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# THE FEDERAL CIRCUIT: A CASE STUDY IN SPECIALIZED COURTS

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*In this Article, Professor Dreyfuss studies the Court of Appeals for the Federal Circuit, the specialized court established in 1982. Focusing on the court's patent jurisdiction, Professor Dreyfuss finds that while the court has reformulated and unified patent law in a positive way, it has not yet developed a jurisdictional concept of itself. Because significant procedural and jurisdictional issues remain unresolved, the court has been unable to attain fully the efficiency objectives that specialization can accomplish. In an effort to solve these problems, Professor Dreyfuss suggests ways of achieving a more coherent conception of the court. She proposes that the court shift its focus from patent law to competition law more generally, and that it be given the authority to tailor procedural law to its unique needs.*

## INTRODUCTION

> I cannot stop without calling attention to the extraordinary condition of the law which makes it possible for a man without any knowledge of even the rudiments of chemistry to pass upon such questions as these. . . . How long we shall continue to blunder along without the aid of unpartisan and authoritative scientific assistance in the administration of justice, no one knows; but all fair persons not conventionalized by provincial legal habits of mind ought, I should think, unite to effect some such advance.[1]

So concluded Learned Hand in an opinion finding the patent on adrenalin valid and infringed.[2] Judge Hand advocated the use of experts

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[1] Parke-Davis & Co. v. H.K. Mulford Co., 189 F. 95, 115 (S.D.N.Y. 1911).

[2] Id. at 114.

in judicial administration. He believed that in technologically complex areas specialized adjudicators would produce better results: that a chemist's insight into inventiveness should be employed in deciding whether a pharmaceutical patent was infringed; that a physician's expertise should be used to resolve conflicts among medically trained witnesses in a malpractice suit.[3] This view has been championed by others, some of whom would extend the concept of expert adjudication to the establishment of "science courts" to assist society in grappling with new technologies.[4]

Many who have joined in Hand's call for specialization have been attracted for efficiency reasons. They believe that if all cases of a particular sort were channelled to a single tribunal, that forum would use its monopoly to inject doctrinal stability into the law it administers.[5] This, in turn, would provide better guidance for primary behavior, produce horizontal equity, and reduce opportunistic litigation strategies such as forum shopping.[6] Although the Supreme Court could, in federal cases, accomplish the same result, it cannot hear enough cases to bring stability to many areas of the law on a regular basis.[7]

Lastly, there is a group that advocates specialization for administrative reasons.[8] They argue that burgeoning caseloads can no longer be managed by enlarging existing courts or adding new ones.[9] If courts grow horizontally, there are more judicial officers handing down opinions on the same issues. This produces greater incoherence in the law,[10] giving rise to even more litigation. Although the incoherence problem could be solved by introducing new layers of appeal, there would still be a proliferation of adjudication, albeit vertically. Thus, if courts cannot grow out, and if growing up is unhelpful, what is left is differentiation.[11]

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[3] See Hand, Historical and Practical Considerations Regarding Expert Testimony, 15 Harv. L. Rev. 40, 55-58 (1901).

[4] See, e.g., Kantrowitz, Proposal for an Institution for Scientific Judgment, 156 Sci. 763 (1967); Martin, The Proposed "Science Court," 75 Mich. L. Rev. 1058 (1977).

[5] See generally P. Carrington, D. Meador & M. Rosenberg, Justice on Appeal 171-72 (1976) [hereinafter Justice on Appeal] (discussing use of specialized courts to obtain uniformity of decisions).

[6] See Commission on Revision of the Federal Court Appellate System, Structure and Internal Procedures: Recommendations for Change 15, reprinted in 67 F.R.D. 195, 220 (1975) [hereinafter Recommendations for Change] (discussing problem of forum shopping in context of patent cases).

[7] See Justice on Appeal, supra note 5, at 158-59; Recommendations for Change, supra note 6, at 9, 67 F.R.D. at 209.

[8] See, e.g., Meador, An Appellate Court Dilemma and a Solution Through Subject Matter Organization, 16 U. Mich. J.L. Reform 471, 475-82 (1983).

[9] See Justice on Appeal, supra note 5, at 138-41; Meador, supra note 8, at 472-75.

