, A BRIEF HISTORY OF THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS 1 (1980).

33. *See* RICH, *supra* note 32, at 2.

34. *See* 19 U.S.C. § 1337 (2006).

35. *See* Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25 (codified in scattered sections of 28 U.S.C.). Congress created the Court of Claims in 1855. The court primarily heard nontort claims, including patent infringement claims, against the federal government. Congress later split the court into a trial division staffed by Article I "commissioners" and an appellate division with Article III judges. Upon the Federal Circuit's creation, the trial division became what is now the U.S. Court of Federal Claims. *See* U.S. COURT OF FED. CLAIMS, THE PEOPLE'S COURT 4, 9-10, *available at* http://www.uscfc.uscourts.gov/sites/default/files/court_info/Court_History _Brochure.pdf.

36. *See* Federal Courts Improvement Act of 1982 § 127 (codified at 28 U.S.C. § 1295(a) (2006)). Congress recently expanded the Federal Circuit's jurisdiction to include district court cases containing compulsory counterclaims arising under patent laws. *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 19(b), 125 Stat. 284, 331-32 (2011) (to be codified at 28 U.S.C. § 1295(a)(1)); *see also infra* note 87 (discussing recent jurisdictional changes).

37. BAUM, *supra* note 7, at 32-33.

38. H.R. REP. NO. 97-312, at 20 (1981).

in highly specialized and technical areas,"[39] and that the Act would remove "time-consuming [patent] cases from the dockets of the regional court[s] of appeals."[40]

B. A Patent Crisis?

It is not clear whether the Federal Circuit has brought uniformity, quality, or efficiency to patent law. Some have praised the court for making patent law more uniform,[41] but the acclaim is not unanimous.[42] Whether appellate patent law is uniform or not, forum shopping remains widespread in patent litigation because of drastic differences in district court practices and outcomes.[43] As for the substance of patent law, Federal Circuit case law has been criticized as too rule oriented,[44] sometimes precluding lower courts from adjusting patent law to account for differences among innovating industries.[45] But not all scholars view the Federal Circuit as overly formalistic.[46]

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39. S. REP. NO. 97-275, at 6 (1981) (internal quotation marks omitted).

40. H.R. REP. NO. 97-312, at 22-23.

41. *See, e.g.*, Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 8-11 (1989).

42. *See, e.g.*, Christopher A. Cotropia, *Determining Uniformity Within the Federal Circuit by Measuring Dissent and En Banc Review*, 43 LOY. L.A. L. REV. 801, 818 (2010) (noting a "fair share of discord" within the Federal Circuit); R. Polk Wagner & Lee Petherbridge, *Is the Federal Circuit Succeeding? An Empirical Assessment of Judicial Performance*, 152 U. PA. L. REV. 1105, 1111-12 (2004) (documenting divergent claim-construction methodologies within the Federal Circuit).

43. *See* Chester S. Chuang, *Offensive Venue: The Curious Use of Declaratory Judgment to Forum Shop in Patent Litigation*, 80 GEO. WASH. L. REV. 1065, 1072-79 (2012); Mark A. Lemley, *Where to File Your Patent Case*, 38 AIPLA Q.J. 401, 403-04 (2010); Kimberly A. Moore, *Forum Shopping in Patent Cases: Does Geographic Choice Affect Innovation?*, 79 N.C. L. REV. 889, 907-23 (2001).

44. *See, e.g.*, Peter Lee, *Patent Law and the Two Cultures*, 120 YALE L.J. 2, 27 (2010); John R. Thomas, *Formalism at the Federal Circuit*, 52 AM. U. L. REV. 771, 792-93 (2003); *see also* Control Res., Inc. v. Delta Elecs., Inc., 133 F. Supp. 2d 121, 124 (D. Mass. 2001) (Young, C.J.) (criticizing the Federal Circuit's "emphasis ... on the careful delineation of ever more explicit and detailed rules, a 'patent code,' if you will").

45. *See* Dan L. Burk & Mark A. Lemley, *Policy Levers in Patent Law*, 89 VA. L. REV. 1575, 1674 (2003).

46. *See* Tun-Jen Chiang, *Formalism, Realism, and Patent Scope*, 1 IP THEORY 88, 89 (2010); Lee Petherbridge, *Patent Law Uniformity?*, 22 HARV. J.L. & TECH. 421, 427-28 (2009).

Despite these debates, many commentators believe that the patent system needs improvement.[47] Critiques commonly focus on the increasing number of patents,[48] the unclear scope of many patents,[49] the growing amount and cost of patent litigation,[50] and the unpredictability of patent cases.[51] Some scholars have attributed these problems to the Federal Circuit's monopoly on patent appeals, arguing that the system needs more input from the executive branch[52] or from peer-level or superior appellate court decisions.[53] Building on that literature, this Article shows how the Federal Circuit has inhibited other institutions from developing substantive patent law and considers how this exclusion affects the patent system.

II. FEDERAL CIRCUIT FEDERALISM

Two of the Federal Circuit's four key relationships trace the central themes of the field of federal courts: judicial federalism and separation of powers.[54] Judicial federalism considers "the respective

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47. *See, e.g.*, CHRISTINA BOHANNAN & HERBERT HOVENKAMP, CREATION WITHOUT RESTRAINT: PROMOTING LIBERTY AND RIVALRY IN INNOVATION, at xiii-xiv (2012); Richard A. Posner, *Why There Are Too Many Patents in America*, ATLANTIC (July 12, 2012, 10:20 AM), http://www.theatlantic.com/business/archive/2012/07/why-there-are-too-many-patents-in-america/259725.

48. Over the past thirty years, the number of patents issued annually has increased nearly fourfold, from about 58,000 in 1982 to about 225,000 in 2011. *See U.S. Patent Activity Calendar Years 1790 to the Present*, U.S. PAT. & TRADEMARK OFF., http://www.uspto.gov/web/offices/ac/ido/oeip/taf/h_counts.htm (last visited Mar. 31, 2013).

49. *See* JAMES BESSEN & MICHAEL J. MEURER, PATENT FAILURE: HOW JUDGES, BUREAUCRATS, AND LAWYERS PUT INNOVATORS AT RISK 25, 56-58 (2008).

50. *See* MICHAEL A. CARRIER, INNOVATION FOR THE 21ST CENTURY: HARNESSING THE POWER OF INTELLECTUAL PROPERTY AND ANTITRUST LAW 210 (2009); WILLIAM M. LANDES & RICHARD A. POSNER, THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW 348 (2003).

51. *See* Kimberly A. Moore, *Are District Court Judges Equipped to Resolve Patent Cases?*, 15 HARV. J.L. & TECH. 1, 28 (2001) (noting that de novo review of important issues by the Federal Circuit "increases uncertainty and prolongs litigation because parties hold out for Federal Circuit review").

52. *See, e.g.*, Stuart Minor Benjamin & Arti K. Rai, *Who's Afraid of the APA? What the Patent System Can Learn from Administrative Law*, 95 GEO. L.J. 269, 270-73 (2007); *see also* John F. Duffy, *The Federal Circuit in the Shadow of the Solicitor General*, 78 GEO. WASH. L. REV. 518, 543-44 (2010) (discussing the Solicitor General's success in obtaining certiorari and reversals of the Federal Circuit, and arguing that this dynamic has shifted power over patent law to the executive branch).

53. *See* Nard & Duffy, *supra* note 3, at 1622; Rai, *supra* note 3, at 1124-25.

54. *See* ERWIN CHEMERINSKY, FEDERAL JURISDICTION 33 (4th ed. 2003).

competences of state and federal courts to adjudicate issues and award remedies in cases of joint state and federal interest."[55] In the federalism relationship, the Federal Circuit has enhanced its power by broadly interpreting the scope of exclusive federal district court and Federal Circuit jurisdiction over legal claims created by state law.

Shortly before this Article went to press, the Supreme Court in *Gunn v. Minton* rejected the Federal Circuit's approach to jurisdiction, returning authority over many patent-related state-law claims to state courts.[56] Yet the story of how the Federal Circuit developed its unusually expansive view of federal authority remains highly salient, for it introduces several institutional themes critical to understanding power dynamics in patent law, such as the Supreme Court's consistent rejection of the Federal Circuit's exceptionalist rules of jurisdiction and procedure. In addition, the history of the federalism relationship illustrates how the Federal Circuit has restricted the power of other government institutions by invoking the court's mission to unify patent law.

A. Federal Question Jurisdiction

To understand a federalism analysis of the Federal Circuit, it is helpful to first summarize governing principles of federal subject matter jurisdiction. The general federal question statute provides the district courts with original jurisdiction over civil actions "arising under" federal law.[57] Separate provisions grant the district courts exclusive original jurisdiction, and the Federal Circuit exclusive appellate jurisdiction, over cases arising under federal *patent* law.[58] In its well-pleaded complaint rule, the Supreme Court has required that the jurisdictional analysis focus on the plaintiff's complaint, not on any defenses or counterclaims.[59] Cases in which

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55. Richard H. Fallon, Jr., *The Ideologies of Federal Courts Law*, 74 VA. L. REV. 1141, 1142 n.1 (1988).

56. 133 S. Ct. 1059 (2013).

57. 28 U.S.C. § 1331 (2006).

58. *Id.* §§ 1295(a)(1), 1338(a), *amended by* Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 19(a)-(b), 125 Stat. 284, 331-32 (2011).

59. Louisville & Nashville R.R. Co. v. Mottley, 211 U.S. 149, 152 (1908). As discussed below, recent legislation has made this rule partially inapplicable to patent cases. *See infra*

the complaint includes a legal claim created by federal law almost always arise under federal law.[60] However, cases presenting only claims created by state law can still arise under federal law if the complaint raises "a significant federal issue."[61]

Only a handful of Supreme Court cases explore the jurisdictional rules governing these state-law claims raising embedded federal questions.[62] As discussed below, before the Supreme Court decided *Gunn*, the Federal Circuit had essentially held that any state-law claim that required application of patent law was subject to federal arising under jurisdiction.[63] The Federal Circuit had adopted this expansive view despite two prominent Supreme Court cases strongly suggesting that federal jurisdiction over a state-law claim requires a disputed question of federal *law*.

In 2005, the Court decided *Grable & Sons Metal Products, Inc. v. Darue Engineering & Manufacturing*,[64] which has been hailed as the Court's "finest effort" in addressing embedded federal questions.[65] In that case, the IRS had seized land owned by Grable to satisfy a federal tax delinquency.[66] The IRS sold the land to Darue.[67] Grable then brought a state-law quiet title action, claiming that Darue's

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notes 85-86.

60. *See* Mims v. Arrow Fin. Servs., LLC, 132 S. Ct. 740, 748-49 (2012) (citing Am. Well Works Co. v. Layne & Bowler Co., 241 U.S. 257, 260 (1916) (Holmes, J.)). The classic case holding that a federally created claim did not "arise under" federal law is *Shoshone Mining Co. v. Rutter*, 177 U.S. 505, 507-08 (1900), in which the Court rejected federal question jurisdiction over a mining-rights claim created by a federal statute because the statute made the claim turn upon local mining rules and customs, and state law.

61. Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg., 545 U.S. 308, 312 (2005); *see also* T.B. Harms Co. v. Eliscu, 339 F.2d 823, 827 (2d Cir. 1964) (Friendly, J.) (noting that the creation test articulated by Justice Holmes in *American Well Works* "is more useful for inclusion than for the exclusion for which it was intended").

62. RICHARD H. FALLON, JR. ET AL., HART AND WECHSLER'S THE FEDERAL COURTS AND THE FEDERAL SYSTEM 785 (6th ed. 2009); *see, e.g.*, Merrell Dow Pharm. Inc. v. Thompson, 478 U.S. 804, 812 (1986); Franchise Tax Bd. of Cal. v. Constr. Laborers Vacation Trust for S. Cal., 463 U.S. 1, 18-19 (1983); Gully v. First Nat'l Bank, 299 U.S. 109, 114-15 (1936); Smith v. Kan. City Title & Trust Co., 255 U.S. 180, 199-201 (1921).

63. *See infra* Part II.B.

64. 545 U.S. 308.

65. 13D CHARLES ALAN WRIGHT ET AL., FEDERAL PRACTICE AND PROCEDURE § 3562, at 197 (3d ed. 2008).

66. *Grable*, 545 U.S. at 310.

67. *Id.* at 310-11.

title was invalid because the IRS had failed to notify Grable of the seizure in the manner required by the federal tax code.[68]

The Supreme Court upheld federal jurisdiction over Grable's state-law claim. It first noted that, over the past century, it had "sh[ied] away from the expansive view that mere need to apply federal law in a state-law claim will suffice to open the 'arising under' door."[69] The Court made clear that it had instead "confin[ed] federal-question jurisdiction over state-law claims to those that 'really and substantially involv[e] a dispute or controversy respecting the validity, construction or effect of [federal] law.'"[70]

The Court then offered three reasons for upholding federal jurisdiction over Grable's state-law claim. First, "the meaning of the federal statute," the notice provision of the tax code, was disputed.[71] Second, the dispute over the statute's meaning was "an important issue of federal law that sensibly belong[ed] in a federal court" because of the government's interest in vindicating its tax-collection activity and because federal judges are experienced with tax law.[72] Finally, federal jurisdiction over cases like *Grable* would not upset any balance between federal and state judicial responsibilities "because it will be the rare state title case that raises a contested matter of federal law."[73]

One year later, in *Empire HealthChoice Assurance, Inc. v. McVeigh*, the Supreme Court rejected federal jurisdiction over a contract claim brought by Blue Cross Blue Shield against its insured, seeking to recover money the insured had received in a tort case against a third party.[74] The case potentially presented a federal issue because the insured was an employee of the federal government, and the insurance contact was issued under a master contract between Blue Cross and the government.[75] The Court, however, noted that the case did not fit the "special and small category" of

68. *Id.* at 311.
69. *Id.* at 313 (alteration in original).
70. *Id.* (second and third alterations in original) (quoting Shulthis v. McDougal, 225 U.S. 561, 569 (1912)).
71. *Id.* at 315.
72. *Id.*
73. *Id.*
74. 547 U.S. 677, 683 (2006).
75. *See id.* at 688-89.

state-law claims that arise under federal law.[76] It distinguished *Grable* because that case "presented a nearly 'pure issue of law,' one 'that could be settled once and for all and thereafter would govern numerous tax sale cases.'"[77] By contrast, the claim in *Empire* was "fact-bound and situation-specific."[78] Thus, it could not "be squeezed into the slim category *Grable* exemplifies."[79]

Taken together, *Grable* and *Empire* made clear that, to justify federal jurisdiction, the federal issue should have wider importance than the case at hand.[80] The cases also suggested that, to arise under federal law, a state-law claim should present a pure question of federal law, and not merely require application of federal law to facts.[81]

B. The Federal Circuit as a State Court

Grable and *Empire* were critically important decisions in the field of federal jurisdiction.[82] The Federal Circuit, however, mostly disregarded both cases, holding that the interest in a uniform patent law supported federal jurisdiction over many patent-related state-law claims that required the court merely to apply patent law.[83] The court thus used its jurisdictional law to protect and enhance its power relative to state courts. In the federalism relationship, the Federal Circuit acted as a state court, deciding state-law claims and

76. *Id.* at 699.
77. *Id.* at 700.
78. *Id.* at 700-01.
79. *Id.* at 701.
80. *See* Lonny S. Hoffman, *Intersections of State and Federal Power: State Judges, Federal Law, and the "Reliance Principle,"* 81 TUL. L. REV. 283, 300 (2006).
81. *See* Christopher G. Wilson, Note, *Embedded Federal Questions, Exclusive Jurisdiction, and Patent-Based Malpractice Claims*, 51 WM. & MARY L. REV. 1237, 1259 (2009); *see also* Richard D. Freer, *Of Rules and Standards: Reconciling Statutory Limitations on "Arising Under" Jurisdiction*, 82 IND. L.J. 309, 337 (2007) (arguing that "[l]itigation focusing purely on factual issues concerning federal law" presents a "less compelling" case for federal jurisdiction).
82. *See* 13D WRIGHT ET AL., *supra* note 65, § 3562.
83. *See, e.g.*, Byrne v. Wood, Herron & Evans, LLP, 676 F.3d 1024, 1026 (Fed. Cir. 2012) (Dyk, J., concurring in denial of rehearing en banc) (contending that the "serious federal interest" required by *Grable* is "ensuring that federal patent law questions are correctly and uniformly resolved ..., even when the patent law issue is case-specific").

determining the content of state law.[84] As above, some background on jurisdictional law in patent cases is helpful to understanding this analysis.

Section 1338(a) of the Judicial Code grants the federal district courts exclusive jurisdiction over claims and, unlike under the well-pleaded complaint rule applicable to the general federal question statute,[85] counterclaims "arising under" the patent laws.[86] Section 1295(a)(1) grants the Federal Circuit exclusive appellate jurisdiction over that same class of cases.[87] For the sake of "[l]inguistic consistency," the Supreme Court has held that the "arising under" language of the patent-specific jurisdictional statutes should be interpreted identically to the general federal question statute.[88] Exclusive jurisdiction under §§ 1295(a)(1) and 1338(a) thus extends to cases in which (1) patent law creates the claim or (2) the claim "necessarily depends on resolution of a substantial question of federal patent law."[89]

Before *Grable* and *Empire*, the Federal Circuit held that state-law claims arose under patent law if the claims would require proof of patent validity, enforceability, or infringement.[90] For example, in *Hunter Douglas, Inc. v. Harmonic Design, Inc.*, the court upheld federal jurisdiction over a state-law claim of injurious falsehood

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84. *See, e.g.*, Landmark Screens, LLC v. Morgan, Lewis & Bockius, LLP, 676 F.3d 1354, 1357 (Fed. Cir. 2012) (reversing dismissal of a fraud claim filed against patent attorneys "because under California equitable tolling law, the state law fraud claim was timely filed").

85. *See supra* notes 57-61 and accompanying text.

86. See 28 U.S.C.A. § 1338(a) (West 2012), which states, "The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents .... No State court shall have jurisdiction over any claim for relief arising under any Act of Congress relating to patents." Congress added the second sentence to § 1338 in 2011 to overrule *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*, 535 U.S. 826, 830 (2002), in which the Supreme Court held that a case does not arise under patent law, and is therefore not subject to exclusive federal or Federal Circuit jurisdiction, if the only patent-law claims are counterclaims. *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 19(a), 125 Stat. 284, 331 (2011).

87. 28 U.S.C.A. § 1295(a)(1) (granting the Federal Circuit "exclusive jurisdiction ... of an appeal from a final decision of a district court of the United States ... in any civil action arising under, or in any civil action in which a party has asserted a compulsory counterclaim arising under, any Act of Congress relating to patents").

88. *Holmes Grp.*, 535 U.S. at 829-30.

89. Christianson v. Colt Indus. Operating Corp., 486 U.S. 800, 808-09 (1988).

90. *See* Christopher A. Cotropia, *"Arising Under" Jurisdiction and Uniformity in Patent Law*, 9 MICH. TELECOMM. & TECH. L. REV. 253, 277-79 (2003).

because the case turned on whether the defendant correctly represented that its patents were valid and enforceable.[91] Similarly, in *Additive Controls & Measurement Systems, Inc. v. Flowdata, Inc.*, the court held that federal jurisdiction existed over a state-law claim of business disparagement because the case turned on whether the plaintiff's product infringed the defendant's patent.[92] Cases like *Hunter Douglas* and *Additive Controls* were hard to square with the Supreme Court's reasoning in *Grable* and *Empire* because the patent-related state-law claims did not present pure issues of patent law; they merely required the application of patent law to particular factual circumstances. But rather than cabin the scope of federal and Federal Circuit authority over state-created claims, the Federal Circuit expanded it, most notably in the context of state-law claims for legal malpractice.

Embedded federal issues are common in malpractice litigation because of the causation requirement usually imposed by state law. The plaintiff is often required to prove that, but for the attorney's error, the plaintiff would have been successful, or would have enjoyed greater success, in the underlying matter.[93] If the underlying matter was patent litigation or patent prosecution, this "case within a case" will raise questions such as the following: Would the plaintiff have won its infringement suit but for the attorney's negligence? Would the PTO have issued a patent, or a patent with different claims, had the attorney not been negligent?

