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COMMENT:
EXPERIMENTS AFTER THE
FEDERAL CIRCUIT

John F. Duffy[†]

Professor Dreyfuss's article is thought provoking for many reasons. The article's greatest strength is the number of new directions that she suggests experimentation could go—not *must* go, but *could* go—in the future. Throughout the article, she suggests a variety of possibilities that might be good experiments. These experiments will not necessarily always turn out to be right. Nonetheless, she puts forward many creative suggestions, and the whole point of experimentation is to winnow the good from the bad.

The article also recognizes that the Federal Circuit has enjoyed some success as an experiment in institutional design. Generally speaking, I think that a lot of people believe this to be true, including myself. Yet, if institutional design is to develop into a true science, then even a successful experiment like the Federal Circuit must lead only to another round of experiments. The key questions for this next round are not whether the Federal Circuit is generally good, or whether it is better than the system it supplanted, but whether the Federal Circuit should be made more or less specialized, whether a specialized trial court should be created to counterbalance the Federal Circuit, or whether some other change should be made to the legal process of the patent system. These are the questions that rightly occupy us at this conference, and that Rochelle Dreyfuss addresses in her article.

As we begin to address these questions, we have to acknowledge forthrightly that the science of institutional design is not yet a science to the same extent that, for example, medicine is. Researchers in medicine can develop relatively rigorous statistics

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about how many patients improve or decline when given a new treatment. The protocols generating these statistics can be carefully controlled. By contrast, institutional design seems more like mythology than science. We would like to know whether changes to institutions actually improve society. Does having a Federal Circuit advance economic growth and progress? It is here that we have to recognize that our science of institutional design is primitive. Indeed, there remains a continuing debate about whether our patent system is a good idea or not.¹ Given that much larger debate, we have to recognize that it is going to be hard, very hard, to reach firm conclusions on subsidiary questions such as whether the patent system is better with more specialization at the trial or appellate court level.

I do not mean to be completely pessimistic. We cannot throw up our hands and bask in our ignorance. We are academics; it is our job to fight our ignorance—to try to conquer it to the extent we can. Yet we have to recognize, as Professor Dreyfuss said in her remarks, that all of this is a bit impressionistic. Her observation is not particular to the work presented at this Symposium, or even to the literature on the patent system; it applies generally. None of the scholars in this room can escape the impressionistic quality that pervades the analysis of legal institutions.

With that being said, I want to make three points about current studies on the Federal Circuit. In part, these comments are motivated by Professor Dreyfuss's article, and in part they are motivated more generally by some of the comments made during other presentations at this Symposium.

First, in evaluating the Federal Circuit's success, we must distinguish between analysis of the court as an institution and critiques of the particular judges who happen to sit on the court today. For example, some people might think that the court's current personnel have become overly formalistic.² Some might think

¹ For the classic statement of economic agnosticism concerning the value of the patent system, see the conclusion by Fritz Machlup in *SUBCOMM. ON PATENTS, TRADEMARKS, AND COPYRIGHTS OF THE SENATE COMM. ON THE JUDICIARY, 85TH CONG., AN ECONOMIC REVIEW OF THE PATENT SYSTEM* 80 (Comm. Print 1958):

If we did not have a patent system, it would be irresponsible, on the basis of our present knowledge of its economic consequences, to recommend instituting one. But since we have had a patent system for a long time, it would be irresponsible, on the basis of our present knowledge, to recommend abolishing it.

See generally George L. Priest, *What Economists Can Tell Lawyers About Intellectual Property*, 8 *RES. L. & ECON.* 19 (1986) (noting the dearth of empirical support for patent policy).