[10] See Recommendations for Change, supra note 6, at 58-59, 67 F.R.D. at 264-66 (noting that as number of judges increases within circuit, intracircuit conflicts become more likely).

[11] See Meador, supra note 8, at 473-75; Scalia, Remarks Before the Fellows of the American Bar Foundation and the National Conference of Bar Presidents, New Orleans, La. (Feb.

Many have doubted whether specialized adjudication could solve the ills that Hand and others have identified. They argue that specialization will produce a court with tunnel vision, with judges who are overly sympathetic to the policies furthered by the law that they administer or who are susceptible to "capture" by the bar that regularly practices before them.[12] When faced with difficult policy choices intermingled with complicated technical issues, these courts will hide their biases behind impenetrable specialized jargon.[13] The one-dimensional nature of the docket will make judges vulnerable to lobbyists and their positions will be susceptible to ideological appointments.[14] Even with the best motives, a court's doctrinal isolation may lead to a body of law out of tune with legal developments elsewhere.[15] Furthermore, according to this view, this isolation, coupled with the repetitive nature of the workload, is unlikely to attract the most talented jurists.[16]

Despite the unresolved nature of this debate, in 1982 Congress decided to embark upon a sustained experiment in specialization.[17] The Federal Court Improvements Act of 1982 (FCIA)[18] established the Court of Appeals for the Federal Circuit (CAFC). The new court, which was founded largely to achieve the efficiency and managerial goals outlined above,[19] hears patent appeals from United States District Courts

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15, 1987) (on file at New York University Law Review).

12 See, e.g., R. Posner, The Federal Courts 157 (1985).

13 See Cavers, Law and Science: Some Points of Confrontation, in Law and the Social Role of Science 5, 6 (H. Jones ed. 1966) (noting that scientific experts are typically partisan to one side of a given scientific question).

14 See R. Posner, supra note 12, at 153-56.

15 See id. at 156-57.

16 See id. at 150.

17 Isolated attempts to adjudicate technological disputes through the use of expert tribunals include the Food and Drug Administration's assembly of a Public Board of Inquiry to investigate the safety of the sweetener, aspartame. See Shapiro, Scientific Issues and the Function of Hearing Procedures: Evaluating the FDA's Public Board of Inquiry, 1986 Duke L.J. 288, 300-04 (describing other experiments).

Other specialized appellate courts of limited jurisdiction include the United States Court of Military Appeals, the Temporary Emergency Court of Appeals, and the Foreign Intelligence Surveillance Court of Review. Adams, The Court of Appeals for the Federal Circuit: More than a National Patent Court, 49 Mo. L. Rev. 43, 46 n.18 (1984). Trial courts with specialized jurisdiction include the Bankruptcy Courts, the Tax Court, the Court of International Trade, the Claims Court, and the Special Court, Regional Rail Reorganization Act of 1973. Id. In the past, there have been several short-lived courts of special subject matter jurisdiction, including the Commerce Court, which lasted three years, see Dix, The Death of the Commerce Court: A Study in Institutional Weakness, 8 Am. J. Legal Hist. 238 (1964), the Court of Private Land Claims, and the Choctaw and Chickasaw Citizenship Court. See Adams, supra, at 46 n.18.

18 Pub. L. No. 97-164, 96 Stat. 25 (relevant provisions codified as amended in scattered sections of 28 U.S.C.).

19 See text accompanying notes 5-11 supra; see also S. Rep. No. 275, 97th Cong., 2d Sess. 17 (1981), reprinted in 1982 U.S. Code Cong. & Admin. News 11, 14-15 [hereinafter S. Rep.

and from the Patent and Trademark Office (PTO).[20] Partly out of recognition of the dangers of specialization,[21] Congress did not make the CAFC's patent jurisdiction specialized in the traditional sense of possessing jurisdiction in but a single area of the law. Instead, Congress supplemented its jurisdiction with adjudicatory authority in such diverse areas as trademark,[22] tariff and customs law,[23] technology transfer regulations,[24] and government contract[25] and labor[26] disputes.[27]

Several years have elapsed since the Federal Circuit began its operations, and the time is ripe to assess the court's strengths and identify its weaknesses. Since the court's jurisdictional grant makes it expert in several fields,[28] comparing its successes and failures in these areas may reveal those fields where specialization is most productive. Moreover, the areas where the CAFC shares authority with courts of general jurisdiction provide fertile ground for measuring the extent to which its decisions remain in step with jurisprudential trends.