Until the mid-1990s, "malpractice suits against patent attorneys were," according to one commentator, "virtually unknown."[94] When these cases did arise, state courts usually resolved them.[95] But some courts disagreed.[96] One of the earliest district court decisions to find

91. 153 F.3d 1318, 1329 (Fed. Cir. 1998).

92. 986 F.2d 476, 478-79 (Fed. Cir. 1993).

93. *See* 1 RONALD E. MALLEN & JEFFREY M. SMITH, LEGAL MALPRACTICE § 8:5 (2012).

94. A. Samuel Oddi, *Patent Attorney Malpractice: An Oxymoron No More*, 2004 U. ILL. J.L. TECH. & POL'Y 1, 2. For a discussion of the reasons why malpractice claims against patent attorneys were rare until the 1990s and have increased in the past two decades, see Sean B. Seymore, *The Competency of State Courts to Adjudicate Patent-Based Malpractice Claims*, 34 AIPLA Q.J. 443, 444-46 (2006).

95. 4 MALLEN & SMITH, *supra* note 93, § 31:7, at 462-63; *see, e.g.*, New Tek Mfg., Inc. v. Beehner, 702 N.W.2d 336, 346 (Neb. 2005).

96. *See generally* Michael Ena, Comment, *Jurisdictional Issues in the Adjudication of Patent Law Malpractice Cases in Light of Recent Federal Circuit Decisions*, 19 FORDHAM

exclusive federal jurisdiction over a state malpractice claim was *Air Measurement Technologies v. Hamilton*.[97] In that case, the plaintiffs alleged that errors by their attorney forced them to settle infringement litigation below market value because the infringement defendants were able to raise defenses that would not have existed without their attorney's errors.[98] Consistent with *Hunter Douglas* and *Additive Controls*, the court reasoned that, under Texas law, the plaintiffs would be required to prove that they would have had a valid infringement claim and that the infringement defendants could not have established defenses to patent validity or enforceability.[99]

Amid this growing tension, the Federal Circuit asserted exclusive federal jurisdiction over patent-related malpractice claims in 2007 in two decisions issued on the same day. The first case was an appeal of the district court decision in *Air Measurement*.[100] The Federal Circuit upheld federal jurisdiction because, as part of the case within a case, "the district court [would] have to adjudicate, hypothetically, the merits of [an] infringement claim" untainted by the attorney's alleged negligence.[101] The court contended that "*Grable* did not hold that only state law claims that involve constructions of federal statute [sic] or pure questions of law belonged in federal court."[102] Rather, the court emphasized the "strong federal interest" in adjudicating the malpractice claim in federal court "because patents are issued by a federal agency" and "federal judges ... have experience in claim construction and infringement matters."[103] "Under these circumstances," the court wrote, "patent infringement justifies 'resort to the experience, solicitude, and hope of uniformity that a federal forum offers on federal issues.'"[104]

INTELL. PROP. MEDIA & ENT. L.J. 219, 241-47 (2008) (summarizing early jurisdictional case law).

97. No. SA-03-CA-0541-RF, 2003 WL 22143276 (W.D. Tex. Sept. 5, 2003).

98. *Id.* at *1.

99. *Id.* at *2.

100. Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P., 504 F.3d 1262 (Fed. Cir. 2007).

101. *Id.* at 1269.

102. *Id.* at 1272.

103. *Id.*

104. *Id.* (quoting Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg., 545 U.S. 308, 312 (2005)).

The same day, in *Immunocept, LLC v. Fulbright & Jaworski, LLP*, the court held that malpractice cases involving determinations of the scope of patent claims also arise under federal law.[105] The alleged act of malpractice in *Immunocept* was the attorney's use of the transitional phrase "consisting of" in one of the patent's claims, which would allow competitors to avoid infringement by simply adding an additional element to their device.[106] The main point of dispute did not appear to be the legal implication of that phrase, which is well settled, but rather the factual question of whether use of the phrase was a mistake.[107] Regardless, the court ruled that the case arose under patent law because the plaintiff could not prevail "without addressing claim scope."[108] The court relied heavily on its own pre-*Grable* decisions and emphasized that "Congress' intent to remove non-uniformity in the patent law, as evidenced by" the creation of the Federal Circuit, was "further indicium" that federal jurisdiction was proper.[109]

In *Gunn v. Minton*, the Supreme Court rejected the jurisdictional rules the Federal Circuit had articulated and applied in *Air Measurement*, *Immunocept*, and many subsequent decisions.[110] In

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105. 504 F.3d 1281, 1283 (Fed. Cir. 2007).

106. *See id.* at 1283-86; *see also* Vehicular Techs. Corp. v. Titan Wheel Int'l, Inc., 212 F.3d 1377, 1382-83 (Fed. Cir. 2000) ("The phrase 'consisting of' is a term of art in patent law signifying restriction and exclusion .... [A] drafter uses the phrase 'consisting of' to mean 'I claim what follows and nothing else.'").

107. *See Immunocept*, 504 F.3d at 1285 ("Because it is the sole basis of negligence, the claim drafting error is a necessary element of the malpractice cause of action.... The parties, however, dispute whether there was a drafting mistake.").

108. *Id.*

109. *Id.* at 1285-86.

110. 133 S. Ct. 1059 (2013). For other post-*Grable* and post-*Empire* Federal Circuit decisions upholding federal jurisdiction because the court would have to apply patent law in adjudicating a state-law claim, see, for example, Minkin v. Gibbons, P.C., 680 F.3d 1341, 1347 (Fed. Cir. 2012) (upholding federal jurisdiction because plaintiff was "required to establish that, but for attorney negligence, he would have obtained valid claims of sufficient scope that competitors could not easily avoid"); Landmark Screens, LLC v. Morgan, Lewis & Bockius, LLP, 676 F.3d 1354, 1360-61 (Fed. Cir. 2012) ("Because the underlying question here is whether Landmark would have been able to achieve patent protection for its invention absent the alleged malpractice, there is a substantial question of patent law."); USPPS, Ltd. v. Avery Dennison Corp., 676 F.3d 1341, 1346 (Fed. Cir. 2012) (upholding Federal Circuit jurisdiction when the plaintiff-client alleged that "the defendants' malfeasance caused it to be denied a patent" because, to recover damages, the plaintiff would be required to prove that "its invention was patentable over the prior art"); Byrne v. Wood, Herron & Evans, LLP, 450 F. App'x 956, 959-61 (Fed. Cir. 2011) (upholding federal jurisdiction when plaintiff sought to

Gunn, the federal courts had held in patent infringement litigation that a patent owned by Vernon Minton was invalid under the on-sale bar of the Patent Act because Minton had leased his invention to a brokerage firm more than one year before filing a patent application.[111] Minton then sued his litigation attorneys for malpractice, claiming that the attorneys had been negligent by not arguing that the patent fell within the experimental-use exception to the on-sale bar.[112] A Texas state court reached the merits of Minton's malpractice claim and granted summary judgment to the defendants, but the Texas Supreme Court dismissed the case for lack of jurisdiction.[113] Looking to Federal Circuit law for guidance, the court held that the embedded experimental-use issue triggered exclusive federal patent jurisdiction.[114]

The U.S. Supreme Court unanimously reversed, holding that "state legal malpractice claims based on underlying patent matters will rarely, if ever, arise under federal patent law."[115] The Court acknowledged that, although Minton's claim necessarily raised a disputed patent issue—whether the experimental-use exception

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prove that the PTO would have issued the patent without a particular limitation); Davis v. Brouse McDowell, L.P.A., 596 F.3d 1355, 1360-61 (Fed. Cir. 2010) (holding that a malpractice claim based on a lawyer's failure to obtain a patent fell within federal jurisdiction because the court would have to determine if the plaintiff's invention was patentable); and Touchcom, Inc. v. Bereskin & Parr, 574 F.3d 1403, 1413 (Fed. Cir. 2009) (upholding federal jurisdiction when the plaintiff was "required to show that, had [the defendants] not omitted a portion of the source code from its application, the resulting U.S. patent would not have been held invalid"); see also Carter v. ALK Holdings, Inc., 605 F.3d 1319, 1324-25 (Fed. Cir. 2010) (holding that a breach of fiduciary duty claim based upon violations of PTO regulations arose under federal law). In contrast, Judge O'Malley wrote many opinions questioning the Federal Circuit's expansive approach to arising under jurisdiction. *See Minkin*, 680 F.3d at 1353 (O'Malley, J., concurring); *Landmark Screens, LLC*, 676 F.3d at 1367 (O'Malley, J., concurring); *USPPS, Ltd.*, 676 F.3d at 1350 (O'Malley, J., concurring); Byrne v. Wood, Herron & Evans, LLP, 676 F.3d at 1024, 1027 (Fed. Cir. 2012) (O'Malley, J., dissenting from denial of rehearing en banc); *Byrne*, 450 F. App'x at 960-61 (authoring majority opinion that followed but questioning Federal Circuit precedent).

111. *Gunn*, 133 S. Ct. at 1060; *see also* 35 U.S.C. § 102(b) (2006) (on-sale bar).

112. *Gunn*, 133 S. Ct. at 1060; *see also* Pfaff v. Wells Elecs., Inc., 525 U.S. 55, 64-65 (1998) (discussing the experimental-use exception).

113. *Gunn*, 133 S. Ct. at 1060-61.

114. *See* Minton v. Gunn, 355 S.W.3d 634, 641 (Tex. 2011) ("While we are not bound by the holdings of the Federal Circuit, its opinions in *Air Measurement* and *Immunocept* are directly on point with the issues and facts presented by Minton's legal malpractice action."), *rev'd*, *Gunn*, 133 S. Ct. at 1059.

115. *Gunn*, 133 S. Ct. at 1065.

applied to Minton's lease of his invention—this issue was not sufficiently important to the federal system as a whole to justify federal arising under jurisdiction.[116]

The Court offered several reasons why the federal interest in the case was insufficient to support federal jurisdiction. First, the patent issue raised by Minton's malpractice claim—"[*i*]*f* Minton's lawyers had raised a timely experimental-use argument, would the result in the patent infringement proceeding have been different?"—was entirely "hypothetical" because Minton's patent had already been invalidated in "real-world" infringement litigation.[117] Also, allowing state courts to decide patent-related malpractice suits would not, in the Court's view, undermine the uniformity of patent law because "federal courts are … not bound by state court case-within-a-case patent rulings."[118] Moreover, unlike *Grable*, *Gunn* did not present any pure, novel questions of federal law.[119] In addition, although a state-court decision in a case-specific malpractice dispute could, in theory, preclude a patent holder from asserting a patent in subsequent infringement litigation, the Court explained that preclusion affects only the parties and patents in the particular malpractice case and is not a sufficient federal interest to establish federal jurisdiction.[120] The Court also emphasized that the federal

116. *Id.*

117. *Id.* at 1067.

118. *Id.*

119. *Id.* In drawing this distinction, the Court appeared to suggest that, standing alone, even a pure, novel question of federal law might not justify federal jurisdiction. Rather, the Court implied that the question must also be unlikely to be resolved by a federal court anytime soon. *See id.* ("If the [novel legal] question arises frequently, it will soon be resolved within the federal system, laying to rest any contrary state court precedent; if it does not arise frequently, it is unlikely to implicate substantial federal interests.").

120. *Id.* at 1068. It was unclear whether any preclusive effects would flow from a malpractice judgment in *Gunn* because Minton's patent had already been held invalid in infringement litigation. *See id.* (discussing Minton's argument that a state-court judgment would be preclusive in ongoing continuation patent application proceedings at the PTO). Preclusive effects could flow from a state-court judgment if, for example, the theory of malpractice was that the patent holder had settled infringement litigation for less than the patent holder would have received had his attorneys not been negligent. The malpractice court would then have to decide whether, but for the attorneys' negligence, the patent owner would have prevailed in the infringement case. In that case, unlike in *Gunn*, the patent would not have been invalidated in the prior infringement litigation. The malpractice court, however, could determine that the patent holder would not have prevailed in the infringement litigation because, in the malpractice court's view, the patent was invalid. This holding of

courts' relative familiarity with patent law, standing alone, did not justify federal jurisdiction.[121] Finally, the Court noted that federal jurisdiction over patent-related legal malpractice claims would upset the states' "great" interest in "maintaining standards among members of the licensed professions."[122]

The Supreme Court's opinion in *Gunn* is an emphatic rejection of the Federal Circuit's position that practically all cases requiring analysis of patent validity, enforceability, infringement, or scope are subject to exclusive federal jurisdiction. As a consequence, state courts will now decide contested patent issues and will likely issue opinions on matters of patent law. For those who believe that patent law currently suffers from a lack of percolating judicial decisions,[123] this may be a positive result. The effects, however, may be limited because the patent question in most malpractice cases will be a backward-looking inquiry about what an infringement court or the PTO would have done given the state of patent law at the time of the alleged act of malpractice.[124]

More broadly, *Gunn* raises interesting questions about the role of the states in the patent system. For example, scholars and policymakers might begin to consider seriously whether the states, in their capacity as laboratories of government, can effectively develop or implement social policies that foster innovation.[125]

A final question involves the distributive consequences of the Court's decision in *Gunn*. Many observers believe that state courts favor malpractice plaintiffs and that defendant attorneys fare better in federal court.[126] If this received wisdom holds true, *Gunn* may

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patent invalidity, although embedded within a malpractice case, could preclude the patent holder from asserting new claims of patent infringement. *See* Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found., 402 U.S. 313, 329 (1971) (holding that a patent holder may be estopped to assert the validity of a patent that has been declared invalid in prior suit against a different defendant).

121. *Gunn*, 133 S. Ct. at 1068.

122. *Id.* (internal quotation marks omitted).

123. *See, e.g.*, Nard & Duffy, *supra* note 3, at 1622.

124. *Gunn*, 133 S. Ct. at 1067.

125. *Cf.* Camilla A. Hrdy, *State Patent Laws in the Age of Laissez-Faire*, 28 BERKELEY TECH. L.J. (forthcoming 2013) (manuscript at 11-13), *available at* http://ssrn.com/abstract=2134284 (suggesting that "patent law is not necessarily immune to the benefits of federalism and decentralized decision-making").

126. *See* A. Samuel Oddi, *Patent Attorney Malpractice: Case-Within-a-Case-Within-a-Case*,

contribute to further growth in the already burgeoning field of patent-related legal malpractice litigation.[127]

C. Jurisdictional Expansion and Institutional Dynamics

This discussion of the Federal Circuit's jurisdictional case law, and the Supreme Court's emphatic rejection of that case law, introduces several themes in the analysis of the institutional dynamics of the patent system that will recur throughout this Article. First, the Federal Circuit's jurisdictional case law illustrates how state courts and other federal courts demonstrate great fealty to the Federal Circuit on issues that touch on patent law. The Federal Circuit's reasoning in its pre-*Gunn* jurisdictional decisions was difficult to square with the Supreme Court's opinions in *Grable* and *Empire*, as I had argued in an earlier version of this Article.[128] The Federal Circuit's jurisdictional doctrine was also inconsistent with many regional circuit decisions rejecting federal jurisdiction over state-law claims that required the mere application of federal law.[129] Yet most courts acquiesced to the Federal Circuit's enhance-

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6 AKRON INTELL. PROP. J. 71, 134 (2012); *see also* Dutch D. Chung, Note, *The Preclusive Effect of State Court Adjudication of Patent Issues and the Federal Courts' Choice of Preclusion Laws*, 69 FORDHAM L. REV. 707, 707 & n.3 (2000) (noting that "some [patent malpractice] plaintiffs may find state court to be a more favorable and convenient forum," and discussing research suggesting that civil plaintiffs fare better in state court and that civil defendants fare better in federal court).

127. *See supra* note 94 (discussing growth in the amount of patent-related malpractice litigation over the past decade).

128. *See* Paul R. Gugliuzza, *The Federal Circuit as a Federal Court* 16-17 (July 19, 2012) (unpublished manuscript), *available* at http://www.stanford.edu/dept/law/ipsc/Paper%20PDF/Gugliuzza,%20Paul%20- %20Paper.pdf; *see also supra* note 110 (discussing pre-*Gunn* opinions by Federal Circuit Judge O'Malley that criticized the Federal Circuit's approach to arising under jurisdiction); *infra* note 133 (discussing state and federal case law disagreeing with the Federal Circuit's jurisdictional precedent).

129. *See, e.g.*, Adventure Outdoors, Inc. v. Bloomberg, 552 F.3d 1290, 1300 (11th Cir. 2008) ("To be sure, the jury would have to apply federal law to reach its decision. But as the Supreme Court explained in *Grable*, the federal courts have rejected the expansive view that mere need to apply federal law in a state-law claim will suffice to open the arising under door." (internal citations omitted)); Williston Basin Interstate Pipeline Co. v. Exclusive Gas Storage Leasehold & Easement, 524 F.3d 1090, 1102 (9th Cir. 2008) (rejecting federal jurisdiction when the court would not "need to resolve a disputed provision of the [Natural Gas Act] in order to resolve [the plaintiff's] state law conversion or negligence claims"); Mikulski v. Centerior Energy Corp., 501 F.3d 555, 574 (6th Cir. 2007) ("The state court in which the ... suit was lodged is competent to apply federal law, to the extent it is relevant, and

ment of federal power. District courts assumed jurisdiction over state-law claims involving hypothetical patents and hypothetical infringement claims,[130] and state courts surrendered jurisdiction over those claims to the federal courts.[131] Although some courts distinguished the Federal Circuit's decisions on their facts to avoid

would seem [suitably] positioned to determine [its] application ... in the present case." (quoting Empire Health Choice Assurance, Inc. v. McVeigh, 547 U.S. 677, 701 (2006)) (internal quotation marks omitted)); Bennett v. Sw. Airlines Co., 484 F.3d 907, 910, 912 (7th Cir. 2007) (rejecting federal jurisdiction when the case presented "a fact-specific application of rules that come from both federal and state law rather than a context-free inquiry into the meaning of a federal law"); *cf.* Bender v. Jordan, 623 F.3d 1128, 1130-31 (D.C. Cir. 2010) (upholding federal jurisdiction when the case involved "a nearly pure issue of federal law ... [a]nd the parties' legal duties turn[ed] almost entirely on the proper interpretation of that [law]").

130. *See, e.g.*, Max-Planck-Gesellschaft Zur Foerderung Der Wissenschaften E.V. v. Wolf Greenfield & Sacks, PC, 661 F. Supp. 2d 125, 129-30 (D. Mass. 2009); *see also* USPPS, Ltd. v. Avery Dennison Corp., 647 F.3d 274, 280, 284 (5th Cir. 2011) (transferring a breach of fiduciary duty case to the Federal Circuit, reasoning that the plaintiff "cannot prove causation without proving the patentability of its invention"); Oddi, *supra* note 126, at 117-18, 120-21 (citing additional authority).