² See, e.g., Arti K. Rai, *Engaging Facts and Policy: A Multi-institutional Approach to Patent System Reform*, 103 *COLUM. L. REV.* 1035, 1115 (2003) (“[T]here can be no serious dispute that the Federal Circuit’s jurisprudence is formalist in its orientation.”); John R. Thomas, *Formalism at the Federal Circuit*, 52 *AM. U. L. REV.* 771, 774 (2003) (arguing that, in

that development is a good thing, some might think it a bad thing. But either way, the level of formalism on the current court can tell us little about the Federal Circuit as an institution, unless there is some reason to think that the structure of the court itself breeds formalism. This point can also be made by considering the Supreme Court. Some people today might say the Supreme Court cares a lot about federalism.³ Yet it is easy to imagine a Supreme Court that does not care much for federalism. Indeed, many people would probably agree that, if you roll back the clock a few years, you would find such a Supreme Court.⁴ Just as a concern for federalism is not a necessary part of the Supreme Court, so too formalism is not necessarily something that is inherently built into the structure of the Federal Circuit.⁵

My second point concerns litigation statistics, and particularly reversal rates. Litigation reminds me of the old adage that nature abhors a vacuum. Litigation abhors certainty. Litigators seek the ambiguous; that is what they litigate. To the extent that the law is clear, it does not get litigated. Lawyers direct their cases toward the flaws, ambiguities and difficult areas in the law. Thus, to the extent that experiments like the Federal Circuit attempt to produce greater certainty in the law, we should not necessarily think that the experiment is a failure merely because litigation continues to abound or because appellate reversal rates remain high. Greater certainty in the law of patents can decrease the level of litigation, because there is less to litigate, but it can also increase litigation because patents are made more valuable and are therefore worth the costs of litigation. It is not at all clear which effect will dominate.

Indeed, if we want some evidence about the ability of the Federal Circuit to clarify the law, we should consider Judge Michel's comment that litigation has become more complex during

recent years, "the Federal Circuit has embraced an increasingly formal jurisprudence").

³ See, e.g., Richard H. Fallon, Jr., *The "Conservative" Paths of the Rehnquist Court's Federalism Decisions*, 69 U. CHI. L. REV. 429, 430-31 (2002) (noting that during the 1990s the Rehnquist Court has staged a "federalism revival").

⁴ See, e.g., *id.* at 430 (contrasting the Supreme Court's recent decisions with its approach to federalism during the half century prior to 1990); Lynn A. Baker & Ernest A. Young, *Federalism and the Double Standard of Judicial Review*, 51 DUKE L.J. 75, 75 (2001) ("From 1937 to 1995, federalism was part of a 'Constitution in exile.'").

⁵ See Timothy R. Holbrook, *The More Things Change, the More They Stay the Same: Implications of Pfaff v. Wells Electronics, Inc. and the Quest for Predictability in the On-Sale Bar*, 15 BERKELEY TECH. L. J. 933, 939 (2000) (noting that, prior to intervention by the Supreme Court in 1998, the Federal Circuit eschewed a "bright-line test" for applying the "on-sale" bar of 35 U.S.C. § 102(b) (2000) and instead balanced policy concerns in "an ambiguous 'totality of the circumstances' analysis"); Thomas, *supra* note 2, at 773 (noting that, in previous years, the Federal Circuit had tended to "resolve[] issues based upon 'all the facts and circumstances'").

his tenure on the court.⁶ Though this comment reflects only the impression of one observer,⁷ it might be more reliable than statistical evidence that, while rigorously accumulated, remains indeterminate. If Judge Michel is correct in his observation, then the increasing complexity is a sign that the Federal Circuit has been able to clarify the law, because litigants have to delve down into more complex layers of doctrine in order to find uncertainties to litigate.

The persistence of uncertainty in litigation also has important implications for claim construction. Even if claim construction can be made more certain than it is today, the litigated cases will continue to be the hard ones—i.e., the ones on which reasonable judges (at both the trial and appellate level) are going to disagree. Thus, a more “certain” jurisprudence of claim construction may not decrease reversal rates or even splits within three-judge appellate panels.