This study—which focuses on the first five years of the court's operation—looks at two sorts of questions. First, because I view the CAFC's

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No. 275] (merger of Court of Claims and Court of Customs and Patent Appeals (CCPA) provides more efficient administration of patent claims).

[20] 28 U.S.C. §§ 1295(a)(1), 1338 (1982).

[21] See text accompanying notes 12-16 supra.

[22] The CAFC hears appeals from the trademark decisions of the Patent and Trademark Office, but does not hear appeals from district court trademark actions. 28 U.S.C. § 1295(a)(1), (4) (1982 & Supp. IV 1986).

[23] The CAFC has exclusive jurisdiction over appeals from final decisions of the Court of International Trade and review of final orders of the International Trade Commission. 28 U.S.C. § 1295(a)(5)-(6) (1982).

[24] The CAFC has exclusive jurisdiction over findings on questions of law of the Secretary of Commerce relating to the importation of scientific and technological material. Id. § 1295(a)(7).

[25] The CAFC has exclusive jurisdiction over appeals from federal district court actions for all nontax and nontort claims against the United States for $10,000 or less (the "little Tucker Act," id. § 1295(a)(2)), exclusive jurisdiction over all appeals from the Claims Court (including claims against the United States for more than $10,000 under the Tucker Act, id. § 1346), and exclusive jurisdiction over appeals from final decisions of agency boards of contract under the Contract Disputes Act of 1978, 41 U.S.C. § 607(g)(1) (1982). See 28 U.S.C § 1295(a)(2)-(3), (10) (1982).

[26] The CAFC has exclusive jurisdiction over most final orders and decisions of the Merit Systems Protection Board. 5 U.S.C. § 7703(b)(1)(d) (1982); 28 U.S.C. § 1295(a)(9) (1982).

Another minor area of jurisdiction is appeals from orders of the Department of Agriculture under the Plant Variety Protection Act, 7 U.S.C. § 2461 (1982). See 28 U.S.C. § 1295(a)(8) (1982).

[27] The CAFC differs from traditional specialized courts in another way as well: it does not possess plenary appellate authority over patent law. The well-pleaded complaint rule diverts some patent cases to state courts and regional appellate courts. For data on the allocation of the CAFC's judicial energies, see Appendix. For a description of the kinds of patent cases that remain outside the appellate jurisdiction of the CAFC, see notes 194-95, 202-03 and accompanying text infra.

[28] See notes 22-27 and accompanying text supra.

primary claim to technical expertise to be in the patent area,[29] I have reviewed its patent decisions and compared them to the law that evolved in the regional circuits. In that way, I attempt to measure the extent to which expertise and monopolization benefit the evolution of the law. I consider whether the law is more *precise*, in the sense of being reproducible—is the law articulated in a way that permits the PTO, lower courts, and practitioners to apply it with greater ease. I next examine whether the court has achieved greater *accuracy*, used here to mean correctness. My purpose is to determine whether the law in the CAFC's hands is more responsive to the philosophy of the Patent Act,[30] to national competition policies, and to the needs of researchers and technology users. In reviewing the CAFC's patent decisions, I also discuss how the court has brought coherence to patent law and examine whether the CAFC handles patent appeals more efficiently. I will also consider whether the court is biased.

Second, I have looked at procedural issues in order to assess the administrative aspects of specialization. Are new problems introduced when a "subject matter" tribunal is added to a system composed of courts with geographically-defined adjudicatory authority? How should the new court's jurisdiction be defined, and procedural rules implemented, in order to achieve the managerial and substantive goals that specialization is thought to serve?

Parts I and II utilize these representative issues to illustrate the observed benefits and costs of specialization. These Parts conclude that although the CAFC has made an important contribution in reformulating and unifying patent law, it has yet to develop a concept of itself as a court. As a result of this failure, significant procedural issues remain unresolved, and these open questions prevent the Federal Circuit from fully attaining the goals that specialization can accomplish. Part III uses the court's successes and failures to tease out a coherent conception of a specialized court. Flowing from this concept, which would shift the court's focus from patent law to encompass competition jurisprudence more generally, is a series of procedural rules that would better effectuate legislative objectives. The Article concludes with some thoughts as to where the specialization experiment might head in the future.