131. *See, e.g.*, Landmark Screens, LLC v. Morgan, Lewis & Bockius, LLP, 107 Cal. App. 3d 373, 382, 384 (Cal. Ct. App. 2010); Premier Networks, Inc. v. Stadheim & Grear, Ltd., 918 N.E.2d 1117, 1120-22, 1124 (Ill. App. Ct. 2009); Minton v. Gunn, 355 S.W.3d 634, 642-47 (Tex. 2011), *rev'd*, 133 S. Ct. 1059 (2013); *see also* 4 MALLEN & SMITH, *supra* note 93, § 31:7, at 476 ("Most state courts have purported to follow the Federal Circuit's reasoning."); Oddi, *supra* note 126, at 124-25 (citing additional authority).

exclusive federal jurisdiction,[132] or simply refused to follow the Federal Circuit,[133] those decisions seemed to be rarer.[134]

Second, the Federal Circuit's jurisdictional decisions illustrate what has been termed patent law or Federal Circuit "exceptionalism," referring to the Federal Circuit's tendency to insist that general legal principles, such as jurisdictional standards, do not

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132. These factual distinctions were sometimes questionable. For example, a New Jersey district court reasoned that the inquiry into patent validity would turn on whether and why the attorneys missed deadlines—which were, incidentally, set by federal law—rather than on whether the invention met the substantive requirements of patentability, such as novelty, nonobviousness, and adequate disclosure. *See* Genelink Biosciences, Inc. v. Colby, 722 F. Supp. 2d 592, 600 (D.N.J. 2010); *see also* E-Pass Techs., Inc. v. Moses & Singer, LLP, 117 Cal. Rptr. 3d 516, 523-24 (Cal. Ct. App. 2010) (rejecting federal jurisdiction because the plaintiff would not have to "prove what the proper outcome of the federal litigation should have been" but only that "there was no reasonable possibility of prevailing in the federal action"). Other frequent grounds of distinction included pointing out alternative, nonpatent theories that would permit recovery, *see, e.g.*, Danner, Inc. v. Foley & Lardner, LLP, No. CV09-1220-JE, 2010 WL 2608294, at *3 (D. Or. June 23, 2010); Eddings v. Glast, Phillips & Murray, No. 3:07-CV-1512-L, 2008 WL 2522544, at *5 (N.D. Tex. June 25, 2008); *see also* ClearPlay, Inc. v. Abecassis, 602 F.3d 1364, 1366, 1368 (Fed. Cir. 2010) (transferring to the Eleventh Circuit a case involving various state-law claims because each claim contained a "theory of relief that would not require the resolution of a patent law issue"), and noting that any patent issue was not "disputed," *see, e.g.*, Magnetek, Inc. v. Kirkland & Ellis, LLP, 954 N.E.2d 803, 819 (Ill. Ct. App. 2011), *appeal allowed*, 962 N.E.2d 483 (Ill. 2011); *see also* Lab. Corp. of Am. Holdings v. Metabolite Labs., Inc., 599 F.3d 1277, 1283 (Fed. Cir. 2010) (transferring to the Tenth Circuit a breach-of-license case because the underlying question of infringement was not disputed).

133. *See, e.g.*, Warrior Sports, Inc. v. Dickinson Wright, P.L.L.C., 666 F. Supp. 2d 749, 751-52 (E.D. Mich. 2009) (noting that *Grable* made clear that "there is no 'single, precise, all-embracing' test for jurisdiction over federal issues embedded in state-law claims" but that "the Federal Circuit appears to impose precisely such an all-embracing test, effectively aggregating ever greater swaths of state-law claims into its jurisdictional sweep" (citations omitted)), *vacated*, 631 F.3d 1367 (Fed. Cir. 2011); New Tek Mfg., Inc. v. Beehner, 751 N.W.2d 135, 144 (Neb. 2008) ("We reiterate our determination in *New Tek I*[, 702 N.W.2d 336 (Neb. 2005)], that this professional malpractice case arises entirely under state law."); *see also* Singh v. Duane Morris LLP, 538 F.3d 334, 340 (5th Cir. 2008) (declining to follow *Air Measurement* in a trademark case, noting that the Federal Circuit did not consider "the federal interest" in the case and "the effect on federalism" of assuming jurisdiction); *Minton*, 355 S.W.3d at 652 (Guzman, J., dissenting) ("[T]he Federal Circuit has not remained faithful to the Supreme Court's federalism inquiry in the context of malpractice decisions arising from patent cases.... [U]nder the Federal Circuit's approach, the federalism element is simply an invocation of the need for uniformity in patent law.").

134. *See generally* Paul M. Janicke, *The Patent Malpractice Thicket, or Why Justice Holmes Was Right*, 50 HOUS. L. REV. 437, 469-76 (2012) (discussing judicial opinions rejecting the notion that "state-created causes of action for legal malpractice [should be] shuttled off to federal courts for exclusive handling merely because issues of patent law [were] embedded in the cases").

apply in patent cases because patent law is "different."[135] The Supreme Court had already rejected patent law exceptionalism in cases addressing declaratory judgment standing,[136] remedies for patent infringement,[137] and review of administrative agencies.[138] *Gunn* can be viewed as another salvo in the Court's battle against patent law exceptionalism, as the decision brought Federal Circuit jurisdictional law in line with the prevailing view in the regional circuits[139] and rejected the notion that the need for uniformity in patent law justified a special jurisdictional rule for patent cases.[140]

Third, by asserting exclusive jurisdiction over patent-related state-law claims, the Federal Circuit solidified its position as *the* expert patent institution, excluding state courts from developing patent-related law. As discussed below, the Federal Circuit has similarly limited the authority of a potentially expert agency, the PTO,[141] and has also inhibited trial courts from developing patent-law expertise.[142]

Fourth, the federalism relationship provides an initial example of the Federal Circuit shifting roles. The Federal Circuit is a federal appellate court with near-exclusive jurisdiction over patent appeals. Because of the exclusive jurisdiction it asserted over patent-related

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135. *Cf.* Oskar Liivak, Essay, *Maturing Patent Theory from Industrial Policy to Intellectual Property*, 86 TUL. L. REV. 1163, 1173 (2012) (discussing the view that "normal intuitions about private property" do not apply to intellectual property); Kelly Casey Mullally et al., *The New Private Ordering of Intellectual Property: The Emergence of Contracts as the Drivers of Intellectual Property Rights*, 4 J. BUS. & TECH. L. 59, 59 (2009) (discussing "patent law exceptionalism" regarding rules of declaratory-judgment standing). Fields perceived as "specialized," such as patent and tax law, seem particularly prone to exceptionalist approaches. *See* Kristin E. Hickman, *The Need for* Mead*: Rejecting Tax Exceptionalism in Judicial Deference*, 90 MINN. L. REV. 1537, 1541-42 (2006); *see also* Rafael I. Pardo & Kathryn A. Watts, *The Structural Exceptionalism of Bankruptcy Administration*, 60 UCLA L. REV. 384, 424-45 (2012) (criticizing the institutional design of the bankruptcy system, which, like the patent system, lacks a regulatory agency).

136. MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118, 132 & n.11 (2007).

137. eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 391-92 (2006).

138. Dickinson v. Zurko, 527 U.S. 150 (1999); *see also infra* Part III.A. *See generally* Paul R. Gugliuzza, *Veterans Benefits in 2010: A New Dialogue Between the Supreme Court and the Federal Circuit*, 60 AM. U. L. REV. 1201, 1220 (2011) (discussing Federal Circuit exceptionalism in both patent and nonpatent cases).

139. *See supra* notes 115-22 and accompanying text.

140. Gunn v. Minton, 133 S. Ct. 1059, 1067 (2013).

141. *See infra* Part III.A.

142. *See infra* Part IV.A.

state-law cases, it also assumed a role state courts typically play: shaping the contours of state law.

Finally, the Federal Circuit's jurisdictional cases illustrate how the court relies heavily on the policy of uniformity in patent law to displace the authority of other institutions. Uniformity was a major reason Congress created the court. Repeated emphasis on uniformity, however, raises questions about whether the drive to carry out that mission distorts other policy goals the court might reasonably seek, such as enhancing the efficiency of the litigation process or, in the case of malpractice claims, permitting state courts to develop their own law on important nonpatent issues such as the duty of care, statutes of limitations, and damages.

Although the Supreme Court in *Gunn* rejected the Federal Circuit's displacement of state jurisdiction over malpractice claims, controversy within the federalism relationship is likely to endure. The Federal Circuit may now be more reluctant to uphold federal jurisdiction based on embedded patent issues, but state law remains relevant even to patent disputes that clearly arise under federal law, for state law sometimes governs matters of contract law and patent ownership that arise in, for example, infringement litigation. According to recent opinions by some Federal Circuit judges, the court has improperly leveraged choice-of-law doctrine to expand the scope of federal common law and restrict the scope of state contract law.[143] This dispute over choice of law might be the next doctrinal battle within the Federal Circuit's federalism relationship.[144]

143. *See, e.g.*, Abraxis Bioscience, Inc. v. Navinta LLC, 672 F.3d 1239, 1241 (Fed. Cir. 2011) (O'Malley, J., dissenting from denial of rehearing en banc) ("The panel majority's creation of federal common law to govern assignments of existing patents conflicts not only with our precedent, but with longstanding Supreme Court precedent restricting judicial preemption of state law."); Abraxis Bioscience, Inc. v. Navinta LLC, 625 F.3d 1359, 1365 (Fed. Cir. 2010) (dismissing patent infringement suit for lack of standing because, under Federal Circuit law, a contract did not effectively assign ownership of the patent to the plaintiff); *id.* at 1368 (Newman, J., dissenting) ("New York law applies to these sales and transfer agreements. All of the documents state, and the parties and the district court agree, that the Asset Purchase Agreement and all of the related agreements are governed by New York law.... [M]y colleagues do not dispute that when New York law is applied, the district court's decision on standing should be upheld.").

144. *Cf.* Bd. of Trs. of Leland Stanford Jr. Univ. v. Roche Molecular Sys., Inc., 131 S. Ct. 2188, 2202-03 (2011) (Breyer, J., dissenting) (not discussing the choice-of-law issue, but criticizing the Federal Circuit's rules for interpreting contracts to assign patent rights).

III. SEPARATION OF POWERS AT THE FEDERAL CIRCUIT

The Federal Circuit has also exercised broad power relative to the executive and legislative branches of the federal government. In this separation of powers relationship, Federal Circuit doctrines of both administrative law and substantive patent law curtail the ability of institutions, such as the PTO and Congress, to influence the patent system.

A. The Federal Circuit as Agency Administrator

The PTO is a weak administrative agency.[145] Some of this weakness is due to Congress. Although many administrative agencies have broad statutory power to promulgate rules in the public interest,[146] the PTO's rule-making power is, according to the Federal Circuit's interpretation of the Patent Act, mostly limited to adopting regulations to govern proceedings at the PTO.[147] Some scholars have questioned the Federal Circuit's law on this issue, arguing that the Patent Act "has long given the PTO specific rulemaking powers that readily encompass substantive rulemaking."[148] In addition, there are many other examples of how Federal Circuit administrative law doctrine further weakens the PTO.

1. Denial of Deference to Fact-Finding

The Federal Circuit gives minimal deference to PTO fact-finding. Issues of fact are often critical to the PTO's patentability determination because some of the Patent Act's most important requirements have significant factual components, such as the requirement that

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145. *See* John M. Golden, *Patentable Subject Matter and Institutional Choice*, 89 TEX. L. REV. 1041, 1051 (2011).

146. *See, e.g.*, 47 U.S.C. § 201(b) (2006) (empowering the Federal Communications Commission to "prescribe such rules and regulations as may be necessary in the public interest to carry out the provisions of this chapter").

147. *See* Merck & Co. v. Kessler, 80 F.3d 1543, 1549-50 (Fed. Cir. 1996) ("[T]he broadest of the PTO's rulemaking powers ... authorizes the Commissioner to promulgate regulations directed only to 'the conduct of proceedings in the [PTO]'; it does NOT grant the Commissioner the authority to issue substantive rules." (alteration in original)); *see also* 35 U.S.C. § 2(b)(2) (2006) (outlining the PTO's rule-making authority).

148. Tran, *supra* note 3, at 838-39.

the claimed invention not be obvious given existing technology.[149] Under the Administrative Procedure Act (APA), courts review findings of fact from formal agency proceedings under a substantial evidence standard but review fact-finding in informal proceedings under a more deferential arbitrary or capricious standard.[150] Interestingly, the Federal Circuit long denied that the APA even applied to the PTO. Instead, the court applied the clearly erroneous standard to factual issues resolved by the PTO in patent application proceedings.[151] This doctrine was unusual because appellate courts typically apply the clear-error standard when reviewing fact-finding by lower courts,[152] not agencies.[153] Also, the clear-error standard is usually considered to allow more rigorous judicial review than either of the APA standards.[154] Accordingly, the court reasoned that clear-error review was necessary to promote uniformity in patent adjudication.[155]

In 1999, the Supreme Court rejected this line of Federal Circuit case law, however, and held that the APA applies to judicial review of PTO fact-finding.[156] Yet Federal Circuit administrative law still provides for significant judicial control over the PTO. For example, the Supreme Court did not make clear which APA standard applies to PTO fact-finding: the arbitrary or capricious standard or the substantial evidence standard. Although some question whether the standards differ at all,[157] the Federal Circuit has stated that the

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149. *See* Graham v. John Deere Co. of Kan. City, 383 U.S. 1, 17 (1966) ("While the ultimate question of patent validity is one of law, the [nonobviousness requirement] ... lends itself to several basic factual inquiries.... [T]he scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined." (citations omitted)).

150. 5 U.S.C. § 706(2)(A), (E) (2006).

151. *See In re* Zurko, 142 F.3d 1447, 1449 (Fed. Cir. 1998) (en banc), *rev'd sub nom.* Dickinson v. Zurko, 527 U.S. 150 (1999).

152. *See* FED. R. CIV. P. 52(a).

153. *See* 2 RICHARD J. PIERCE, JR., ADMINISTRATIVE LAW TREATISE § 11.2, at 976 (5th ed. 2010).

154. *See id.* § 11.2, at 977-78.

155. *See In re Zurko*, 142 F.3d at 1458 (asserting that the clear-error standard "promote[s] consistency between our review of the patentability decisions of the [PTO] and the district courts in infringement litigation").

156. *Dickinson*, 527 U.S. at 152.

157. *See, e.g.*, Ass'n of Data Processing Serv. Orgs., Inc. v. Bd. of Governors of the Fed. Reserve Sys., 745 F.2d 677, 684 (D.C. Cir. 1984) (Scalia, J.) ("We have noted on several occasions that the distinction between the substantial evidence test and the arbitrary or

substantial evidence standard is less deferential.[158] Perhaps not surprisingly, the Federal Circuit has applied the substantial evidence standard to PTO fact-finding,[159] making the Agency decision more susceptible to reversal on appeal.[160]

2. Deciding New Issues on Appeal

Another way in which the Federal Circuit enhances its power at the expense of the PTO is through the court's willingness to decide legal questions not considered by the Agency. For example, in *In re Comiskey*, the PTO rejected a patent application solely on the ground of obviousness.[161] On appeal, the Federal Circuit upheld the rejection but did not consider obviousness. Rather, the court sua sponte held that some of the claims did not recite patentable subject matter and remanded other claims to the PTO so that the Agency could consider in the first instance whether those claims recited patentable subject matter.[162] This ruling is arguably in tension with *SEC v. Chenery Corp.*, in which the Supreme Court held that a court may usually affirm administrative action only on the grounds relied upon by the agency.[163] In an opinion dissenting from the denial of rehearing en banc, Judge Moore expressed dismay over the court's arrogation of power over the PTO:

> Our task is to review a PTO decision, not to direct its examination. Section 144 of the Patent Act states that our court "shall review the decision ... on the record before the Patent and Trademark Office." Our court is now apparently doing more than reviewing on the record; it is directing the examination,

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capricious test is 'largely semantic.'"). *See generally* 1 PIERCE, *supra* note 153, § 7.5 (discussing conflicting case law).

158. *In re* Gartside, 203 F.3d 1305, 1312 (Fed. Cir. 2000).

159. *See id.* at 1313-14.

160. *See* Benjamin & Rai, *supra* note 52, at 290-92 (citing *In re* Beasley, 117 F. App'x 739 (Fed. Cir. 2004); *In re* Lee, 277 F.3d 1338 (Fed. Cir. 2002); *In re* Zurko, 258 F.3d 1379 (Fed. Cir. 2001)).

161. *See* 554 F.3d 967, 972 (Fed. Cir. 2009).

162. *Id.* at 973. The patentable subject matter requirement stems from the provision of the Patent Act that permits patents to be issued on "any new and useful *process, machine, manufacture, or composition of matter*, or any new and useful improvement thereof." 35 U.S.C. § 101 (2006) (emphasis added).

163. 318 U.S. 80, 88 (1943); *see* Sapna Kumar, *The Accidental Agency?*, 65 FLA. L. REV. 229, 269-74 (2013).

> failing to review the decision the PTO has rendered and telling it what alternative possible ground of rejection should be evaluated. With all due respect, I do not believe that we have a roving commission to manage the examination process.[164]

Comiskey is not the only recent case in which the court has affirmed a PTO rejection on new grounds.[165] This emerging practice of, essentially, ignoring the decision on review is another illustration of Federal Circuit exceptionalism. As a consequence, the appellate court has addressed difficult questions of law and policy in the first instance. Although this practice could potentially be justified if it saved the PTO from dealing with a remand, *Comiskey* illustrates that a remand sometimes remains necessary. The court thus acts not as an appellate court, reviewing the decision of an inferior tribunal, but as an agency administrator, dictating the issues the PTO must consider.[166] In addition, by ignoring the PTO decision on review, the court sometimes addresses important issues on a record that poorly illuminates them, raising the possibility that the court will not sufficiently understand the potential consequences of its decision.

B. How the Executive Branch Pushes Back

In the separation of powers relationship, as in the federalism relationship, Federal Circuit doctrine has impeded other government institutions from shaping patent law. In the federalism relationship, this impediment was largely complete until the Supreme Court decided *Gunn* because federal patent jurisdiction is exclusive of state courts, and the state courts that did encounter embedded

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164. *In re* Comiskey, No. 2006-1286, 2009 U.S. App. LEXIS 400, at *26 (Fed. Cir. Jan. 13, 2009) (Moore, J., dissenting from denial of rehearing en banc).

165. *See In re* Aoyama, 656 F.3d 1293, 1298-99 (Fed. Cir. 2011) (upholding a patent denial on the grounds of indefiniteness when the PTO had based its determination of unpatentability on anticipation). Similarly, the court recently held that parties who seek review of a PTO decision in a district court, rather than directly in the Federal Circuit, may introduce evidence that was not considered by the PTO. *See* Hyatt v. Kappos, 625 F.3d 1320, 1322-23 (Fed. Cir. 2010) (en banc), *aff'd*, 132 S. Ct. 1690 (2012); *see also* 35 U.S.C. § 145 (creating a civil action to obtain a patent).

166. For a comprehensive treatment of the Federal-Circuit-as-administrative-agency analogy, see Kumar, *supra* note 163; *see also* Ryan Vacca, *Acting like an Administrative Agency: The Federal Circuit En Banc*, 76 MO. L. REV. 733, 744-49 (2011) (analogizing the Federal Circuit's en banc process to administrative rule making).

patent issues mostly ceded authority to the federal courts and the Federal Circuit.[167] In the separation of powers relationship, however, the court faces formidable counterweights in the other branches of the federal government.

Although the PTO has no authority to promulgate rules that interpret the Patent Act, and its factual findings receive minimal deference, courts sometimes give weight to the Agency's long-standing practice. For example, the PTO compiles the *Manual of Patent Examining Procedure*,[168] which summarizes court-developed law to "provide[ ] page after page of painstaking instruction on how substantive patent law doctrines should be applied in the context of patent examination."[169] Although the manual does not have the force of law, examiners and patent applicants rely heavily on its guidance, and it is frequently cited by courts as persuasive authority.[170] As another example of the weight given to the PTO's established practices, the Federal Circuit, in its recent high-profile decision in *Association for Molecular Pathology v. PTO* (*Myriad*), supported its holding that isolated DNA molecules are patent eligible by citing "the longstanding practice of the PTO," which had issued patents on DNA for nearly thirty years.[171] Concurring, Judge Moore similarly noted that "we must be particularly wary of expanding the judicial exception to patentable subject matter where both settled expectations and extensive property rights are involved."[172]

Also, the executive branch influences patent law by participating in litigation. The Solicitor General has been remarkably successful in convincing the Supreme Court to review the decisions of the Federal Circuit and in winning on the merits in cases that do reach

167. *See* Janicke, *supra* note 134, at 469-71 (discussing state-court jurisdictional rulings in the wake of *Air Measurement* and *Immunocept*).

168. *See* U.S. DEP'T OF COMMERCE, U.S. PATENT & TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE (8th ed. 2001, rev. Aug. 2012), *available at* http://www.uspto.gov/web/offices/pac/mpep/index.html.