My final point is that study of the Federal Circuit cannot flourish in isolation. To the extent we see failings in the Federal Circuit—to the extent we see things we would like to change or to try to change in the Federal Circuit—we must consider the other institutions that form the legal process of the patent system. I say “must consider” because the Federal Circuit is only one component in the legal process, and a complete analysis of any institution encompasses that institution’s relation to other relevant actors. Furthermore, any realistic institutional design for our patent system will almost certainly include a basic sense of checks and balances because this is something inherent in the constitutional structure of our government. Thus, our analysis of the Federal Circuit cannot be conducted in isolation or even in binary—i.e., by considering merely the allocation of power between two institutions such as the district courts and the Federal Circuit. The analysis should proceed holistically, with consideration of the interrelationship between the Federal Circuit, the district courts, the Supreme Court, the Congress, the Executive Branch (in the form of the Patent and Trademark Office (“PTO”)) and the legal profession. This basic approach will be familiar to scholars of administrative law and government process,⁸ but it has not always received sufficient attention in patent scholarship.⁹

⁶ The Honorable Paul Michel, *Judicial Constellations: Guiding Principles as Navigational Aids*, 54 CASE W. RES. L. REV. 757 (2004).

⁷ Judge Michel’s impression is, however, consistent with more general observations of the patent system. See, e.g., John R. Allison & Mark A. Lemley, *The Growing Complexity of the United States Patent System*, 82 B.U. L. REV. 77, 134 (2002) (“[O]btaining a patent was a more complex process in the late 1990s than it was twenty years earlier.”).

⁸ See, e.g., JERRY L. MASHAW, ADMINISTRATIVE LAW: THE AMERICAN PUBLIC LAW

The proper approach to institutional analysis can be seen by considering the controversy over the appellate standard for reviewing district court claim interpretations.¹⁰ Currently, en banc Federal Circuit precedent establishes a de novo review standard, but let us consider the possibilities for change. Two questions present themselves: First, how can change occur, given the Federal Circuit's precedents? Second, what should the change be? If, in considering these questions, we limit our inquiry merely to the relationship between the Federal Circuit and the district courts, then change can occur in only one way. Since the district courts cannot force change on the Federal Circuit, only the Federal Circuit can make the change through some future en banc decision that overturns or limits the current rule. Similarly, the options for the substance of the change are limited to establishing, in one form or another, some form of appellate deference to trial court rulings.

Now let us reconsider this issue from a broader perspective. Each of the two previous questions then has a much greater range of answers. Change can occur not only by the Federal Circuit overruling itself, but also by intervention from the Congress or, what is more likely, from the Supreme Court. The range of possible changes has also expanded, for deference could be afforded either to the trial court or to the PTO, to which district courts could

SYSTEM 1 (5th ed. 2003) (introducing the study of administrative law with the admonition that readers must be aware of "the full range of political and institutional relationships that shape the behavior of modern agencies").

⁹ Recent scholarship has been more attentive to institutional relationships in the patent system. See, e.g., Rai, *supra* note 2, at 1039 (applying a "multi-institutional analysis" to evaluate patent system reform proposals). Standard texts on patent law have devoted more attention to the institutional allocation of power. See, e.g., ROBERT P. MERGES & JOHN F. DUFFY, PATENT LAW AND POLICY: CASES AND MATERIALS 1153 (2002) (devoting a chapter in the textbook to the study of the "Legal Process of the Patent System" which encompasses "study[ing] the allocation of decisional power among various institutions within the system"). There is also evidence that the Supreme Court is particularly concerned with institutional issues in exercising its jurisdiction in patent cases. See John F. Duffy, *The Festo Decision and the Return of the Supreme Court to the Bar of Patents*, 2002 SUP. CT. REV. 273, 285 (noting that, for the Supreme Court, "matters of substantive patent law have become intimately bound up with the institutional allocation of power"); Mark D. Janis, *Patent Law in the Age of the Invisible Supreme Court*, 2001 U. ILL. L. REV. 387, 409 (noting that many recent patent cases at the Supreme Court "present[ed] an issue of the allocation of power among institutional actors").