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[29] The CAFC was formed by combining the Court of Customs and Patent Appeals (CCPA) and the Court of Claims. Federal Court Improvements Act, Pub. L. No. 97-164, 96 Stat. 25 (1982). Judges of the CCPA were versed in patent law; the court's jurisdiction was composed primarily of patent cases and some of its judges were chosen from the patent bar. The Court of Claims occasionally heard patent infringement claims against the United States, but its judges were not, on the whole, trained in this area. In addition, the CAFC is given the benefit of technical assistants and its judges often hire law clerks with technical backgrounds. See S. Rep. No. 275, supra note 19, at 17, 1982 U.S. Code Cong. & Admin. News at 27.

[30] 35 U.S.C. §§ 1-376 (1982 & Supp. IV 1986).

## I

## THE BENEFITS OF SPECIALIZED ADJUDICATION: THE CAFC'S PATENT JURISPRUDENCE

The CAFC partially owes its origin to proposals made by the Hruska Commission in the course of its study of the caseload crisis of the federal courts.[31] Although the major recommendation of the Commission—the creation of an appellate court to handle cases referred by the Supreme Court—was rejected, Congress took note of a secondary finding that there was a special problem in patent law.[32] Perhaps because of its own docket problems and its lack of expertise, the Supreme Court rarely reviewed the patent law decisions of the regional circuits.[33] The resulting lack of national guidance created a microcosm of the difficulties identified by the Commission in the larger universe of the federal court system.[34]

First, the PTO, charged with initial determinations of patentability, was left largely to its own devices. Since it—along with its reviewing court, the Court of Customs and Patent Appeals (CCPA)—was free to develop its own notions of patentability but could not impose them on other federal courts, its decisions did not command the respect of the judiciary.[35] As the presumption of validity[36] was eroded by the regional courts, the research community considered the value of patents to be in decline.[37] And because patents were so often held invalid, the public perceived unchallenged patents to be a drain on the economy.[38] It was thought that patentees were setting monopoly prices for inventions that, when properly viewed, were already in the public domain.[39]

Second, the law diverged among regions of the country. Some cir-

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[31] Recommendations for Change, supra note 6, 67 F.R.D. 195 (1975). For a description of the work of the Hruska Commission, see J. Sexton & S. Estreicher, Redefining the Supreme Court's Role 18-23 (1986). The history of the FCIA has been amply reviewed elsewhere. See, e.g., Adams, supra note 17, at 46-50.

[32] S. Rep. No. 275, supra note 19, at 5-6, 1982 U.S. Code Cong. & Admin. News at 15; Recommendations for Change, supra note 6, at 15, 67 F.R.D. at 236.

[33] Recommendations for Change, supra note 6, at 13-15, 67 F.R.D. at 217-20.

[34] See id. at 13-16, 67 F.R.D. at 217-21.

[35] In one of the few patent cases that the Supreme Court has considered, it stated: "We have observed a notorious difference between the standards [of patentability] applied by the Patent Office and by the courts." Graham v. John Deere Co., 383 U.S. 1, 18 (1966).

[36] 35 U.S.C. § 282 (1982 & Supp. II 1984) ("A patent shall be presumed valid.").

[37] See, e.g., Industrial Innovation and Patent and Copyright Law Amendments: Hearings Before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the House Comm. on the Judiciary, 96th Cong., 2d Sess. 574-75 (1980) (statement of Sidney A. Diamond, Comm'r of Patents and Trademarks).

[38] Id. at 575.

[39] F. Scherer, Industrial Market Structure and Economic Performance 442 (2d ed. 1980).

cuits imposed difficult burdens on patentees,[40] or light ones on infringers.[41] Statistics demonstrate that in the period 1945-1957, a patent was twice as likely to be held valid and infringed in the Fifth Circuit than in the Seventh Circuit, and almost four times more likely to be enforced in the Seventh Circuit than in the Second Circuit.[42] It is no wonder that forum shopping was rampant, and that a request to transfer a patent infringement action from Texas, in the Fifth Circuit, to Illinois, in the Seventh Circuit, would be bitterly fought in both circuits and, ultimately, in the Supreme Court.[43] Furthermore, without knowing where a patent would be litigated, it became impossible to adequately counsel technology developers or users. In such a legal environment, the promise of a patent could hardly be considered sufficient incentive to invest in research and development.