169. Golden, *supra* note 145, at 1047.

170. *See id.* at 1047-48 & nn.32-33 (providing examples); *see also In re* Fisher, 421 F.3d 1365, 1372 (Fed. Cir. 2005) (adopting the approach set forth in the PTO's Utility Examination Guidelines, 66 Fed. Reg. 1092 (Jan. 5, 2001), for determining whether nucleotide sequences satisfy the utility requirement of the Patent Act, 35 U.S.C. § 101).

171. 689 F.3d 1303, 1332-33 (Fed. Cir.), *cert. granted sub nom.* Ass'n for Molecular Pathology v. Myriad Genetics, Inc., 133 S. Ct. 694 (2012).

172. *Id.* at 1343 (Moore, J., concurring in part).

the Court. From 1996 to 2007, the Solicitor General participated as a party or an amicus in thirteen patent cases. In nine of those cases, the Solicitor General supported a different result than that reached by the Federal Circuit, and, in each of those cases, the Supreme Court agreed with the Solicitor General's position.[173] In many cases, the Solicitor General was advised by the PTO, as well as other executive and independent agencies.[174]

However, the Solicitor General's winning streak in the Supreme Court recently ended.[175] Moreover, the Solicitor General does not always act as a simple mouthpiece for the PTO. In *Myriad*, for instance, the Department of Justice filed a brief in the Federal Circuit urging a position different from the PTO's "longstanding position ... that isolated DNA molecules are patent eligible."[176] Nevertheless, by participating in patent litigation the executive branch can influence important issues in patent law.[177]

Finally, the America Invents Act of 2011 (AIA) empowers the PTO to push back against the Federal Circuit. The AIA created several important new PTO proceedings. In postrant review proceedings, the PTO will accept third-party challenges to a patent's validity for, in most cases, up to nine months after the patent issues.[178] The Act also strengthened inter partes review proceedings, which permit third parties to challenge a patent's novelty or nonobviousness at the PTO throughout the patent's term;[179] created a supplemental examination process, which will permit a patent holder to submit

173. *See* Duffy, *supra* note 52, at 540.

174. *See* Long, *supra* note 3, at 1972 & n.22 (noting that "the PTO has [recently] boasted of its role in advising the Solicitor General's Office as to whether the Supreme Court should grant certiorari [in] patent cases coming out of the Federal Circuit," and citing the PTO's annual reports).

175. *See* Paul R. Gugliuzza, *IP Injury and the Institutions of Patent Law*, 98 IOWA L. REV. 747, 766-67 (2013) (reviewing CHRISTINA BOHANNAN & HERBERT HOVENKAMP, CREATION WITHOUT RESTRAINT: PROMOTING LIBERTY AND RIVALRY IN INNOVATION (2012)) (noting that, since the 2010 Term, the Solicitor General has lost "two of the three cases in which the Solicitor General and the Federal Circuit clearly disagreed" and that, in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012), the Solicitor General unsuccessfully defended the Federal Circuit's judgment).

176. *See Myriad*, 689 F.3d at 1326.

177. *See* Arti K. Rai, Essay, *Patent Validity Across the Executive Branch: Ex Ante Foundations for Policy Development*, 61 DUKE L.J. 1237, 1245-48 (2012).

178. *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 6(d), 125 Stat. 284, 306 (2011) (to be codified at 35 U.S.C. § 321).

179. *See id.* § 6(a) (to be codified at 35 U.S.C. § 311).

information relevant to the patent that the PTO did not consider during the original prosecution;[180] and introduced derivation proceedings, which will replace interference proceedings and determine which of two or more parties is entitled to the patent for the same invention under the new first-to-file priority rule.[181]

To implement these proceedings, Congress empowered the PTO to make rules that arguably represent policy making.[182] For example, the AIA states that the PTO may not initiate postgrant review unless it is "more likely than not that at least [one] of the [challenged] claims ... is unpatentable."[183] In contrast to the PTO's previously limited power, the AIA gives the Agency authority to interpret this statute: "The Director shall prescribe regulations ... setting forth the standards for the showing of sufficient grounds to institute a [postgrant] review."[184] In addition, many other provisions of the Act empower the PTO to set "standards" for conducting the new proceedings.[185] The legislative history also evinces an "inten[t]" for the PTO to use these new proceedings "to address potential abuses and current inefficiencies" in the patent system, setting a clear policy goal for the PTO's rule making.[186] Moreover, at least one scholar has argued that PTO interpretations of the Patent Act that occur during the new postgrant and inter partes review proceedings should be entitled to *Chevron* deference,[187] a marked departure from current law in which the Federal Circuit reviews de novo PTO interpretations of the Patent Act.[188]

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180. *See id.* § 12(a) (to be codified at 35 U.S.C. § 257). This mechanism will allow patent owners to potentially avoid, in subsequent litigation, allegations that they failed to disclose important information to the PTO, which can lead a court to hold the patent unenforceable under the inequitable conduct doctrine. *See* Therasense, Inc. v. Becton, Dickinson & Co., 649 F.3d 1276, 1287 (Fed. Cir. 2011) (en banc).

181. *See* Leahy-Smith America Invents Act § 3(i) (to be codified at 35 U.S.C. § 135); *see also id.* § 3(b)(1) (to be codified at 35 U.S.C. § 102(a)(2)) (new priority rule).

182. *See* Tran, *supra* note 4, at 615-16.

183. Leahy-Smith America Invents Act § 6(d) (to be codified at 35 U.S.C. § 324(a)).

184. *Id.* (to be codified at 35 U.S.C. § 326(a)(2)).

185. *See* Tran, *supra* note 4, at 599-600, 618-19 (noting that the PTO is empowered to prescribe, among other things, "standards for the conduct of derivation proceedings" and "standards for the showing of sufficient grounds to institute" inter partes review).

186. H.R. REP. NO. 112-98, at 48 (2011).

187. *See* Wasserman, *supra* note 4, at 1977-78; *see also* Chevron U.S.A. Inc. v. Natural Res. Def. Council, Inc., 467 U.S. 837, 843 (1984) (holding that courts must defer to an agency's "permissible construction" of a statute it administers).

188. *See* Merck & Co. v. Kessler, 80 F.3d 1543, 1549-50 (Fed. Cir. 1996).

It remains to be seen how these statutory changes will affect the power dynamics between the PTO and the Federal Circuit. Still, even under the AIA, the PTO lacks authority to issue rules interpreting the core requirements of the Patent Act, such as novelty and nonobviousness, and its legal interpretations in patent application denials, which are the typical form of PTO appeal to the Federal Circuit, receive no deference. Consequently, policy power in the field of patent law may remain mostly with the Federal Circuit. Although the PTO can sometimes influence patent law through both formal and informal mechanisms, it is still a relatively weak power broker compared to the court.

C. The Federal Circuit as a Legislature

One might think that the Federal Circuit's relationship with Congress would lack give-and-take. After all, if Congress disagrees with how the Federal Circuit has articulated patent law, Congress can simply overrule the court.[189] Yet changes in Federal Circuit law have often tracked pending legislative proposals, resulting in an indirect dialogue between the judicial and legislative branches.

For example, in 2008, the Federal Circuit—for the first time ever—ordered a district court to transfer a patent case to a more convenient forum under 28 U.S.C. § 1404(a).[190] At the time, proposals were pending in Congress to amend the venue statute for patent cases,[191] in response to complaints about the prevalence of forum shopping in patent litigation.[192] Interestingly, the AIA contains minimal revisions to the venue rules.[193]

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189. *See, e.g.*, 21 U.S.C. § 355(j)(5)(C)(ii)(I) (2006) (granting a generic drug applicant sued for patent infringement the right to assert a counterclaim challenging patent information provided to the FDA by the branded manufacturer), *overruling* Mylan Pharms., Inc. v. Thompson, 268 F.3d 1323 (Fed. Cir. 2001).

190. *In re* TS Tech USA Corp., 551 F.3d 1315, 1321-22 (Fed. Cir. 2008); *see also* 28 U.S.C. § 1404(a) (2006) ("For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought.").

191. *See, e.g.*, S. 515, 111th Cong. § 8 (2009).

192. *See, e.g.*, Moore, *supra* note 43, at 891-94.

193. *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 9(a), 125 Stat. 284, 316 (2011) (to be codified at 35 U.S.C. § 145) (changing the venue for district court challenges to PTO decisions from the District of Columbia to the Eastern District of Virginia).

Also, the court recently increased its scrutiny of damage awards in patent cases, reversing awards as unsupported by the evidence[194] and rejecting the "25 percent rule" as a starting point for reasonable royalty damage calculations.[195] Prior to these decisions, provisions had been percolating in Congress to limit damages to the economic value attributable to the patent's specific improvement on the prior art[196] and to require courts to specifically identify the methodologies or factors for calculating damages.[197] The AIA, by contrast, contains no significant amendment to patent damages law.[198]

This interbranch dialogue is remarkable not only as a descriptive matter. Examining the consequences of the conversation between the Federal Circuit and Congress, Dan Burk has suggested that judicial engagement with these and other contentious issues of patent law may have enabled the AIA to overcome the interest-group dynamics that had flustered previous efforts at legislative patent reform.[199]

D. Competition for Patent Power: Institutional Themes Reconsidered

Despite this interbranch competition to influence patent policy, a strong claim can be made that power over the field is consolidated in the Federal Circuit. Although some of this consolidation might be attributed to Congress, which has not granted the PTO broad law-making power, the Federal Circuit has also developed doctrine that limits PTO authority. As in the federalism relationship, some of this doctrine, such as the court's willingness to address issues that the

194. Lucent Techs., Inc. v. Gateway, Inc., 580 F.3d 1301, 1335 (Fed. Cir. 2009).

195. Uniloc USA, Inc. v. Microsoft Corp., 632 F.3d 1292, 1315 (Fed. Cir. 2011). The Patent Act mandates that, upon finding infringement, the court must award damages that are "in no event less than a reasonable royalty for the use made of the invention by the infringer." 35 U.S.C. § 284 (2006).

196. *See* S. 1145, 110th Cong. § 4 (2007); H.R. 1908, 110th Cong. § 5 (2007).

197. *See* S. 515, 111th Cong. § 4 (2009); H.R. 1260, 111th Cong. § 5 (2009).

198. As another example of the Federal Circuit's responsiveness to pending patent reform legislation, compare *In re* Seagate Tech., LLC, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (en banc), which overruled Federal Circuit case law requiring a patent holder to seek the advice of counsel to avoid a finding of willful infringement, with H.R. 2795, 109th Cong. § 6 (2005), and S. 1145, 110th Cong. § 4(a) (2007), which were legislative proposals to overrule this affirmative duty.

199. *See* Dan L. Burk, *Patent Reform in the United States: Lessons Learned*, REGULATION, Winter 2012-13, at 20, 22.

PTO never considered, might be on a collision course with Supreme Court cases limiting judicial review to matters considered by the Agency. Likewise, the court's behavior in the separation of powers relationship embodies the institutional themes discussed above.[200] The court's refusal to apply the APA to the PTO and its avoidance of *Chenery* are examples of patent-law exceptionalism. Also, the Federal Circuit has again shifted forms. In the federalism relationship, the court acted as a state court, defining the contours of state tort law.[201] In the separation of powers relationship, the court has acted as an agency administrator by dictating the course of patent examination and refusing deference to the PTO.[202] The court has also adopted the role of a legislature, developing patent rules that respond to proposals pending in Congress.[203]

In addition, limits on the power of the PTO solidify the Federal Circuit's position as the only expert patent institution. In the federalism relationship, one might defend the curtailment of state-court jurisdiction by arguing that those institutions are poorly equipped to apply patent law because they so rarely hear patent cases.[204] In the separation of powers relationship, however, the curtailment of PTO authority is more remarkable because the Agency has deep, on-the-ground experience with patent law and adjudication, even if it is not currently designed to be a policy-making

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200. *See supra* Part II.C.

201. *See supra* Part II.B.

202. *See supra* Part III.A.

203. One might also cite the Federal Circuit's oft-discussed penchant for developing broad, bright-line rules as similar to legislation or administrative rule making. *See* Kumar, *supra* note 163, at 255-57 (comparing the Federal Circuit to an administrative agency).

204. *See* Immunocept, LLC v. Fulbright & Jaworski, LLP, 504 F.3d 1281, 1285 (Fed. Cir. 2007) (noting that determining the scope of patent claims "is a question of law that can be complex in that it may involve many claim construction doctrines" and arguing that, in cases involving patent issues embedded within state-created claims, "[l]itigants will benefit from federal judges who are used to handling these complicated rules"); Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P., 504 F.3d 1262, 1272 (Fed. Cir. 2007) (arguing that litigants in cases involving patent issues embedded within state-created claims "will ... benefit from federal judges who have experience in claim construction and infringement matters"). *But see* Gunn v. Minton, 133 S. Ct. 1059, 1068 (2013) ("[W]e [cannot] accept the suggestion that the federal courts' greater familiarity with patent law means that legal malpractice cases like this one belong in federal court .... [T]he possibility that a state court will incorrectly resolve a state claim is not, by itself, enough to trigger the federal courts' exclusive patent jurisdiction, even if the potential error finds its root in a misunderstanding of patent law." (citations omitted)).

entity.[205] In the next relationship in this Article's taxonomy—the relationship between the Federal Circuit and trial-level patent infringement tribunals—the court has also limited the authority of other institutions that are well positioned to develop patent expertise.

IV. THE VERTICAL RELATIONSHIP: THE FEDERAL CIRCUIT, THE DISTRICT COURTS, AND THE ITC

The Federal Circuit has also assumed a powerful role in its vertical relationship with the district courts and the ITC by aggressively reviewing fact-driven and discretionary decisions. In addition, this institutional behavior implicates important critiques of the current patent system, such as the unpredictability of patent litigation.

A. The Federal Circuit and the District Courts

The final two relationships this Article studies, the vertical and horizontal, focus mostly on the Federal Circuit's interactions with other federal courts: the district courts and the regional circuits. In its relationship with the district courts, the subject of this Part, the Federal Circuit has developed standards of appellate review and rules of appellate practice and procedure that enhance the court's authority over the patent system. In its relationship with the regional circuits, the subject of the next Part, the court has adopted choice-of-law rules and rules of appellate jurisdiction that also enhance the Federal Circuit's power relative to other courts.

Early Federal Circuit cases suggested the court might take a modest role with respect to the district courts. For example, the court reasoned it had less power than the regional circuits to

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205. *See* Sarah Tran, *Policy Tailors and the Patent Office*, 46 U.C. DAVIS L. REV. 487, 508 (2012) (noting that the PTO has a limited policy and economic staff but arguing that the Agency has actually served as an effective policymaker); Wasserman, *supra* note 4, at 2012 (noting that "the PTO has never employed a large number of policy-oriented thinkers or economists" but that "the Agency has recently made strides to rectify this shortcoming" by, for example, creating an Office of the Chief Economist in 2010); *see also* Richard L. Revesz, *Specialized Courts and the Administrative Lawmaking System*, 138 U. PA. L. REV. 1111, 1168 (1990) (arguing that patent-law reform should focus on the administrative law-making system because of its ability to achieve uniformity without introducing the pathologies of specialized appellate courts).

entertain interlocutory appeals, that is, appeals from orders that do not conclude the district court case, because the court had "no general supervisory authority over district courts."[206] This view was remarkable because Congress gave the Federal Circuit the same power as the regional circuits to hear interlocutory appeals of injunctions and controlling questions of law, two of the most commonly invoked exceptions to the final-judgment rule.[207] The Federal Circuit, however, no longer seems to view its authority over district courts as limited. Rather, the court has shaped patent law's standards of appellate review to give itself plenary power to resolve many important substantive issues. The court has also developed rules of appellate jurisdiction and procedure that give it significant control over the conduct of district court litigation.

1. Enhancing Power Through Patent Law: The Federal Circuit as a Fact-Finder

The differing institutional competencies of trial and appellate courts shape the standards of review on appeal. Appellate courts review questions of law de novo because they have more time to research the issues, because their multijudge panels permit collegial discussion and collective judgment, and because a key function of appellate review is to permit uniform development of the law.[208] In contrast, appellate courts defer to trial court fact-finding because of the trial court's familiarity with and proximity to the evidence and testimony.[209]

In patent cases, the Federal Circuit has cast many important issues as questions of law, rather than questions of fact, enhancing the court's authority over district courts. The most notable area in which the court has treated arguably factual matters as legal questions is claim construction.[210] Determining exactly what patent claims mean is the most important task in a patent case, for the

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206. Miss. Chem. Corp. v. Swift Agric. Chems. Corp., 717 F.2d 1374, 1380 (Fed. Cir. 1983).

207. *See* Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, § 125, 96 Stat. 25, 36 (codified at 28 U.S.C. § 1292(c) (2006)); *see also* 28 U.S.C. § 1292(a)(1), (b) (granting the regional circuits appellate jurisdiction over interlocutory orders relating to injunctions and controlling questions of law).

208. J. ERIC SMITHBURN, APPELLATE REVIEW OF TRIAL COURT DECISIONS 8 (2009).

209. *Id.* at 8-9.

210. *See* David L. Schwartz, *Explaining the Demise of the Doctrine of Equivalents*, 26 BERKELEY TECH. L.J. 1157, 1167-72 (2011).

claims' meaning will often determine whether the accused product or method infringes. As Judge Mayer of the Federal Circuit has bluntly explained, "to decide what the claims mean is nearly always to decide the case."[211]

Because the Federal Circuit treats claim construction as a question of law, it is not surprising that, according to the court, the analysis should focus on "intrinsic evidence": the claim language at issue, other claims in the patent, the patent's specification, and the prosecution history.[212] Yet the court has also acknowledged that extrinsic evidence, such as expert testimony, scientific treatises, and dictionaries, can be relevant.[213] It makes sense for the court to consider extrinsic evidence in interpreting patent claims because the claims are interpreted from the perspective of a person "of ordinary skill in the art at the time of the invention,"[214] and the district judge will likely be unfamiliar with the pertinent technology.[215] Claim construction therefore often involves extensive technology tutorials along with expert testimony and declarations about who qualifies as a person of ordinary skill in the art and what the claims would mean to that person.[216]

Evaluating this evidence would seem to be a fact-finding task, and it would seem that the district court's determination should receive some deference on appeal. But the Federal Circuit has rejected both of those premises. In *Markman v. Westview Instruments, Inc.*, the court held that claim construction is a matter of law to be determined by the judge and not a jury.[217] The Supreme Court affirmed, holding that the Seventh Amendment did not require claim construction to be performed by juries.[218] Yet the Court also suggested that claim construction was a "mongrel practice" that was

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211. Markman v. Westview Instruments, Inc., 52 F.3d 967, 989 (Fed. Cir. 1995) (en banc) (Mayer, J., concurring in the judgment), *aff'd*, 517 U.S. 370 (1996).

212. *See* Phillips v. AWH Corp., 415 F.3d 1303, 1312-17 (Fed. Cir. 2005) (en banc). The specification is the drawings and detailed description of the invention, which precedes the patent claims, and the prosecution history is the correspondence between the applicant and the PTO during the application process.

213. *See id.* at 1317.

214. *Markman*, 52 F.3d at 986.

215. *See* S. Jay Plager, *Challenges for Intellectual Property in the Twenty-First Century: Indeterminacy and Other Problems*, 2001 U. ILL. L. REV. 69, 77.

216. *See Phillips*, 415 F.3d at 1332 (Mayer, J., dissenting); PETER S. MENELL ET AL., FED. JUDICIAL CTR., PATENT CASE MANAGEMENT JUDICIAL GUIDE 5-16 to -24 (2d ed. 2012).

217. *Markman*, 52 F.3d at 970-71.

218. Markman v. Westview Instruments, Inc., 517 U.S. 370, 372 (1996).

neither a purely legal matter nor a matter of fact.[219] Accordingly, commentators—and many Federal Circuit judges—have suggested that lower courts should receive deference for their claim construction rulings.[220] The Federal Circuit, however, has insisted on reviewing district court claim construction orders de novo, with no deference given.[221] Again invoking its mission, the court has emphasized that its "role in providing national uniformity to the construction of a patent claim ... would be impeded if [it] were bound to give deference to a trial judge's asserted factual determinations incident to claim construction."[222]

As this Article was going to press, the Federal Circuit agreed to reconsider en banc its case law giving no deference to district court claim construction.[223] For good reason: the Federal Circuit's searching appellate review may have serious consequences for the patent system. As an empirical matter, numerous studies have documented the high rate at which the Federal Circuit overturns district court claim construction orders.[224] The most reliable studies have calculated the figure to be about 30 percent, whereas the overall rate for civil appeals in the federal courts appears to be less than 20 percent.[225] Although there is evidence that claim construction

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219. *Id.* at 378, 388.