¹⁰ See *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (1998) (en banc) (holding that the Federal Circuit will apply a de novo review standard in reviewing trial court claim constructions); Arti K. Rai, *Specialized Trial Courts: Concentrating Expertise on Fact*, 17 BERKELEY TECH. L.J. 877, 883 (2002) (criticizing the de novo review standard articulated in *Cybor* as an instance in which the Federal Circuit has "[i]gnor[ed] conventional allocation-of-power principles that give trial courts primary authority over factual questions"); The Honorable Kathleen O'Malley, *A Panel Discussion: Claim Construction from the Perspective of the District Judge*, 54 CASE W. RES. L. REV. 671, 685 (2004).

refer claim interpretation questions under the administrative law doctrine of primary jurisdiction.¹¹

Furthermore, this analysis focuses attention on the role of the various institutions in bringing about change and experimentation. The possibility of Supreme Court intervention is not just a simple matter of the Court alone deciding whether to grant certiorari. Obviously, the issue will be presented to the Court only if the patent bar does so. But other institutional actors can also influence the certiorari decision. For example, the PTO can help litigants bring an issue to the Supreme Court by filing an amicus brief supporting the grant of certiorari.¹² Similarly, the district courts might consider giving signals to the Supreme Court about the need for certiorari. In deciding whether a patent case warrants review, the Supreme Court usually does not have its normal proxy for importance, which is the existence of a circuit split on the issue. In place of circuit splits, the Court is likely to consider other barometers of controversy, including persistent discord on the issue between judges at the trial and appellate level. While such discord is not the same as a circuit split or an intracircuit split, it does indicate that two important institutions in the patent system, the district courts and Federal Circuit, have diverging views, and the Court may very well consider that divergence as a factor in deciding whether to grant review.

Of course, I am not saying here that the Supreme Court should grant certiorari to decide whether *de novo* review of claim constructions is proper. In fact, the broader institutional analysis suggests that, if there has not yet been the confluence of factors necessary to bring about Supreme Court review on the issue—i.e., if the other institutional actors have not pressed the Court to take up the issue—then the issue very well may not be ready for the Court. The responsibility for maintaining, and for changing, the patent law is distributed among many institutions, each of which serves as a partial check on the power of the others.

¹¹ See John F. Duffy, *On Improving the Legal Process of Claim Interpretation: Administrative Possibilities*, 2 WASH. U. J. L. & POL'Y 109 (2000).

¹² Such an amicus brief would, technically, have to be filed by the Solicitor General of the United States. See 28 U.S.C. § 518(a) (2000); *FEC v. NRA Political Victory Fund*, 513 U.S. 88 (1994) (holding that only the Solicitor General could file for a writ of certiorari to the Supreme Court or authorize the FEC to do so); Dep't of Justice, Office of the Solicitor Gen., 28 C.F.R. § 0.20(a) (2003). However, in patent cases, the brief filed by the Solicitor General typically includes the views of the PTO, and the brief is typically signed also by attorneys for the PTO. See, e.g., Brief for the United States as Amicus Curiae Supporting Vacatur and Remand at 30, *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722 (2002) (No. 00-1543) (brief submitted by the Solicitor General, signed by the General Counsel and the Solicitor for the PTO).

A broader institutional analysis is important for appreciating the full implications of the ideas advanced in Professor Dreyfuss's article. For example, Professor Dreyfuss refers to the tradition in federal court litigation of looking to extra-judicial sources, including law review articles and social science research. The famous "Brandeis brief" filed in *Muller v. Oregon* is emblematic of this tradition.¹³ Professor Dreyfuss cites statistics showing that this tradition seems to hold less sway at the Federal Circuit, as the court cites extra-judicial sources with much less frequency than other circuits. But the statistics are not conclusive. As Professor Dreyfuss notes, perhaps practitioners before the Federal Circuit are diverging from tradition by citing fewer extra-judicial sources to the court.¹⁴ The statistics leave us only with some interesting questions: Is the Federal Circuit actually different from other courts? Or is the court really a mirror to the patent bar, which itself has become more intellectually isolated than the general bar?