The FCIA offered a solution to these problems by creating a single forum to hear appeals from most patent disputes.[44] According to proponents of the legislation, channelling patent cases into a single appellate forum would create a stable, uniform law and would eliminate forum shopping.[45] Greater certainty and predictability would foster technological growth and industrial innovation and would facilitate business planning.[46] In addition, proponents hoped that the new court would alleviate the workload crisis, at least at the appellate level, where the technical nature of patent disputes required a disproportionate amount of time from the generalist judges of the regional circuits.[47]

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[40] To give one example, some courts required holders of design patents to show that their designs would not have been obvious to an "ordinary designer." Others imposed a lower standard, requiring the patentee to show that the design would not have been obvious to an "ordinary intelligent man." See Markey, The Phoenix Court, 10 APLA Q.J. 227, 233 (1982).

[41] For instance, some courts permitted licensees to challenge patent validity in declaratory judgment actions without terminating their licenses; other courts required termination to produce a justiciable controversy. Id. at 232.

[42] See Cooch, The Standard of Invention in the Courts, in Dynamics of the Patent System 34, 56-59 (W. Ball ed. 1960).

[43] See Hoffman v. Blaski, 363 U.S. 335 (1960) (infringer could not transfer case under 28 U.S.C. § 1404 (1982), which permits tranfers in the interests of justice, to district that lacked personal jurisdiction over him even though he was willing to waive his objection).

[44] See notes 17-27 supra and accompanying text.

[45] See notes 5-11 supra and accompanying text.

[46] See Ninth Annual Judicial Conference of the Court of Customs and Patent Appeals, 94 F.R.D. 350, 359 (1982) (statement of Rep. Kastenmeier).

[47] As Judge Markey put it: "[I]f I am doing brain surgery every day, day in and day out, chances are very good that I will do your brain surgery much quicker, or a number of them, than someone who does brain surgery once every couple of years." Court of Appeals for the Federal Circuit: Hearings Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary, 97th Cong., 1st Sess. 42-43 (1981) (statement of the Honorable Howard T. Markey, Chief Judge, Court of Customs and Patent Appeals). At the same hearing, it was opined that patents were "the most unattractive thing about being a Federal judge." Id. at 46 (statement of Rep. Sawyer); see also Adams, supra

On the whole, the empirical data fulfill the expectations of the Federal Circuit's founders concerning both the precision and accuracy of patent law. As a general matter, the court has articulated rules that are consistent with the underlying philosophy of patent law and that are easy for the lower courts and the research community to apply. The court has been cognizant of the needs of inventors and has made strides toward shaping the law in a manner that resonates with the practicalities of technology development. One unforeseen benefit has been the court's synthesis of patent law principles in a manner that had escaped the regional circuits.

### *A. Precision*

Precision, as used here, means the extent to which the law produces horizontal equity. The best measure of precision would be to see whether two courts deciding the same case reach the same result. Before the CAFC, this was actually possible since patents sometimes were challenged in more than one forum.[48] However, with the establishment of the new court, repetitive litigation has diminished.[49] A feel for precision, though, may be obtained in another manner—by looking at the way that the CAFC formulates legal principles. Bright line rules, objective criteria, and minimal exceptions may not make for accurate adjudication (the "right" result in every case), but they create a body of law that is easier to apply uniformly and to predict with certainty. The decisions of the CAFC to date demonstrate that the court has taken seriously the duty to make the law precise, and has made strides in that direction.

The best example of imprecision within pre-CAFC patent law involved the issue of inventiveness. To be patented, an invention must be both new—not previously invented—and nonobvious—not such a small progression that a person having ordinary skill in the art would have been able to construct the invention based on what was previously known in the field.[50] The latter provision historically caused confusion because it essentially asked the trier of fact to decide, with hindsight, whether the invention was a truly significant advance. Since the most sophisticated inventions sometimes appear to be simple, and since it can require comprehensive understanding of the art to know what was originally thought

note 17, at 61-62 (stating that creation of CAFC promoted efficiency, flexibility, and uniformity).