220. *See* Donald R. Dunner, *Time to Revisit the "No Deference"* Cybor *Rule*, LANDSLIDE, Nov.-Dec. 2011, at 11; Jeffrey Peabody, *Under Construction: Towards a More Deferential Standard of Review in Claim Construction Cases*, 17 FED. CIR. B.J. 505, 520 (2008); Thomas Chen, Note, *Patent Claim Construction: An Appeal for* Chevron *Deference*, 94 VA. L. REV. 1165, 1168 (2008); *see also* Retractable Techs., Inc. v. Becton, Dickinson & Co., 659 F.3d 1369, 1373 (Fed. Cir. 2011) (Moore, J., dissenting from denial of rehearing en banc); *id.* at 1373 (O'Malley, J., dissenting from denial of rehearing en banc); Amgen Inc. v. Hoechst Marion Roussel, Inc., 469 F.3d 1039, 1040 (Fed. Cir. 2006) (Michel, C.J., dissenting from denial of rehearing en banc); *id.* at 1044 (Rader, J., dissenting from denial of rehearing en banc); *Phillips*, 415 F.3d at 1330 (Mayer, J., dissenting).

221. Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1451 (Fed. Cir. 1998) (en banc).

222. *Id.* at 1455.

223. Lighting Ballast Control LLC v. Philips Elecs. N. Am. Corp., No. 2012-1014, 2013 WL 1035092 (Fed. Cir. Mar. 15, 2013).

224. *See* Richard S. Gruner, *How High Is Too High?: Reflections on the Sources and Meaning of Claim Construction Reversal Rates at the Federal Circuit*, 43 LOY. L.A. L. REV. 981, 995-1001 (2010) (summarizing the empirical studies).

225. *See* Kimberly A. Moore, Markman *Eight Years Later: Is Claim Construction More Predictable?*, 9 LEWIS & CLARK L. REV. 231, 239 (2005) (finding that, in Federal Circuit cases from 1996 through 2003 in which claim construction was at issue, the court held that the district court incorrectly construed at least one term in 37.5 percent of cases and that claim construction errors required reversal or vacatur in 29.7 percent of cases); Schwartz, *supra* note 5, at 248-49 (finding that, from 1996 through 2007, 29.7 percent of Federal Circuit

reversal rates have declined in recent years,[226] de novo review still presents serious efficiency problems. Claim construction orders are made relatively early in a case, often in conjunction with summary judgment motions, and before any trial.[227] Yet the Federal Circuit typically will not review those orders until after a final judgment issues.[228] In the interim, the district court may conduct a trial based on its initial claim construction. If the Federal Circuit eventually reverses that construction, a remand for further factual development—often a costly second trial—will be necessary.[229]

Some data suggest that high Federal Circuit reversal rates are not limited to claim construction,[230] although the empirical literature does not unanimously support this view.[231] Regardless of these conflicting quantitative data, there is a widely shared perception that Federal Circuit appeals are abnormally unpredictable, due in significant part to de novo review of claim construction.[232] As a con-

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appeals involving claim construction issues were reversed, vacated, or remanded due to claim construction errors, and that, in another 8.3 percent of cases, the Federal Circuit found a claim construction error but still affirmed); *see also* Ted Sichelman, *Myths of (Un)certainty at the Federal Circuit*, 43 LOY. L.A. L. REV. 1161, 1172-73 nn.46-47 & 51 (2010) (noting that "Schwartz's and Moore's claim construction studies are the only ones to comprehensively account for ... summary affirmances in calculating reversal rates" and also discussing overall reversal rates for civil cases).

226. J. Jonas Anderson & Peter S. Menell, *From* De Novo *to Informal Deference: An Historical, Empirical, and Normative Analysis of the Standard of Appellate Review for Patent Claim Construction* 53 (UC Berkeley Pub. Law, Research Paper No. 2,150,360, 2012), *available at* http://ssrn.com/abstract=2150360 (finding that, since July 2005, a claim construction error required reversal, vacatur, or remand in 24.1 percent of Federal Circuit cases in which claim construction was at issue).

227. *See* Edward Brunet, Markman *Hearings, Summary Judgment, and Judicial Discretion*, 9 LEWIS & CLARK L. REV. 93, 95-96 (2005).

228. *See* Paul R. Gugliuzza, *The New Federal Circuit Mandamus*, 45 IND. L. REV. 343, 396 n.381 (2012).

229. *See* ABA SECTION OF INTELLECTUAL PROPERTY LAW, A SECTION WHITE PAPER: AGENDA FOR 21ST CENTURY PATENT REFORM 33 (rev. Sept. 2010) (noting that frequent reversals on claim construction "cause[] inefficiencies," "waste[] judicial, litigant, and client resources," and "cause[] patent cases to cost substantially more to litigate, because a trial or portions of the litigation must be relitigated").

230. *See, e.g.*, Field, *supra* note 14, at 759 (showing that the overall reversal rate in Federal Circuit patent cases is 28.8 percent, compared with a 14 percent reversal rate in regional circuit cases used as a control group).

231. *See, e.g.*, Sichelman, *supra* note 225, at 1194 ("[A]lthough claim construction reversal rates seem unduly high, based on the best available evidence, the Federal Circuit's reversal rates in patent cases overall are roughly the same as or lower than reversal rates for complex cases in other circuits.").

232. *Id.* at 1184-85.

sequence, litigants and judges have a cynical perception of patent litigation generally and the Federal Circuit specifically. For example, then-District Judge Kathleen O'Malley, now a judge on the Federal Circuit, once joked that "litigants should want to be on the losing side at the district court level because there appears to be a presumption at the [Federal Circuit] that district judges generally get claim construction wrong."[233] Although Judge O'Malley recognized that her statement was not quite empirically accurate,[234] the sentiment captures the perception that the Federal Circuit holds significant power over patent infringement determinations and exercises it in somewhat arbitrary fashion. If patent appeals are no more predictable than "throw[ing] darts," as another district judge has quipped,[235] the patent system suffers. District judges, viewing themselves as mere "[way] station[s] along the way to appeal"—another sentiment expressed by a sitting district judge[236]—might be less inclined to invest their scarce time into the case.

Also, the Federal Circuit's de novo review of claim construction indirectly displaces district court authority in other areas of patent law. Because claim construction reversals often nullify the district court's infringement analysis, there is what Arti Rai has called a "domino effect": rather than "remand for a new trial," the Federal Circuit may "simply declare[ ] that there is no factual dispute" on the issue of infringement and decide the entire case itself.[237] Indeed, at least one Federal Circuit judge, when discussing claim construction, has acknowledged the court's hesitancy to remand for a new trial.[238]

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233. Kathleen M. O'Malley et al., *A Panel Discussion: Claim Construction from the Perspective of the District Judge*, 54 CASE W. RES. L. REV. 671, 680 (2004).

234. *See id.*

235. Anandashankar Mazumdar, *Federal District Courts Need Experts That Are Good "Teachers," Judges Tell Bar*, 70 PAT. TRADEMARK & COPYRIGHT J. 536, 536 (2005) (quoting District Judge Marsha Pechman).

236. O'Malley et al., *supra* note 233, at 682 (comments of District Judge Patti Saris, stating also that "the high reversal rate demoralizes many federal district court judges").

237. *See* Arti K. Rai, *Specialized Trial Courts: Concentrating Expertise on Fact*, 17 BERKELEY TECH. L.J. 877, 884-85 (2002); *accord* William C. Rooklidge & Matthew F. Weil, Essay, *Judicial Hyperactivity: The Federal Circuit's Discomfort with Its Appellate Role*, 15 BERKELEY TECH. L.J. 725, 740-45 (2000).

238. Alan D. Lourie, Judge, U.S. Court of Appeals for the Fed. Circuit, Speech to the Patent, Trademark, and Copyright Section of the D.C. Bar (June 16, 2000), *in* 60 PAT. TRADEMARK & COPYRIGHT J. 147 (2000) ("[W]hile in a particular case, one might consider that a remand rather than a reversal is in order, we hesitate to send a case back to the district

Of course, some important issues in patent cases are questions of fact subject to more deferential appellate review, such as the ultimate question of infringement, aspects of the analysis for nonobviousness, and the requirement that an invention be novel. Also, declining reversal rates on claim construction could gradually shift power to district courts through an opaque system of "informal deference."[239] Nevertheless, as long as claim construction doctrine provides for de novo review, the balance of power favors the Federal Circuit. Claim construction is crucial to nearly every issue in a patent case, "so judges and juries often have little discretion once a particular construction has been accorded to a patent's claims."[240]

The power the Federal Circuit exercises over the fact-related question of claim construction highlights yet another role played by the Federal Circuit: fact-finding trial court. As in both the federalism and separation of powers relationships, the court has justified its changing roles based on a need for uniformity in patent law and patent adjudication.[241]

2. Enhancing Power Through Procedure: The Federal Circuit as a District Court

Besides uniformity, another reason Congress created the Federal Circuit was to provide expert adjudication in complex patent cases.[242] The court's mission to provide expertise is useful in understanding another role played by the Federal Circuit: that of a district court. In particular, the Federal Circuit has recently opened new avenues of interlocutory appeal that further shift power away from federal trial courts.

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court when it is plain to us what the result will be. I believe most district judges would rather have the case decided by us rather than for us to be too finicky about reversing and send the case back for another trial.").

239. Anderson & Menell, *supra* note 226, at 9 (arguing that the Federal Circuit should formally recognize a more deferential standard of appellate review to improve the quality and transparency of claim construction analysis). The notion of informal deference has appeared in some recent Federal Circuit opinions. For example, in a pair of decisions written by Chief Judge Paul Michel shortly before his retirement, the court stated that, even under a de novo standard of review, "common sense dictates that the trial judge's view will carry weight." Dow Jones & Co. v. Ablaise Ltd., 606 F.3d 1338, 1344-45 (Fed. Cir. 2010); Randall May Int'l, Inc. v. DEG Music Prods., Inc., 378 F. App'x 989, 999 (Fed. Cir. 2010) (same).

240. Fromer, *supra* note 3, at 1461.

241. *See supra* notes 83, 104, 109, 155 and accompanying text.

242. *See* S. REP. NO. 97-275, at 6 (1981).

The writ of mandamus is a mechanism to obtain immediate appellate review of an order that does not end the district court proceedings. Mandamus is an extraordinary writ and will issue only if the district court's error was "clear and indisputable" and the petitioner has no other means to seek adequate relief.[243] In the Federal Circuit's early days, the court viewed its lack of "supervisory authority"[244] as an additional limit on its ability to issue mandamus. The court would issue the writ only on matters that "directly implicate[d]" or were "intimately bound up with and controlled by" patent law.[245] In other words, the court would not review nonpatent issues on mandamus, even though it would review those same issues on a postjudgment appeal.

Without explicitly overruling this older case law, the court has granted mandamus on many nonpatent issues, such as attorney-client privilege[246] and transfer of venue.[247] The court's willingness to consider mandamus petitions on these issues is to some extent a positive development because it affords Federal Circuit litigants the same opportunities for appeal as litigants in the regional circuits. Yet interlocutory appeals can be disruptive, injecting an appeal at an early stage on issues that might become moot.[248] For example, suppose a district court erroneously denies a defendant's motion to transfer venue. If the defendant ultimately wins the case on summary judgment or after trial, that error would be harmless. And so, before December 2008, the Federal Circuit had never granted mandamus to reverse a lower court's transfer decision, denying at least twenty-two petitions on the issue since 1982.[249] But, since that time, the court has issued mandamus on transfer eleven times.[250]

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243. Cheney v. U.S. Dist. Court, 542 U.S. 367, 380-81 (2004).

244. *See supra* note 206 and accompanying text.

245. *In re* Innotron Diagnostics, 800 F.2d 1077, 1082 (Fed. Cir. 1986).

246. *In re* Pioneer Hi-Bred Int'l, Inc., 238 F.3d 1370, 1374 (Fed. Cir. 2001).

247. *In re* TS Tech USA Corp., 551 F.3d 1315 (Fed. Cir. 2008).

248. *See* GREGORY A. CASTANIAS & ROBERT H. KLONOFF, FEDERAL APPELLATE PRACTICE AND PROCEDURE 65-66 (2008).

249. Gugliuzza, *supra* note 228, at 346.

250. *See id.* at 346 nn.8 & 10 (citing cases). Since December 2008, the court has by my count denied twenty-five petitions challenging venue decisions. *See id.* at 346 nn.9-10 (citing cases); *see also In re* EMC Corp., Misc. No. 142, 2013 WL 324154 (Fed. Cir. Jan. 29, 2013) (denying petitions seeking transfer of multiple cases from the Eastern District of Texas to other districts); *In re* Fusion-IO, Inc., Misc. No. 139, 2012 WL 6634939 (Fed. Cir. Dec. 21, 2012) (denying petition seeking transfer from the Eastern District of Texas to the District of Utah); *In re* Princeton Digital Image Corp., Misc. No. 136, 2012 WL 5899325 (Fed. Cir. Nov.

Initially, those orders were all directed at one court, the U.S. District Court for the Eastern District of Texas, and the orders all applied the law of the Fifth Circuit, which permits relatively liberal use of mandamus to review transfer decisions.[251] Thus, one might argue that the Federal Circuit's decisions were an acceptable response to a peculiar problem with one court's transfer practice.[252] But to grant mandamus over and over on the same issue decided by the same court is unprecedented in any court of appeals, even the Fifth Circuit.[253]

Frequent grants of mandamus offer yet another example of Federal Circuit exceptionalism and invite questions about why the court would take such aggressive action against the Eastern District. The Eastern District has a reputation for favoring patent holders and is an attractive destination for forum-shopping plaintiffs.[254] The Federal Circuit could simply be displeased with the court's pro-patent slant and be using a procedural mechanism to achieve substantive ends. That said, although patent holders do fare relatively well in the Eastern District,[255] if the court were unduly

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26, 2012) (denying petition seeking to overturn a district court decision transferring the case from the Eastern District of Texas to the Southern District of New York); *In re* HTC Corp., Misc. No. 130, 2012 WL 4198258 (Fed. Cir. Sept. 20, 2012) (denying petition seeking transfer from the Eastern District of Texas to the Northern District of California); *In re* Capital One Fin. Corp., 475 F. App'x 337 (Fed. Cir. 2012) (per curiam) (denying petition seeking transfer from the Eastern District of Texas to the Southern District of Texas); *In re* Vicor Corp., Misc. No. 120, 2012 WL 3235199 (Fed. Cir. July 26, 2012) (denying petition seeking transfer from the Eastern District of Texas to the District of Massachusetts); *In re* Altera Corp., Misc. No. 121, 2012 WL 2951522 (Fed. Cir. July 20, 2012) (per curiam) (denying petition seeking transfer from the District of Delaware to the Northern District of California).

251. *See* Danny S. Ashby et al., *The Increasing Use and Importance of Mandamus in the Fifth Circuit*, 43 TEX. TECH L. REV. 1049, 1050 (2011).

252. *See* Yan Leychkis, *Of Fire Ants and Claim Construction: An Empirical Study of the Meteoric Rise of the Eastern District of Texas as a Preeminent Forum for Patent Litigation*, 9 YALE J.L. & TECH. 193, 216 (2007) (arguing that the Eastern District is unduly reluctant to order transfer). *But see* Paul M. Janicke, *Patent Venue and Convenience Transfer: New World or Small Shift?*, 11 N.C. J.L. & TECH. ONLINE 1, 19-23 (2009), http://www.ncjolt.org/sites/default/files/Janicke.pdf (finding that the Eastern District transfers roughly the same percentage of its patent cases as other district courts).

253. Gugliuzza, *supra* note 228, at 347. Some circuits refuse to even consider discretionary transfer decisions on mandamus, reasoning that increased interlocutory review might cause excessive delay. *See* 15 WRIGHT ET AL., *supra* note 65, § 3855.

254. *See* Li Zhu, Note, *Taking Off: Recent Changes to Venue Transfer of Patent Litigation in the Rocket Docket*, 11 MINN. J.L. SCI. & TECH. 901, 902 (2010).

255. Andrei Iancu & Jay Chung, *Real Reasons the Eastern District of Texas Draws Patent Cases—Beyond Lore and Anecdote*, 14 SMU SCI. & TECH. L. REV. 299, 318 (2011) (showing

biased in favor of plaintiffs, one might expect frequent appellate reversals on the merits. Yet the Federal Circuit appears to reverse the Eastern District at about the same rate as it reverses other district courts.[256]

Another way of viewing the Federal Circuit's increased interlocutory review is to consider that the Eastern District, because of its heavy load of patent cases,[257] might be considered an "expert" tribunal at the trial level. The court was one of the first districts to adopt special local rules for patent cases,[258] and it has a reputation for processing patent cases relatively quickly.[259] But Congress created *the Federal Circuit* to provide an expert patent tribunal,[260] even if the factual complexity of patent cases suggests that expertise might be more useful at the trial level.[261] By transferring decisions out of the Eastern District, the Federal Circuit retains its status as the only expert patent court. Indeed, in a recent State of the Court address, the Federal Circuit's chief judge expressed concern that patent litigation is becoming too concentrated in a small number of venues.[262]

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that plaintiffs in the Eastern District win 43 percent of contested cases, compared with win-rates ranging from 18 percent to 42.9 percent in ten other popular districts for patent cases).

256. *See id.* at 307 (calculating that the Federal Circuit affirms in full 61 percent of decisions from the Eastern District, compared with a national average affirmance-in-full rate that has ranged between 47 percent and 60 percent over the past ten years); *see also* Anderson & Menell, *supra* note 226, at 97 (showing that the Eastern District had the *lowest* reversal rate on the issue of claim construction among twelve of the most active patent districts from 2000 through 2010).

257. In 2011, the court received more patent case filings than any other district. THOMAS F. HOGAN, JUDICIAL BUSINESS OF THE UNITED STATES COURTS: ANNUAL REPORT OF THE DIRECTOR 162 tbl.C-7 (2011).

258. Xuan-Thao Nguyen, *Dynamic Federalism and Patent Law Reform*, 85 IND. L.J. 449, 476-77 (2010).

259. This reputation may not be entirely deserved. *See* Lemley, *supra* note 43, at 415-19 (noting, in a study of thirty-three district courts that resolved more than twenty-five patent cases from 2000 to 2010, that the Eastern District ranked seventh in time to trial but twenty-eighth in time to resolution).

260. *See* S. REP. NO. 97-275, at 6 (1981).

261. *See* Jay P. Kesan & Gwendolyn G. Ball, *Judicial Experience and the Efficiency and Accuracy of Patent Adjudication: An Empirical Analysis of the Case for a Specialized Patent Trial Court*, 24 HARV. J.L. & TECH. 393, 444 (2011) (presenting an empirical analysis that "provides a real but modest case for ... the establishment of a specialized patent trial court").