The overarching point here is that the observed characteristics of the Federal Circuit cannot be understood without an appreciation of the court's relationships to the other actors in the legal system, including the academy and the bar. Professor Dreyfuss's article illustrates this approach.¹⁵ In proposing possible future experiments, she focuses not only on the Federal Circuit, but also on other institutions that could help to improve the legal process of the patent system. Thus, she considers as possible counterbalances to the Federal Circuit's specialization proposals such as modifying the PTO administrative powers¹⁶ and expanding the power of non-Federal Circuit judges in shaping the course of patent law.¹⁷

The Federal Circuit itself also has a role to play in defining its future relationships with other actors in the patent system. For example, Professor Dreyfuss notes that, if the patent bar is failing to include sufficient extra-judicial materials in briefs to the Federal Circuit, then the court could help to change the practice "by making clear what the judges would like to see argued."¹⁸ I believe this recommendation suggests a possible course of innovation. The Federal Circuit could institute what might be called a "Bran-

¹³ Brief for Defendant in Error, *Muller v. Oregon*, 208 U.S. 412 (1908) (No. 107) (filed Jan. 10, 1908, by Louis D. Brandeis, counsel for the State of Oregon).

¹⁴ Rochelle Cooper Dreyfuss, *The Federal Circuit: A Continuing Experiment in Specialization*, 54 CASE W. RES. L. REV. 771, 782 (2004).

¹⁵ So too, Professor Dreyfuss's earlier scholarship shows great attention to the institutional design of the patent system. See, e.g., Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialization*, 64 N.Y.U. L. REV. 1 (1989).

¹⁶ Dreyfuss, *supra* note 14, at 793-95.

¹⁷ *Id.* at 788.

¹⁸ *Id.*

deis brief” rule whereby advocates could gain additional space in their briefs—say, perhaps ten additional pages—if they dedicate those pages to policy discussions supported wholly by extra-judicial sources. The reward of additional space might give lawyers an incentive to provide more policy arguments supported by extra-judicial sources. At least some Federal Circuit judges believe such arguments are worth attention.¹⁹ Indeed, Judge Michel has said at this Symposium that he looks to academic articles as “beacons.”²⁰ Perhaps a “Brandeis brief” rule would be one way in which the Federal Circuit itself could experiment in shaping its relationship to the patent bar and the academy.

In conclusion, perhaps the best advice academics can give is that legal actors and policy makers should not balk at continuing to experiment on the legal process of the patent system. This is, I believe, the advice that Professor Dreyfuss gives in her article. All of us—including the actors in the patent system, the patent bar and academics—must maintain a certain amount of humility in engaging in these experiments and in interpreting their results. We should have humility in the sense that we have to recognize our deep ignorance in institutional design. It is a very primitive science, and I am confident that, in another century or two, legal scholars will look back on our current musings about institutional design with the same kind of respect that we have for the medical arts of the Middle Ages. Just as we think it odd that leeches were once considered such a wonderful therapeutic tool, so too the scholars of the future may view our current institutional structures with some similar measure of disdain. Nonetheless, our science of legal institutions will never advance if experiments do not continue. The process of experimentation will include many disappointments and, even with success, the courts cannot expect to be freed from hard cases that breed division. The bar can be counted on to find those cases and to litigate them.

¹⁹ See, e.g., *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558, 638-41 (Fed. Cir. 2000) (en banc) (Newman, J., dissenting) (noting “the absence of development of policy issues on this appeal” and then proceeding to canvass a wide range of economic and legal literature in evaluating the legal rule developed by the en banc majority).

²⁰ Michel, *supra* note 6, at 758.