[48] Compare Graham v. Cockshutt Farm Equip., Inc., 256 F.2d 358 (5th Cir. 1958) (holding patent on plow valid) and Jeoffroy Mfg., Inc. v. Graham, 219 F.2d 511 (5th Cir.) (same), cert. denied, 350 U.S. 826 (1964) with John Deere Co. v. Graham, 333 F.2d 529 (8th Cir. 1964) (holding same patent invalid), aff'd, 383 U.S. 1 (1966).

[49] See text accompanying notes 145-46 infra.

[50] 35 U.S.C. §§ 101-103 (1982 & Supp. IV 1986).

impossible, the requirement of nonobviousness often led to surprising and unpredictable results.[51] Many considered the chaos generated by the nonobviousness requirement to be, almost in itself, a reason to change the administration of the patent law.[52]

As far as precision is concerned, the CAFC has done an excellent job with obviousness. Recognizing that so long as the determination of obviousness rested upon the subjective opinion of the court, it would remain fraught with inconsistency, the CAFC has required the lower courts to review a series of objective elements before concluding that an invention is unpatentable for obviousness.[53] For example, the CAFC now requires evidence concerning the commercial success of the patented invention, on the theory that the willingness of others to buy it demonstrates the extent to which it contributes to the field.[54] The court also will consider long felt, but unmet, need as a signal that others had been motivated to make the discovery, but were unable simply to extend prior knowledge to do so.[55] That others in the industry generally acquiesce in the license rather than contest the validity of the patent, is also regarded as evidence that those in a position to assess inventiveness think that the discovery meets the standard of patentability.[56]

This use of secondary considerations is not new to the CAFC. Rather, these considerations were previously accorded little weight because their appearance can sometimes be attributed to factors other than nonobviousness. For instance, commercial success may be due to the dominant market position of the patentee before the introduction of the new invention; the sudden ability to meet long felt need could derive from other technological advances, unrelated to the inventor's contribution; acquiescence may be attributed to the relative cost of obtaining a license, as opposed to challenging the patent.[57] Rather than reject these

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[51] Nonobviousness was originally a judge-made limitation on patentability, and was codified when the Patent Act was revised in 1952. 35 U.S.C. § 103 (1982). The provision was first construed by the Supreme Court fourteen years later, in Graham v. John Deere Co., 383 U.S. 1 (1966). See generally Kitch, Graham v. John Deere Co.: New Standards for Patents, 1966 Sup. Ct. Rev. 293 (discussing historical development of standards of patentability and tests of nonobviousness evolved by lower courts).

[52] See Markey, supra note 40, at 232.

[53] See, e.g., Stratoflex, Inc. v. Aeroquip Corp., 713 F.2d 1530, 1539 (Fed. Cir. 1983).

[54] See, e.g., Vandenberg v. Dairy Equip. Co., 740 F.2d 1560, 1567 (Fed. Cir. 1984); Kansas Jack, Inc. v. Kuhn, 719 F.2d 1144, 1150 (Fed. Cir. 1983). See generally Note, Patent Law: Obviousness, Secondary Considerations, and the Nexus Requirement, 1986 Ann. Surv. Am. L. 117, 129-31 (reviewing court's emphasis on secondary considerations, but arguing that court has been unclear as to weight to give to sales evidence).

[55] See, e.g., W.L. Gore & Assocs., Inc. v. Garlock, Inc., 721 F.2d 1540, 1556 (Fed. Cir. 1983).

[56] See *Stratoflex*, 713 F.2d at 1539; D. Chisum, Patents § 5.05[3] (1987).

[57] See, e.g., Schwinn Bicycle Co. v. Goodyear Tire & Rubber Co., 444 F.2d 295, 300 (9th Cir. 1970) (in patent infringement suit for design of a bicycle seat, court was not persuaded by

considerations entirely, the CAFC has recognized their importance in making the law precise and instead has sought to minimize the extent to which they can be misused. Thus, the court has elaborated a "nexus" requirement, which requires that before secondary considerations can be used to demonstrate nonobviousness, a showing must be made that their appearance is attributable to the inventive characteristics of the discovery as claimed in the patent.[58]