262. Randall R. Rader, Chief Judge, U.S. Court of Appeals for the Fed. Circuit, Speech at the Fifteenth Annual Eastern District of Texas Bench and Bar Conference: The State of Patent Litigation (Sept. 27, 2011), *in* 21 FED. CIR. B.J. 331, 341 (2012) ("The Northern District of California, the District of Delaware, or the Eastern District of Texas should not be chosen

Regardless of the court's motive, this expansion of interlocutory review may have serious consequences for the judiciary. For one, the court's willingness to grant mandamus has increased the number of petitions filed, which can delay proceedings in trial courts. From 2005 through 2009, the Federal Circuit received, on average, twenty-eight petitions for extraordinary relief each year.[263] The court granted its first transfer petition in December 2008, and, in the past two years, it has received about forty-five petitions per year.[264] Also, when the court grants petitions, as is increasingly the case, adjudication of the matter is significantly delayed because the cases must essentially start anew in the transferee district.[265] Finally, the delay and costs that stem from interlocutory review may be multiplied as the Federal Circuit, relying on its transfer precedent in cases from the Eastern District of Texas, finds mandamus to be an appropriate means of reviewing other types of interlocutory orders and interlocutory orders from other courts. For example, in 2011, the court for the first time ordered a court besides the Eastern District of Texas to transfer a patent dispute.[266] In another recent case, the court held as "a matter of first impression" that mandamus could be used to review a district court decision on joinder.[267]

None of this is to say that the Federal Circuit's transfer analysis has been consistently incorrect, as the Eastern District's connection to many cases filed there is relatively weak.[268] Nor is it to say that joinder is not a troublesome issue in patent litigation.[269] It is simply interesting that the Federal Circuit has chosen to combat these problems—both of which Congress has expressed interest in

by default or for attorney convenience .... [T]he best way for us to strengthen our judicial system is to share and promote other venues.").

263. *See Statistics: Appeals Filed, Terminated, and Pending*, U.S. CT. OF APPEALS FOR FED. CIRCUIT, http://www.cafc.uscourts.gov/the-court/statistics.html (last visited Mar. 31, 2013).

264. *Id.*

265. This assertion is based on my conversations with lawyers involved in cases transferred out of the Eastern District of Texas.

266. *See In re* Link_A_Media Devices Corp., 662 F.3d 1221, 1224-25 (Fed. Cir. 2011) (per curiam) (ordering transfer from the District of Delaware to the Northern District of California).

267. *In re* EMC Corp., 677 F.3d 1351, 1354-55 (Fed. Cir. 2012).

268. *See* Gugliuzza, *supra* note 228, at 383-90.

269. *See* David O. Taylor, *Patent Misjoinder*, 87 N.Y.U. L. REV. (forthcoming 2013) (manuscript at 6-7), *available at* http://ssrn.com/abstract=1957803 (describing split among district courts regarding the proper standard for joinder).

addressing[270]—by effectively acting as a district court, aggressively reviewing decisions normally left to the discretion of the trial judge. By expanding appellate power, the court might further undermine the efficiency of a litigation system that many already view as rather inefficient.

B. The Federal Circuit and the ITC

The Federal Circuit has also aggressively reviewed the ITC, the other trial-level tribunal that hears patent cases. The ITC is an independent agency that can prohibit importation of goods that infringe U.S. patents.[271] Although the ITC has had the power to issue exclusion orders since its inception in 1975,[272] its jurisdiction over patent cases has become increasingly important in recent years, partly because the Supreme Court has limited patentees' ability to obtain district court injunctions against infringement.[273] The Federal Circuit has held that these limitations do not apply to the ITC,[274] and the number of ITC investigations into patent infringement has grown, from about twelve per year in the 1990s, to twenty-two per year from 2000 to 2005, to forty-four per year from 2006 to the present.[275] Given this extensive and growing experience with

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270. *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 19(d), 125 Stat. 284, 332-33 (2011) (to be codified at 35 U.S.C. § 299(b)) (prohibiting joinder when based solely on the allegation that the defendants infringed the same patent); S. 515, 111th Cong. § 8 (2009) (limiting venue for patent cases to districts such as the defendant's principal place of business, place of incorporation, or the place of infringement if the defendant has substantial operations there).

271. *See* 19 U.S.C. § 1337(d) (2006).

272. *See* Colleen V. Chien, *Patently Protectionist? An Empirical Analysis of Patent Cases at the International Trade Commission*, 50 WM. & MARY L. REV. 63, 73 (2008); *see also* Trade Act of 1974, Pub. L. No. 93-618, §§ 171-172, 88 Stat. 2009, 2009-10 (forming the ITC from the former U.S. Tariff Commission).

273. *See* eBay, Inc. v. MercExchange, L.L.C., 547 U.S. 388, 390-91 (2006) (overturning the Federal Circuit's "general rule" that a patentee who prevailed in a district court on a claim of infringement was automatically entitled to an injunction prohibiting sales of the infringing product). Since *eBay*, district courts have granted about 75 percent of requests for injunctions, down from 95 percent before *eBay*. Colleen V. Chien & Mark A. Lemley, *Patent Holdup, the ITC, and the Public Interest*, 98 CORNELL L. REV. 1, 9-10 (2012).

274. Spansion, Inc. v. Int'l Trade Comm'n, 629 F.3d 1331, 1359 (Fed. Cir. 2010).

275. *Number of Section 337 Investigations Instituted by Calendar Year*, U.S. INT'L TRADE COMMISSION, http://www.usitc.gov/intellectual_property/documents/cy_337_institutions.pdf (last visited Mar. 31, 2013).

patent litigation, the ITC's administrative law judges are generally regarded as expert patent adjudicators.[276]

Yet preliminary evidence suggests that the Federal Circuit is reluctant to empower the ITC. For instance, the Federal Circuit has not given *Chevron* or *Skidmore* deference to ITC decisions on patent validity, enforceability, or claim construction.[277] Moreover, the Federal Circuit reviews ITC claim construction de novo, and the court reverses ITC claim construction decisions at about the same high rates it reverses claim constructions of district courts with significant patent dockets.[278] Because the ITC can issue exclusion orders but cannot award damages, most ITC petitioners also sue in district court. But the Federal Circuit does not treat ITC determinations as preclusive in subsequent litigation. This leaves the court free to ignore, for example, an ITC decision finding infringement when it is faced with a district court appeal on the same issue.[279]

If these trends hold, the ITC will have a minimal role in shaping patent law and policy, just like the PTO and district courts with patent-heavy dockets. The Federal Circuit will remain the sole patent expert in the federal system.

V. THE HORIZONTAL RELATIONSHIP: THE FEDERAL CIRCUIT AND THE REGIONAL CIRCUITS

The final piece in the taxonomy of Federal Circuit relationships is the court's horizontal relationship with the regional circuits. One way in which the Federal Circuit interacts with the regional circuits is in determining whether an appeal from a federal district court "aris[es] under" patent law, conferring exclusive appellate jurisdiction on the Federal Circuit, as opposed to the regional circuits.[280] As discussed above, in the federalism relationship, the Federal Circuit had adopted an expansive view of which state-law claims arise

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276. David L. Schwartz, *Courting Specialization: An Empirical Study of Claim Construction Comparing Patent Litigation Before Federal District Courts and the International Trade Commission*, 50 WM. & MARY L. REV. 1699, 1702-03 (2009).

277. Kumar, *supra* note 3, at 1568 & n.112.

278. Schwartz, *supra* note 276, at 1719-20 (noting that, because of differences between ITC investigations and district court litigation, "comparing reversal rates ... must be done with caution").

279. *See* Tex. Instruments Inc. v. Cypress Semiconductor Corp., 90 F.3d 1558, 1569 (Fed. Cir. 1996).

280. *See* 28 U.S.C. § 1295(a)(1) (2006).

under patent law, upholding federal jurisdiction any time the case required an analysis of patent infringement or validity.[281] The Supreme Court's decision in *Gunn*, which restricted the class of cases that arise under patent law, will therefore also narrow the Federal Circuit's jurisdiction vis-à-vis the regional circuits.[282]

Another way the Federal Circuit interacts with the regional circuits is through choice-of-law rules. These rules provide a final illustration of the Federal Circuit's changing roles, with the court acting like a regional circuit by increasingly applying its own law to all federal issues that arise on appeal, rather than limiting Federal Circuit law to patent issues. The court has expanded the reach of its own law both explicitly, by altering its choice-of-law rules, and implicitly, by treating Federal Circuit case law as binding even if regional circuit law controls the relevant issue.

A. Explicitly Expanding the Reach of Federal Circuit Law

Shortly after Congress created the Federal Circuit, the court established that it would apply its own law to questions of substantive patent law, procedural issues unique to patent law, and questions of its own jurisdiction.[283] The court would apply the law of the relevant regional circuit to all other questions.[284] Commentators thus characterized the Federal Circuit's approach to choice of law as "cautious"; early cases suggested that the Federal Circuit would

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281. *See supra* Part II.B.

282. As a factual matter, jurisdictional disputes implicating the horizontal relationship differ from cases implicating the federalism relationship. In the horizontal cases, there usually will be no dispute that federal jurisdiction existed at the trial level, likely because the case included a claim created by federal law or because the parties were of diverse citizenship. On appeal, however, the precise statutory basis for subject matter jurisdiction may become an issue because, if the case contains a claim arising under patent law, appellate jurisdiction is exclusive in the Federal Circuit. In *Biotechnology Industry Organization v. District of Columbia*, 496 F.3d 1362, 1366 (Fed. Cir. 2007), for instance, the district court granted the plaintiffs' request for a declaratory judgment that a statute adopted by the District of Columbia was preempted by the federal patent laws and unconstitutional under the Commerce Clause. There was apparently no dispute over subject matter jurisdiction in the district court because of the obviously federal nature of the plaintiffs' claims. *See id.* On appeal, however, the D.C. Circuit transferred the case to the Federal Circuit, and the Federal Circuit accepted jurisdiction, reasoning that the preemption claim arose under patent law because patent law was a necessary element of the plaintiffs' claim. *See id.* at 1367.

283. *See* Joan E. Schaffner, *Federal Circuit "Choice of Law":* Erie *Through the Looking Glass*, 81 IOWA L. REV. 1173, 1181 (1996).

284. *Id.* at 1181-82.

defer to regional circuit law on many nonpatent issues.[285] Yet the court gradually expanded the category of procedural issues "unique" to patent law, applying its own law to the due process component of personal jurisdiction,[286] the standard for injunctive relief,[287] standing,[288] and the meaning of "prevailing party" under the Federal Rules of Civil Procedure.[289]

The court expanded the reach of its law on procedural matters most significantly in the en banc portion of its opinion in *Midwest Industries, Inc. v. Karavan Trailers, Inc.*[290] The issue in that case was whether the plaintiff's Lanham Act and state-law trademark claims were preempted by federal patent law.[291] The court held that Federal Circuit law governed the preemption analysis, overruling earlier decisions that had applied regional circuit law.[292] Significantly broadening the applicability of its own law to procedural issues, the court noted that Federal Circuit law would control (1) "if the issue pertain[s] to patent law," (2) if the issue "bears an essential relationship to matters committed to [the Federal Circuit's] exclusive control by statute," or (3) if the issue "clearly implicates the jurisprudential responsibilities of [the] court in a field within its exclusive jurisdiction."[293] The court again justified its expansion of authority with an appeal to its "obligation of promoting uniformity in the field of patent law."[294] The court has since deployed the *Midwest Industries* framework to apply Federal Circuit law to determine whether patent-related Lanham Act and state-law unfair competition claims are preempted by federal antitrust law,[295] and to additional transsubstantive issues, such as the attorney-client privilege[296] and the standards for joinder under the Federal

285. *See* Scott A. Stempel & John F. Terzaken III, *Casting a Long IP Shadow over Antitrust Jurisprudence: The Federal Circuit's Expanding Jurisdictional Reach*, 69 ANTITRUST L.J. 711, 726 (2001).

286. Beverly Hills Fan Co. v. Royal Sovereign Corp., 21 F.3d 1558, 1564-65 (Fed. Cir. 1994).

287. Reebok Int'l Ltd. v. J. Baker, Inc., 32 F.3d 1552, 1555 (Fed. Cir. 1994).

288. Goodyear Tire & Rubber Co. v. Releasomers, Inc., 824 F.2d 953, 954 & n.3 (Fed. Cir. 1987).

289. Manildra Milling Corp. v. Ogilvie Mills, Inc., 76 F.3d 1178, 1182 (Fed. Cir. 1996).

290. 175 F.3d 1356 (Fed. Cir. 1999) (en banc in relevant part).

291. *Id.* at 1357.

292. *Id.* at 1358-59 (citing cases).

293. *Id.* at 1359 (internal quotation marks omitted).

294. *Id.* at 1360.

295. Zenith Elecs. Corp. v. Exzec, Inc., 182 F.3d 1340, 1347 (Fed. Cir. 1999).

296. *In re* Spaulding Sports Worldwide, Inc., 203 F.3d 800, 803-04 (Fed. Cir. 2000).

Rules of Civil Procedure.[297] Nevertheless, the Federal Circuit still usually applies regional circuit law to many important procedural issues, such as the standards for motions to dismiss and motions for judgment as a matter of law.[298]

The Federal Circuit has also expanded the reach of its law in nonpatent substantive areas, such as antitrust law.[299] Initially, the court applied regional circuit law to patent-related antitrust claims, such as claims that a patent holder filed an infringement suit in bad faith.[300] In *Nobelpharma AB v. Implant Innovations, Inc.*, however, the court overruled this older precedent, holding that antitrust suits involving "conduct in procuring or enforcing a patent" would be governed by Federal Circuit law.[301] To justify this expansion of Federal Circuit authority, the court again appealed to uniformity, reasoning that applying its own law would "avoid the 'danger of confusion [that] might be enhanced if this court were to embark on an effort to interpret the laws' of the regional circuits."[302] Since *Nobelpharma*, the court has applied Federal Circuit antitrust law to additional matters such as tying[303] and refusals to deal[304] involving patented products. Again, however, the extension of Federal Circuit law is incomplete, as the court applies regional circuit law to nonpatent aspects of antitrust claims, such as market definition and market power.[305]

Federal courts of appeals are usually not bound by other circuits' law,[306] and good reasons exist for criticizing the Federal Circuit's choice-of-law doctrine. Most notably, it is not easy to predict where the court will draw the line between patent and nonpatent mat-

297. *In re* EMC Corp., 677 F.3d 1351, 1354 (Fed. Cir. 2012).

298. *See* Ted L. Field, *Improving the Federal Circuit's Approach to Choice of Law for Procedural Matters in Patent Cases*, 16 GEO. MASON L. REV. 643, 644-49 (2009) (noting inconsistency in the court's approach to choice of law on these issues).

299. *See* James B. Gambrell, *The Evolving Interplay of Patent Rights and Antitrust Restraints in the Federal Circuit*, 9 TEX. INTELL. PROP. L.J. 137, 141-42 (2001).

300. *See, e.g.*, Loctite Corp. v. Ultraseal Ltd., 781 F.2d 861, 875 (Fed. Cir. 1985).

301. 141 F.3d 1059, 1068 (Fed. Cir. 1998) (en banc in relevant part).

302. *Id.* (quoting Forman v. United States, 767 F.2d 875, 880 n.6 (Fed. Cir. 1985)).

303. Indep. Ink, Inc. v. Ill. Tool Works, Inc., 396 F.3d 1342, 1346 (Fed. Cir. 2005), *vacated on other grounds*, 547 U.S. 28 (2006).

304. *In re* Indep. Serv. Orgs. Antitrust Litig., 203 F.3d 1322, 1325 (Fed. Cir. 2000).

305. *See, e.g.*, *In re* Ciprofloxacin Hydrochloride Antitrust Litig., 544 F.3d 1323, 1332 (Fed. Cir. 2008).

306. *See* Dreyfuss, *supra* note 41, at 38 n.219.

ters.[307] The court has inconsistently articulated its choice-of-law rules and has applied different bodies of law to the same issue in different cases.[308] Attorney-client privilege, for instance, is sometimes governed by Federal Circuit law and sometimes by regional circuit law.[309] Moreover, when the regional circuit has not decided an issue governed by regional circuit law, the Federal Circuit takes the anomalous step of predicting how the regional circuit would rule rather than declaring the content of federal law.[310]

A more efficient approach might be for Federal Circuit law to apply to all matters in cases that arise under patent law.[311] This approach would eliminate litigation over which circuit's law applies and potentially enhance predictability. Also, to the extent that Federal Circuit law suffers from a lack of percolation,[312] extending Federal Circuit law to more nonpatent issues would require the court to regularly engage issues on which there are rich bodies of regional circuit law.[313] Moreover, as discussed below, the current choice-of-law rules can lead to the strange result that a long line of Federal Circuit decisions on a particular issue are not actually binding authority because regional circuit law governs the issue.[314]

That said, applying Federal Circuit law to all issues in a patent case could complicate matters for district judges, who would be forced to interpret and apply even more Federal Circuit nonpatent law. The Federal Circuit, however, has not been shy about expanding its power over other institutions, such as state courts,[315] district

307. *See* Kimberly A. Moore, Essay, *Juries, Patent Cases, and a Lack of Transparency*, 39 HOUS. L. REV. 779, 800-01 (2002).

308. *See* Field, *supra* note 298, at 644-45.

309. *Compare In re* Spaulding Sports Worldwide, Inc., 203 F.3d 800, 804 (Fed. Cir. 2000) (applying Federal Circuit law when the allegedly privileged document "relate[d] to an invention ... consider[ed] for possible patent protection"), *with* Fort James Corp. v. Solo Cup Co., 412 F.3d 1340, 1350-51 (Fed. Cir. 2005) (applying regional circuit law in determining whether waiver of privilege extended to communications concerning the on-sale bar of the Patent Act).

310. *E.g.*, Wi-LAN, Inc. v. Kilpatrick Townsend & Stockton LLP, 684 F.3d 1364, 1368 (Fed. Cir. 2012).

311. *See* Field, *supra* note 298, at 646 (arguing that "in patent cases, the Federal Circuit should apply its own law to all procedural issues, regardless of whether these issues are related to substantive patent law").

312. *See, e.g.*, Golden, *supra* note 3, at 661-62.

313. *See* Dreyfuss, *supra* note 41, at 59.

314. *See infra* Part V.B.

315. *See supra* Part II.B.

courts,[316] and the PTO.[317] One might, therefore, ask why the Federal Circuit has been more restrained in the horizontal relationship. That is, why has the Federal Circuit not simply applied its own law to all issues in patent cases?

One reason might be that, under the current choice-of-law regime, the court retains the ability to define or redefine on an ad hoc basis which matters are controlled by Federal Circuit law. So, there might be no need to further alter basic choice-of-law principles. The court can, for example, continue to apply regional circuit law to procedural matters—many of which, such as standards for dispositive motions, are uniform among the circuits anyway—but define issues as controlled by Federal Circuit law if the court disagrees with the law of the relevant regional circuit.[318] Additionally, the Federal Circuit might be more cautious in the choice-of-law context because it is competing for power with formidable opponents: the regional circuits. If the Federal Circuit improperly attempted to supplant regional circuit law, a regional circuit might be more apt than, say, a district court, to criticize the Federal Circuit in a subsequent case.[319] Finally, to apply Federal Circuit law to all issues in patent cases would require a dramatic legal change. The court would be forced to overrule three decades of precedent that is relevant to every appeal of patent litigation. Compared to other circuits, the Federal Circuit is a leader in convening en banc to change its law.[320] But it would take a tremendous institutional commitment to overrule one of the foundational aspects of Federal Circuit practice.

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316. *See supra* Part IV.A.

317. *See supra* Part III.A.

318. *See* Midwest Indus., Inc. v. Karavan Trailers, Inc., 175 F.3d 1356, 1364 (Fed. Cir. 1999) (applying Federal Circuit law rather than Tenth Circuit law to a trade dress issue, noting that the Tenth Circuit's approach "stands alone" among the circuits). The Federal Circuit's recent decision in *Revision Military, Inc. v. Balboa Manufacturing Co.*, 700 F.3d 524 (Fed. Cir. 2012), also illustrates how the court can potentially leverage choice-of-law rules to dictate case outcomes. In that case, the Federal Circuit vacated a district court decision that had denied a preliminary injunction against patent infringement because the district court had applied the Second Circuit's standard for preliminary injunctions, not the Federal Circuit's standard. *Id.* at 525. Second Circuit law requires that the plaintiff show a "'clear' or 'substantial' likelihood of success on the merits" when the plaintiff "seeks 'an injunction that will alter rather than maintain the status quo,'" whereas Federal Circuit law requires the plaintiff to show only that success on the merits is "more likely than not." *Id.* at 525-26.

319. *Cf.* Christianson v. Colt Indus. Operating Corp., 798 F.2d 1051, 1056-57 (7th Cir. 1986) (criticizing a Federal Circuit jurisdictional ruling as "clearly wrong").

320. *See* Vacca, *supra* note 166, at 736-44.

Whatever the reason for the Federal Circuit's restraint in the horizontal relationship, viewed as a whole, the court's choice-of-law doctrine still fits a pattern of expanding Federal Circuit power justified by the policy aim of ensuring uniformity in patent law.

B. Implicitly Expanding the Reach of Federal Circuit Law

While the Federal Circuit has expanded its power over the regional circuits explicitly by increasing the number of issues governed by its own law, the court has also expanded its reach implicitly. In some cases, the court has acknowledged that, under governing choice-of-law principles, it is bound to apply regional circuit law, yet the court has relied upon its own case law to develop a Federal Circuit-specific line of authority.

The transfer of venue cases discussed above[321] are examples of this phenomenon. Transfer of venue under 28 U.S.C. § 1404(a) is a nonpatent procedural issue governed by regional circuit law.[322] The court began its mandamus revolution by relying on an en banc Fifth Circuit decision that had granted mandamus to order the Eastern District of Texas to transfer a tort case to the Northern District of Texas.[323]

Over the past four years, however, the Federal Circuit has begun to rely more heavily on its own growing body of § 1404(a) case law. For example, in *In re Morgan Stanley*, the court ordered transfer from the Eastern District of Texas to the Southern District of New York.[324] The court pointed out that the plaintiff and most of the defendants were "headquartered in or close by the transferee venue," similar to a prior decision in which the Federal Circuit granted transfer when the plaintiff and many defendants were headquartered in the transferee venue.[325] The court also rejected the plaintiff's argument that, because the patents-in-suit had been asserted in a prior case in the Eastern District, judicial economy favored denial of transfer.[326] The court analogized to two of its prior

321. *See supra* notes 249-53 and accompanying text.

322. *In re* Link_A_Media Devices Corp., 662 F.3d 1221, 1222-23 (Fed. Cir. 2011).

323. *See In re* TS Tech USA Corp., 551 F.3d 1315, 1319-22 (Fed. Cir. 2008) (citing *In re* Volkswagen of Am., Inc., 545 F.3d 304 (5th Cir. 2008) (en banc)).

324. 417 F. App'x 947, 948 (Fed. Cir. 2011).

325. *Id.* (citing *In re* Acer Am. Corp., 626 F.3d 1252, 1254 (Fed. Cir. 2010)).

326. *See id.* at 949.

mandamus decisions, which it read to hold that "the proper administration of justice may be to transfer to the far more convenient venue even when the trial court has some familiarity with a matter from prior litigation."[327]

In a later case, *In re Biosearch Technologies, Inc.*, the court conceded that its prior mandamus decisions were only "persuasive authority for transfer."[328] Nevertheless, it emphasized that "[i]n analogous situations ... we have determined that the asserted geographical centrality of Texas did not outweigh" the inconvenience to the defendant and ordered transfer.[329] These decisions and others[330] illustrate how the Federal Circuit can, in practice, ignore its choice-of-law principles to expand the reach of its authority.

Again, however, the Federal Circuit's expansion of power through choice of law has been less aggressive than in its other relationships. The court has expanded its law to cover some, but not all, patent issues, and some of the expansion has occurred implicitly, rather than through explicit alteration of doctrine. This less aggressive approach is interesting in the horizontal relationship because, as discussed above,[331] patent litigation might benefit from the Federal Circuit applying its own law to more nonpatent issues, like transfer of venue. Clearer choice-of-law rules could eliminate litigation over which circuit's law applies, and binding, patent-specific procedural precedent could provide useful guidance to litigants and lower courts. In any event, by expanding the reach of its own law, the court can be viewed as shifting into yet another role—that of a

327. *Id.* (citing *In re* Verizon Bus. Network Servs. Inc., 635 F.3d 559 (Fed. Cir. 2011); *In re* Zimmer Holdings, Inc., 609 F.3d 1378 (Fed. Cir. 2010)).

328. 452 F. App'x 986, 989 (Fed. Cir. 2011).

329. *Id.* at 988-89 (citing *In re* Genentech, Inc., 566 F.3d 1338 (Fed. Cir. 2009)).

330. *See, e.g.*, *In re* EMC Corp., Misc. No. 142, 2013 WL 324154, at *2 (Fed. Cir. Jan. 29, 2013) (denying transfer, noting that "we have held that a district court's experience with a patent in prior litigation and the copendency of cases involving the same patent are permissible considerations in ruling on a motion to transfer venue" and that "[t]he latter consideration is applicable here" because denial of transfer would permit the same judge to handle multiple suits by the plaintiff "involving the same patents and technology" (citation omitted) (citing *In re* Vistaprint, Ltd., 628 F.3d 1342, 1346-47 & n.3 (Fed. Cir. 2010))); *In re* Apple Inc., 456 F. App'x 907, 909 (Fed. Cir. 2012) (denying transfer and noting that, "measured against [prior Federal Circuit cases], there [was] a plausible argument that" the party seeking transfer "did not meet its burden of demonstrating ... that the transferee venue [was] 'clearly more convenient'").

331. *See supra* notes 306-14 and accompanying text.

regional circuit—which will usually apply its own law to any federal issue that comes before it.

VI. POWER EXPANSION: CAUSES AND CONSEQUENCES

This taxonomy of relationships illustrates that, in various ways, for various reasons, and to various degrees, the Federal Circuit has preserved and expanded its own power relative to other government bodies. These power dynamics provide a glimpse into the "black hole" of judicial behavior,[332] in the unique context of a specialized court.[333] These dynamics also highlight important issues for future inquiry, such as how power expansion in Federal Circuit patent law impacts the court's nonpatent litigants.

A. Into the Black Hole: Judicial Behavior on a Specialized Court

Scholars have theorized that specialized courts inherently tend to expand their power.[334] The discussion above provides qualitative support for that argument, yet it also raises questions about why this power expansion occurs. In the Federal Circuit's case, many complex and nuanced influences appear to be at work, such as the court's institutional identities as unifier of patent law and expert patent tribunal. In addition, other less obvious factors, including judicial concerns about prestige, popularity, and institutional preservation, might be relevant.

This discussion is intended to stimulate a conversation about how specialized appellate courts—and in particular, the Federal Circuit —make decisions in cases in which existing doctrine provides no required answer. Scholars have, of course, developed many theories

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332. *Cf.* Phillips v. AWH Corp., 415 F.3d 1303, 1330 (Fed. Cir. 2005) (en banc) (Mayer, J., dissenting) (arguing that, by interpreting patent claims with no deference to the district court, the Federal Circuit has "substitut[ed] ... a black box, as it so pejoratively has been said of the jury, with the black hole of this court").

333. For ease of reading, this discussion uses the term "specialized" to refer to any court, such as the Federal Circuit, whose jurisdiction is defined by case subject matter, rather than geography. Technically, the Federal Circuit is a *semispecialized* court because of its jurisdiction over numerous subject areas, RICHARD A. POSNER, THE FEDERAL COURTS 245 (1996), and this discussion, particularly in Part VI.B, also considers how the court's semispecialized nature might affect judicial behavior.

334. *See, e.g.*, BAUM, *supra* note 7, at 54; Aronson, *supra* note 7, at 259; Oldfather, *supra* note 7, at 877; *see also supra* note 7.

of judicial decision making.[335] Although the analysis below draws frequently on public choice considerations, it is not intended to be situated within any particular theory. Rather, it aims to highlight various factors that might be uniquely relevant on a specialized court.

Institutional Identity. Scholars have suggested that specialized courts, because they are created to achieve a particular goal, might seek to carry out a "mission" in ways that a generalist court would not.[336] For example, Congress gave the Federal Circuit a dual mission of providing uniformity in patent law and expertise in patent cases.[337] The court has invoked uniformity to justify jurisdiction over state-law claims,[338] to refuse deference to inferior tribunals,[339] and to expand the reach of Federal Circuit law.[340] At least two of these three moves strain to find analogues in the regional circuits. The regional circuits had generally rejected federal jurisdiction over claims requiring only application of federal law,[341] a position that was embraced by the Supreme Court when it rejected the Federal Circuit's jurisdictional case law in *Gunn v. Minton*.[342] Also, according to some commentators, the regional circuits reverse district courts at a lower rate than the Federal Circuit does in patent cases.[343]

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335. *See* RICHARD A. POSNER, HOW JUDGES THINK 19-56 (2008) (outlining nine theories of judicial behavior).

336. *See, e.g.*, BAUM, *supra* note 7, at 39-40.

337. *Supra* notes 38-39 and accompanying text.

338. *See, e.g.*, Immunocept, LLC v. Fulbright & Jaworski, LLP, 504 F.3d 1281, 1285-86 (Fed. Cir. 2007) ("Congress' intent to remove non-uniformity in the patent law, as evidenced by its enactment of the Federal Courts Improvement Act of 1982, is further indicium that § 1338 jurisdiction is proper [over state-law malpractice claims]." (citation omitted)); *see also supra* Part II.B.

339. *See, e.g.*, *In re* Zurko, 142 F.3d 1447, 1458 (Fed. Cir. 1998) (noting that review of PTO fact-finding under a clear error standard, rather than the APA standards, "promote[s] consistency between our review of the patentability decisions of the [PTO] and the district courts in infringement litigation"), *rev'd sub nom*. Dickinson v. Zurko, 527 U.S. 150 (1999); *see also supra* Parts III.A, IV.A.1.

340. *See, e.g.*, Nobelpharma AB v. Implant Innovations, Inc., 141 F.3d 1059, 1068 (Fed. Cir. 1998) (en banc in relevant part) (concluding that patent-related antitrust issues should be governed by Federal Circuit law "because we are in the best position to create a uniform body of federal law on this subject"); *see also supra* Part V.A.

341. *See supra* note 129.

342. 133 S. Ct. 1059 (2013).

343. *See supra* notes 223-25 and accompanying text.

How expertise shapes Federal Circuit doctrine is less clear, but a reasonable argument exists that the doctrine prevents other institutions—such as the PTO, district courts with heavy dockets of patent cases, and the ITC—from becoming loci of patent-law expertise.[344] Perhaps providing a counterweight to this consolidation of expertise in the Federal Circuit, Congress has recently shown interest in creating trial-court expertise, enacting a pilot program that will allow certain district judges to elect or refuse to hear patent cases.[345]

The distorting effect of the Federal Circuit's institutional identity is compounded as other courts, deferring to the expert court, surrender power in the name of uniformity and perpetuate exceptionalist doctrines created by the Federal Circuit. For example, in a trademark malpractice case decided in 2008, the Fifth Circuit had expressly "decline[d] to follow" the Federal Circuit's jurisdictional case law, which at the time extended federal "arising under" jurisdiction to state-law claims that required mere application of federal patent law.[346] However, in a subsequent patent-related tort case also decided before *Gunn*, the Fifth Circuit refused to follow its own precedent, instead following the Federal Circuit's decisions in *Air Measurement* and *Immunocept* because of "the strong federal interest in the removal [of] non-uniformity in patent law."[347] Also, before *Gunn*, numerous state courts had relied upon those same Federal Circuit decisions to relinquish state-court jurisdictions, with many of the courts citing the policy of uniformity in patent law and the expertise of federal courts, such as the Federal Circuit.[348]

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344. *See supra* Parts III.A, IV (discussing how the Federal Circuit has expanded its authority at the expense of these other entities' authority).

345. *See* Pilot Program in Certain District Courts, Pub. L. No. 111-349, 124 Stat. 3674 (2011).

346. Singh v. Duane Morris LLP, 538 F.3d 334, 340 (5th Cir. 2008) (citing Immunocept, LLC v. Fulbright & Jaworski, LLP, 504 F.3d 1281, 1285-86 (Fed. Cir. 2007); Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P., 504 F.3d 1262 (Fed. Cir. 2007)).

347. USPPS, Ltd. v. Avery Dennison Corp., 647 F.3d 274, 281-82 (5th Cir. 2011) (alteration in original) (internal quotation marks omitted).

348. *E.g.*, Landmark Screens, LLC v. Morgan, Lewis & Bockius, LLP, 107 Cal. App. 3d 373, 374, 378-79 (2010); TattleTale Portable Alarm Sys., Inc. v. Calfee, Halter & Griswold, L.L.P., No. 08AP-693, 2009 WL 790314, at *4-5 (Ohio Ct. App. Mar. 26, 2009); *see also In re* Haynes & Boone, LLP, No. 01-12-00341-CV, 2012 WL 3068787, at *6, *9 (Tex. App. July 26, 2012) (Brown, J., concurring) (rejecting exclusive federal jurisdiction over an antitrust-related malpractice claim, noting that "antitrust law does not present the same heightened need for uniformity and predictability presented by questions of patent validity"); Minton v. Gunn, 355

Prestige of the Institution. Another important factor in explaining the Federal Circuit's power enhancement could be the reputation or prestige of the court as an institution. Public choice discussions of prestige often focus on the notoriety of individual judges.[349] But judges on a specialized court, because of their narrow jurisdiction, may have difficulty increasing their individual fame in the legal community at large. A specialized court might, however, have a unique ability to enhance its prestige *as an institution*.

A specialized court could enhance its prestige in two ways. First, it could formulate rules that enhance the social importance of the law within its domain. There seems to be little dispute that patent law is more important now than before Congress created the Federal Circuit, if importance is judged by the size of the patent bar, expenditures on patent protection and litigation, and public awareness of the field.[350] To be clear, this correlation does not necessarily indicate causation; other variables, such as general economic growth, likely explain some of the growth of the patent system. But one might reasonably attribute the increased importance of patent law at least partially to the Federal Circuit, particularly because the court has, according to most commentators, relaxed the requirements to obtain a patent.[351] It would be harder for an individual regional circuit to increase the importance of any area of law because few areas are within any regional circuit's exclusive jurisdiction.[352]

S.W.3d 634, 646 (Tex. 2011) (declining jurisdiction over a patent-related malpractice case, noting the "interest in the uniform application of patent law by courts well-versed in that subject matter"), *rev'd*, Gunn v. Minton, 133 S. Ct. 1059 (2013).

349. *See* Richard A. Epstein, *The Independence of Judges: The Uses and Limitations of Public Choice Theory*, 1990 BYU L. REV. 827, 838 ("[A]mbitious judges could seek to maximize their 'influence' and 'prestige,' which are normally achieved by excellence in argument and writing."); Richard A. Posner, *What Do Judges and Justices Maximize? (The Same Thing Everybody Else Does)*, 3 SUP. CT. ECON. REV. 1, 13-14 (1993) (noting that "prestige is unquestionably an element of the judicial utility function" but that "[a]part from opposing an increase in the number of judges or a dilution of the title 'judge,' there is little an individual can do to enhance his prestige as a judge").

350. *See* Cecil D. Quillen, Jr., *Innovation and the U.S. Patent System*, 1 VA. L. & BUS. REV. 207, 224-30 (2006).

351. *See* JAFFE & LERNER, *supra* note 28, at 110-25; *cf.* LANDES & POSNER, *supra* note 50, at 352 (linking the creation of the Federal Circuit to increased activity in the field of patent law).

352. Harder, but not impossible, because certain circuits hear a large percentage of the appeals in particular areas of law. For example, in the 1970s, the D.C. Circuit increased its profile by battling with the Supreme Court over matters of agency procedure. *See* Susan Low

The second way in which a specialized court might enhance its prestige is by increasing the institution's importance to the law it administers. The Federal Circuit has arguably done this by solidifying its position as the only expert patent institution. In the separation of powers relationship, for instance, the court has curtailed the PTO's ability to shape substantive patent law.[353] Similarly, in the vertical relationship, the court has used mandamus to direct many patent cases out of the Eastern District of Texas and has minimized its deference to the ITC, both of which might be thought of as "expert" trial forums due to their significant dockets of patent cases.[354] A regional circuit, which lacks exclusive jurisdiction, would find it more difficult to increase its own importance to a particular area of law.[355]

Popularity. Discussion of judicial and institutional reputation leads to another factor that Judge Richard Posner has identified as relevant to judicial decision making generally: popularity with the bar.[356] This effect may be exacerbated in a specialized court whose

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Bloch & Ruth Bader Ginsburg, *Celebrating the 200th Anniversary of the Federal Courts of the District of Columbia*, 90 GEO. L.J. 549, 576-77 (2002). Given the D.C. Circuit's semispecialized administrative law docket, one might view this enhancement of the importance of administrative law as a parallel to the Federal Circuit's potential enhancement of the importance of patent law, although the D.C. Circuit's administrative law cases often have more political salience than most patent cases. *See generally* John M. Golden, *The Federal Circuit and the D.C. Circuit: Comparative Trials of Two Semi-Specialized Courts*, 78 GEO. WASH. L. REV. 553 (2010) (chronicling and analyzing battles between the Supreme Court and both the D.C. and Federal Circuits).

353. *See supra* Part III.A.

354. *See supra* Part IV.

355. Again, harder, but not impossible. Certain types of cases cluster in certain regional circuits, but the causes of this clustering are often beyond the judges' control. For example, the Second Circuit's Manhattan location contributes to its high-profile docket of business litigation. Also, many of the D.C. Circuit's administrative law cases are directed by specific jurisdictional provisions or by federal agencies that prefer to litigate in Washington. *See* Patricia Wald et al., *The Contribution of the D.C. Circuit to Administrative Law*, 40 ADMIN. L. REV. 507, 510-11 (1988). That said, one might argue that the prominence of the Seventh Circuit in a variety of areas—antitrust perhaps most notably—is fueled largely by the work of judges like Richard Posner and Frank Easterbrook, and similar arguments could be made about certain D.C. Circuit judges and administrative law.

356. Posner, *supra* note 349, at 13; *see also* Frederick Schauer, *Incentives, Reputation, and the Inglorious Determinants of Judicial Behavior*, 68 U. CIN. L. REV. 615, 629 (2000) ("Perhaps the Justices of the Supreme Court, like the rest of us, care about their reputation, care about the esteem in which they are held by certain reference groups, and care enough such that, at the margin or even far from the margin, they seek to conform their behavior to the demands of the relevant esteem-granting (or withholding) or reputation-creating (or damaging) groups.").

work is relevant only to one or a small number of components of the bar.[357] Moreover, the judges of the court will likely be drawn from that group. Specialized judges might therefore favor legal rules that please its specialized bar.[358]

As noted, the creation of the Federal Circuit coincides with increased legal activity in the field of patent law. The number of patents issued has grown from 57,888 in 1982—the year Congress created the court—to a record high of 224,505 in 2011.[359] The amount of patent litigation has also increased.[360] Analyzing these data, William Landes and Judge Posner concluded that "the creation of the Federal Circuit appears to have had a positive and significant impact on the number of patent applications, the number of patents issued, the success rate of patent applications, [and] the amount of patent litigation."[361] Interestingly, economists Matthew Henry and John Turner have found that the Federal Circuit is more likely to uphold a patent's validity, as compared to the regional circuits before it, but not more likely to find a patent infringed.[362] Viewed in combination, this empirical evidence suggests that the creation of the Federal Circuit has increased patent activity generally without unduly favoring either patent holders or accused infringers—an outcome that would seem to please patent lawyers of all stripes.

Again, however, it would be overly simplistic to conclude that increased patent-related legal activity is solely due to the Federal Circuit. Economic factors can spur growth in patenting activity and patent litigation, and thoughtful commentators have questioned

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357. *See* Gillian K. Hadfield, *The Levers of Legal Design: Institutional Determinants of the Quality of Law*, 36 J. COMP. ECON. 43, 60 (2008).

358. *See* LYNN M. LOPUCKI, COURTING FAILURE: HOW COMPETITION FOR BIG CASES IS CORRUPTING THE BANKRUPTCY COURTS 20-24 (2005) (describing this phenomenon in the context of bankruptcy litigation); *cf.* Lawrence Baum & Neal Devins, *Why the Supreme Court Cares About Elites, Not the American People*, 98 GEO. L.J. 1515, 1579-80 (2010) (arguing that the opinions of "elites," including members of the legal profession, impact Supreme Court decision making more than the opinions of the "public as a whole").

359. *See U.S. Patent Activity Calendar Years 1790 to the Present*, *supra* note 48.

360. LANDES & POSNER, *supra* note 50, at 348-49.

361. *Id.* at 352. Again, this is not to say that the Federal Circuit has been the sole force behind patent law's increasing prominence. *See* Long, *supra* note 3, at 1984-88 (discussing the successful efforts of the PTO and various interest groups to lobby for increased funding for the agency).

362. *See* Matthew D. Henry & John L. Turner, *The Court of Appeals for the Federal Circuit's Impact on Patent Litigation*, 35 J. LEGAL STUD. 85, 114 (2006).

whether Federal Circuit legal doctrine truly evinces a pro-litigation slant.[363] That said, it is at least plausible that some of the increased activity in patent law is due to Federal Circuit power preservation and expansion. Consider the vertical relationship, in which the Federal Circuit has frequently reversed district courts on fact-intensive questions such as claim construction. Indeterminacy in claim construction could encourage increased litigation by making litigation the only way to determine the claim's true meaning and by encouraging parties to assert weak claims and defenses.[364]

Ultimately, it might be impossible to confidently make causal connections between Federal Circuit doctrine and the amount of work for patent lawyers, simply because of the large number of variables at play. But the correlation between the creation of the Federal Circuit and increased patent-related legal activity is too intriguing to ignore.

Institutional Preservation. Because specialized courts are often viewed as experimental exceptions to the norm of geographic jurisdiction, judges of specialized courts might also be motivated to preserve the existence of their court. If a specialized court's caseload is too small, there may be political pressure to abolish the court or to add additional areas to the court's jurisdiction. To avoid this discussion, the specialized court might adopt legal rules to enlarge the size of its docket.[365] For example, the court could enlarge its docket by expanding possibilities for interlocutory review, which the Federal Circuit has done by increasing the availability of mandamus.[366] Also, practices or rules that encourage patent litigation generally, such as high reversal rates or the relaxation of patent validity requirements, could enlarge the court's docket. Finally, by holding that all patent-related malpractice cases arise under patent law,[367] the Federal Circuit redirected those state-law claims to federal court and, ultimately, to itself on appeal. That said, the likely effect of these developments on the court's caseload has been small.

363. *See* Golden, *supra* note 3, at 680-86.

364. *See* Burk & Lemley, *supra* note 12, at 1745 (noting how indeterminacy in claim construction deters settlement of patent litigation).

365. As an example of a court changing its rules to enlarge its docket, consider the Eastern District of Texas, which was one of the first district courts to adopt special local rules for patent cases and thereafter developed the largest patent docket in the country. *See* Nguyen, *supra* note 258, at 476-77.

366. *See supra* Part IV.A.2.

367. *See supra* Part II.B.

The court decided only about ten malpractice cases between the time it asserted exclusive jurisdiction over them in 2007 and the Supreme Court's decision in *Gunn*. Although the number of mandamus petitions filed has recently increased, those matters represent only about 3 percent of the court's caseload.[368]

In the Federal Circuit's case, perhaps it is better to focus not on quantitative data but on a more ethereal conception of institutional preservation. For example, a specialized court might seek to protect its institutional identity—and its institutional mission—by ensuring that the court maintains its current jurisdiction. The Federal Circuit did this when its then-chief judge, Paul Michel, objected to a congressional proposal to centralize immigration appeals in the court,[369] a move that would have dramatically increased the court's caseload[370] and likely destroyed its identity as the national patent court. Indeed, in his many years on the court, Judge Michel regularly discussed conceptions of the court's identity, often emphasizing the court's importance to business and commerce.[371]

Congress has not necessarily resisted Federal Circuit efforts to preserve identity or to expand power. For instance, Congress quickly abandoned the idea of centralizing immigration appeals and dropped legislative proposals on matters addressed by the court,

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368. *See Statistics: Appeals Filed, Terminated, and Pending*, *supra* note 263 (showing that 1349 total cases were filed in the Federal Circuit in 2011, 42 of which were petitions for extraordinary writs).

369. *See Immigration Litigation Reduction: Hearing Before the S. Comm. on the Judiciary*, 109th Cong. 3-4 (2006) (statement of Paul R. Michel, C.J., U.S. Court of Appeals for the Federal Circuit).

370. *See id.* at 3-4, 140.

371. Paul R. Michel, Afterword, *Past, Present, and Future in the Life of the U.S. Court of Appeals for the Federal Circuit*, 59 AM. U. L. REV. 1199, 1211 (2010) ("In my judgment, the nation's future prosperity, or at least a good portion of it, rests on economic growth systems, particularly the patent system, the international trade system, and the systems for individuals and companies injured by governmental actions to get monetary redress, including government contracts, takings and tax refund cases, and many more. Some consider our court the technology court—and so it is. But it is also the business and commerce court, the innovation court, and the job-creating, prosperity-expanding court."); Paul R. Michel, Foreword, *The Court of Appeals for the Federal Circuit Must Evolve to Meet the Challenges Ahead*, 48 AM. U. L. REV. 1177, 1185 (1999) ("The Federal Circuit, I think, will survive with at least its current areas of jurisdiction intact. Even without a formal change in jurisdiction, the court will become increasingly important to the national economy and the fortunes of nearly all U.S. corporations, including smaller, privately owned and start-up corporations. In this sense, the Federal Circuit ultimately may be characterized not so much as a science and technology court, but as a business court, or the 'corporation' court.").

such as patent damages.[372] Most recently, Congress expanded the Federal Circuit's jurisdiction to include cases in which the only patent-law claims are counterclaims, reinstating the more expansive jurisdictional rule that the Federal Circuit had applied until the Supreme Court rejected it in 2002.[373] These examples raise interesting questions for public choice theory about the effectiveness of the specialized court as an interest group, particularly when it comes to the court's efforts to preserve its institutional identity.

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This analysis has introduced four factors that might be uniquely important when determining how specialized appellate courts such as the Federal Circuit make decisions in close cases. Specialized courts are often created to carry out particular missions and, as seen by the Federal Circuit's frequent appeal to uniformity, *institutional identity* will likely play a role. Also, specialized courts by their very nature are likely to be viewed by the interested public as less important than their generalist peers. In response, specialized courts might seize on their unique ability to *enhance the prestige of the court*. Relatedly, specialized courts could seek to increase their *popularity* and may be able to do so because of their exclusive jurisdiction and proximity to a smaller bar. Finally, because specialized courts could be viewed as experimental in a system of geographically defined jurisdictions, the court could seek to *preserve the institution* by favoring rules that enlarge the docket of cases within its institutional mission and by protecting its existing jurisdictional structure.

372. *See supra* notes 194-98 and accompanying text.

373. *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 19(a), 125 Stat. 284, 331 (2011) (legislatively overruling *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*, 535 U.S. 826, 830 (2002), in which the Supreme Court held that cases in which the only patent-law claim is a counterclaim do not arise under patent law and are therefore not subject to Federal Circuit jurisdiction); *see also* Aerojet-Gen. Corp. v. Mach. Tool Works, Oerlikon-Buehrle Ltd., 895 F.2d 736, 738 (Fed. Cir. 1990) (en banc) (holding that the Federal Circuit had jurisdiction in cases in which "the district court's jurisdiction over the complaint was not based on [28 U.S.C.] § 1338(a) but there is a counterclaim over which the district court would have § 1338(a) jurisdiction if the counterclaim had been a complaint").

B. Directions for Future Inquiry: The Perils of Semispecialization and the Possibility of Limited Specialization

One way in which future work on the Federal Circuit might add to this analysis is to incorporate other factors that have been identified as relevant to judicial behavior on generalist courts, such as the preference for leisure over hard work,[374] the desire to maintain collegial relationships with colleagues,[375] the desire to avoid reversal,[376] and the satisfaction derived from the mere act of voting.[377] Another important step would be to explore in more detail how the Federal Circuit's *semispecialized* nature influences the primitive model of decision making sketched in the previous Section.

Although this Article has focused on patent law, the Federal Circuit has jurisdiction over many nonpatent matters, such as veterans benefits,[378] government personnel cases,[379] and government contract disputes.[380] As discussed, specialized courts might have a unique ability to promote the importance of the areas of law over which they have jurisdiction.[381] This principle could have a corollary in that a semispecialized court such as the Federal Circuit could be able to promote certain areas of its jurisdiction and also marginalize others. For example, if judges receive significant attention for their decisions in one field, the judges might care deeply about those cases and devote more time and effort to them.[382] By contrast, if an-

374. *See* Christopher R. Drahozal, *Judicial Incentives and the Appeals Process*, 51 SMU L. REV. 469, 476 (1998). One obvious analogue in the Federal Circuit is the court's often-discussed preference for bright-line rules over context-specific standards. *See* Lee, *supra* note 44, at 7 (arguing that formalist rules reduce the cognitive burden of engaging complex technology); David Olson & Stefania Fusco, *Rules Versus Standards: Competing Notions of Inconsistency Robustness in Patent Law*, 64 ALA. L. REV. 647, 691 (2013) (arguing that, because the Federal Circuit has jurisdiction over all federal patent cases, it benefits more from bright-line rules than the regional circuits, which decide cases in many different areas).

375. *See* POSNER, *supra* note 335, at 61-62. This, too, could be an interesting factor, for the judges of the Federal Circuit, unlike those of other federal appellate courts, are required to live within fifty miles of their courthouse. *See* 28 U.S.C. § 44(c) (2006) (requiring the judges of the Federal Circuit to reside within fifty miles of the District of Columbia).

376. *See* LAWRENCE BAUM, THE PUZZLE OF JUDICIAL BEHAVIOR 115-19 (1997).

377. *See* Posner, *supra* note 349, at 15-19.

378. 38 U.S.C. § 7292(c) (2006).

379. 28 U.S.C. § 1295(a)(3), (9).

380. *Id.* § 1295(a)(10).

381. *See supra* notes 16-20, 336-43 and accompanying text.

382. *Cf. supra* notes 356-58 and accompanying text (arguing that popularity influences decision making).

other field within the court's jurisdiction is largely ignored by the bar, the academy, and the public, the judges might—consciously or not—devote less time and care to cases in that area.

The proponents of a semispecialized model of Federal Circuit jurisdiction argued that it would be the best of all worlds: it would bring about patent law uniformity while also avoiding the negative effects theorized to be associated with specialization, such as interest group capture, lack of deference to trial judges and fact-finders, and poorly reasoned doctrines stemming from a lack of dialogue with peer-level courts.[383] The institutional analysis presented in this Article, however, raises the possibility that semi-specialization is the *worst* model of achieving uniformity in one particular area. Not only has Federal Circuit patent law embodied some problems thought to be associated with specialization, such as lack of deference to trial tribunals, but semispecialization also provides an opportunity to prioritize certain areas—most likely the area the court was created to unify—over others.

For example, although the Federal Circuit has not granted administrative-law deference to PTO decisions on patentability,[384] the court has granted deference to other adjudicative bodies it reviews, such as the Court of Federal Claims, the Merit Systems Protection Board, and even the Trademark Trial and Appeal Board within the PTO.[385] Also, the Federal Circuit's reversal rate is lower in nonpatent cases than in patent cases[386] and is particularly low in areas such as veterans benefits and government personnel.[387] A comprehensive inquiry into power dynamics in nonpatent cases, however, would be far more complex than the study of patent law presented in this Article. While one might view this description of nonpatent adjudication as evidence of power minimization, it is also important to note that statutes sometimes limit the scope and rigor of appellate review in nonpatent cases.[388] Ultimately, it may be impossible

383. *See* POSNER, *supra* note 333, at 257-58.

384. *See* Benjamin & Rai, *supra* note 52, at 300.

385. *See* Kumar, *supra* note 3, at 1550 & n.7 (citing cases).

386. *See* Field, *supra* note 14, at 759-63 (reporting a 28.8 percent reversal rate in patent cases and a 14.3 percent reversal rate in nonpatent cases).

387. *See* HOWARD T. MARKEY, THE FIRST TWO THOUSAND DAYS: REPORT OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT 1982-1988, at 20 (1989); James D. Ridgway, *Changing Voices in a Familiar Conversation About Rules vs. Standards: Veterans Law at the Federal Circuit in 2011*, 61 AM. U. L. REV. 1175, 1224 (2012).

388. *See, e.g.*, 38 U.S.C. § 7292(d) (2006) (limiting Federal Circuit review in veterans cases

to reach confident conclusions about power dynamics in Federal Circuit nonpatent cases.

Scholars of institutional design, however, have shown that administrative agencies charged with multiple objectives tend to give prominence to one particular objective—often the objective for which the agency was established in the first place.[389] Given the power enhancement seen in Federal Circuit patent law and the emphasis placed on patent jurisdiction at the time of the court's creation, it seems possible that a similar dynamic could manifest in the Federal Circuit. It may, therefore, be useful to consider other jurisdictional possibilities as prophylactic measures, to ensure that nonpatent cases are given due consideration and to potentially cure any ill effects of power enhancement in patent law.

One approach that I have discussed in prior work is a model of limited specialization.[390] This model would preserve the court's exclusive patent jurisdiction but remove the court's exclusive jurisdiction over most or all nonpatent areas. Instead, the court would have nonexclusive jurisdiction over a broad cross section of cases normally appealed to the regional circuits.[391] Exposing the Federal Circuit to a broader class of nonpatent cases might remove some of the influences that have led the court to guard and enhance its power over patent law relative to other institutions. For example, the steady flow of cases and greater perceived permanence stemming from a generalized jurisdiction could reduce incentives to preserve the institution and to use patent law to enhance the court's prestige. Moreover, to the extent these nonpatent disputes include business cases, the court might better understand the innovation

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to purely legal issues); Jennings v. Merit Sys. Prot. Bd., 59 F.3d 159, 160 (Fed. Cir. 1995) ("Our review of the board's decision is limited by statute. We may hold unlawful and set aside any agency action, findings, or conclusions found to be arbitrary, capricious, an abuse of discretion, or unlawful; procedurally deficient; or unsupported by substantial evidence." (citing 5 U.S.C. § 7703(c) (1994))).

389. Barkow, *supra* note 24, at 34; *see also* J.R. DeShazo & Jody Freeman, *Public Agencies as Lobbyists*, 105 COLUM. L. REV. 2217, 2220-21 (2005) (arguing that agencies resolve conflicting goals "by prioritizing their primary mission and letting their secondary obligations fall by the wayside," while discussing the Federal Energy Regulatory Commission's resistance to environmental legislation).

390. *See* Gugliuzza, *supra* note 18, at 1494-1505.

391. *See id.* at 1498.

process across industries, addressing a common criticism of the court's patent jurisprudence.[392]

To be sure, this alternative model raises many questions. For instance, how would the court's nonpatent docket be constructed? The court could be given geographic jurisdiction, perhaps through a merger with the D.C. Circuit or the Fourth Circuit.[393] Alternatively, the court could be randomly assigned cases that would normally be appealed to the regional circuits.[394] Or, more radically, the court's jurisdiction could be limited to patent cases only, and the court could be staffed by judges who are temporarily assigned from the regional circuits. Although some might question whether these proposals are politically feasible, Congress has frequently amended or proposed amending Federal Circuit jurisdiction.[395] That said, a fundamental reworking of the court's nonpatent jurisdiction would be a more significant change than any proposal considered to date.

Even if a model of limited specialization could be implemented, exclusive jurisdiction over patent law might preserve the pathologies discussed above. If the court retained exclusive jurisdiction, it would still have a clear mission of providing uniformity,[396] and the court might continue to inhibit institutions such as the PTO from crafting substantive patent law. On the other hand, a more generalized jurisdiction might reduce pressure to be perceived as *the* patent court and help eliminate incentives to minimize the role of other potentially expert bodies. Also, a regular docket of issues that are addressed in different ways by different circuits might permit the court to appreciate the benefits of interinstitutional dialogue on issues of patent law.

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392. *See id.* at 1499; *see also* Ori Aronson, *Response Comment: Innovation, Aggregation, and Specialization*, 100 GEO. L.J. ONLINE 28, 34 (2012), http://georgetownlawjournal.org/ipsa-loquitur/response-comment-innovation-aggregation-and-specialization ("If judicial specialization in an economic context is chosen, then it should be designed to reflect an understanding of the full impact a legal regime has on economic activity."); Revesz, *supra* note 205, at 1164 (noting that generalist judges are more skilled "at applying concepts from other areas of law").

393. *See* Gugliuzza, *supra* note 18, at 1501.

394. *See id.* at 1500.

395. *See* Paul R. Gugliuzza, *Pluralism on Appeal*, 100 GEO. L.J. ONLINE 36, 40 (2012), http://georgetownlawjournal.org/ipsa-loquitur/pluralismonappeal (discussing the recent expansion of Federal Circuit jurisdiction to include cases involving patent-law counterclaims and proposals to grant the court jurisdiction over immigration cases and to remove the court's jurisdiction over veterans cases).

396. *See* Gugliuzza, *supra* note 18, at 1453-54.

Finally, even if limited specialization is good for patent law, would nonpatent litigants be better off in the regional circuits? Those courts already handle large caseloads, and they might delegate veterans and personnel matters for resolution by staff attorneys and screening panels. That said, the distributive consequences of judicial delegation at the appellate level are not necessarily clear.[397] Also, regional circuit jurisdiction over areas like veterans benefits and government contracts might give rise to circuit splits. On one hand, circuit splits could cause confusion for multicircuit actors like agencies and contractors. On the other hand, it is not clear that there is an unusually pressing need to avoid circuit splits in the Federal Circuit's nonpatent cases. Uniformity enhances the ability to predict the legal consequences of one's actions, but many nonpatent litigants, like veterans and government employees, do not *plan* to become disabled or to suffer an adverse employment action.[398] Scholars have vigorously debated the merits of legal uniformity versus percolation,[399] and this debate might never be resolved. As for concerns about judicial capacity, there are reasonable arguments that the regional circuits have room on their dockets for nonpatent cases currently heard by the Federal Circuit.[400] Although the regional circuits hear a large number of cases, their caseloads have shrunk by about 17 percent over the past five years, and the Federal Circuit's nonpatent cases would increase the regional circuits' caseload by only about 1 percent.[401]

In sum, while the idea of limited specialization is a promising one, these questions illustrate that there is much more work that can be done to design the optimal litigation system for the Federal Circuit's patent and nonpatent litigants alike.

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397. *Cf.* Anna O. Law, *The Ninth Circuit's Internal Adjudicative Procedures and Their Effect on Pro Se and Asylum Appeals*, 25 GEO. IMMIGR. L.J. 647, 671-72, 679 (2011) (arguing that the Ninth Circuit's internal procedures for handling its large docket of immigration appeals "have noticeable negative consequences for pro se aliens and asylum applicants," but also noting that aliens might benefit from the court's "economies of scale" and "developed expertise").

398. *See* Gugliuzza, *supra* note 18, at 1479, 1484.

399. *See* Amanda Frost, *Overvaluing Uniformity*, 94 VA. L. REV. 1567, 1579-1606 (2008) (summarizing the debate and concluding that "the effects of nonuniformity do not seem all that troubling").

400. *See* Gugliuzza, *supra* note 18, at 1495-96.

401. *Id.* at 1504.

CONCLUSION

Although scholars have developed increasingly sophisticated models of judicial decision making, these models have mostly focused on courts with generalized jurisdiction.[402] Yet specialized courts raise a host of unique issues for decision-making theory. For example, as this Article has shown, limiting jurisdiction by case subject matter may create judicial incentives to enhance power over certain areas. Future research can advance the work done here by identifying additional factors that might influence the decisions of specialized courts in an effort to construct a more complete model of decision making. Going forward, this model would help illuminate institutional solutions to current problems with the patent system and would also help ensure a fair forum for all litigants who currently appear before the Federal Circuit.

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402. For a notable exception, see Banks Miller & Brent Curry, *Expertise, Experience, and Ideology on Specialized Courts: The Case of the Court of Appeals for the Federal Circuit*, 43 LAW & SOC'Y REV. 839, 856 (2009) (finding that Federal Circuit judges with prior experience in patent law register more ideologically consistent votes in patent cases).