Secondary considerations do not constitute a complete answer to the problem posed by obviousness. It is, for instance, possible for a nonobvious invention to fail to present secondary considerations.[59] Nonetheless, it is now less probable that a lower court will declare invalid the patent on an invention that, because of the insight of its inventor, met long felt need, enjoyed commercial success, or displayed other objective indicia of having made an important social contribution. Since it is likely that the inconsistent treatment of such inventions was the most destabilizing element of the system, the CAFC has, in this area, made strides in achieving the appearance of precision.[60]

While obviousness was probably the most glaring problem facing the patent bar before the establishment of the CAFC, many other issues suffered from lack of guidance.[61] In general, the court has been successful with issues, like obviousness, that arise in connection with patentability decisions. It has begun to articulate a definition of double patenting that makes it easier to decide when an application should be rejected because the invention was patented previously.[62] It has simplified the

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evidence of acceptance of design and commercial success as these could be attributed to Schwinn's national role and to relatively moderate royalty rates charged in licensing design).

[58] See Mintz & Racine, Anticipation and Obviousness in the Federal Circuit, 13 AIPLA Q.L.J. 195, 218-19 (1985). It remains to be seen exactly where the burden of proving a nexus lies. See Note, supra note 58, at 134; see also Merges, Commercial Success and Patent Standards: Economic Perspectives on Innovation, 76 Calif. L. Rev. 802, 824-26 (1988) (arguing that nexus requirement does not distinguish between truly nonobvious inventions and innovations that manifest secondary considerations because of characteristics of patentee).

[59] For example, it is possible that the invention is such a great advance that need for it was never foreseen. In that case, it may take a long time for licensing to begin or for commercial success to become evident. If the patent is challenged early enough, the patentee will not be able to rely on all of the secondary considerations.

[60] See, e.g., K. Krosin, Federal Circuit Patent Law Decisions 78 (1986); Mintz & Racine, supra note 58, at 219; Waldbaum, CAFC Patent Developments to Date [1984] Pat. L. Ann. 1, 45.

[61] In a speech before the Bar Association of the City of New York, Judge Pauline Newman estimated that there are 35 areas of the law where the CAFC has resolved intercircuit conflicts. P. Newman, A Review of the Legal and Economic Impact of the Court of Appeals for the Federal Circuit—Five Years of Change, Remarks Before the Bar Association of the City of New York (Oct. 1, 1987).

[62] See, e.g., In re Kaplan, 789 F.2d 1574 (Fed. Cir. 1986); Studiengesellschaft Kohle mbH v. Northern Petroleum Co., 784 F.2d 351 (Fed. Cir.), cert. dismissed, 478 U.S. 1028 (1986). See generally Killworth, The Federal Circuit Treatment of Non-Art Rejections/Defenses and

procedure for deciding anticipation by requiring that every element in the invention be previously described in a single prior art reference for the invention to be deemed non-novel.[63] The court also has clarified when an otherwise patent-barring public use should be considered excusable as an experiment.[64]

Interestingly, issues that arise mainly in enforcement proceedings have not been nearly as well explicated. For example, the court has yet to announce clear tests for many of the issues involved in the infringement question. *Texas Instruments, Inc. v. United States International Trade Commission*[65] exemplifies the problem. Asked to determine whether certain miniaturized calculators infringed Texas Instrument's pioneering calculator patent, the CAFC managed to muddy the waters on the significance of being first in a field,[66] the application of means expressions to new technologies,[67] and both the doctrine of equivalents[68]

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Reissue/Reexamination: The First Three Years, 13 AIPLA Q.L.J. 220, 227-30 (1985) (discussing recent court decisions that construe patent principles with regard to "obviousness-type" double patenting); Strawbridge, McDonald & Moy, Patent Law Developments in the United States Court of Appeals for the Federal Circuit During 1986, 36 Am. U.L. Rev. 861, 880-81 (1987) [hereinafter Strawbridge] (discussing *In re Kaplan* and *Northern Petroleum*).

[63] See, e.g., Studiengesellschaft Kohle mbH v. Dart Indus., 726 F.2d 724, 727 (Fed. Cir. 1984); Connell v. Sears Roebuck & Co., 722 F.2d 1542, 1548 (Fed. Cir. 1983). Prior to the CAFC, some courts adopted the view that anticipation could be demonstrated with less than full disclosure in prior references if someone skilled in the art could have filled the gap. See, e.g., Amphenol Corp. v. General Time Corp., 397 F.2d 431, 438 (7th Cir. 1968). See generally K. Krosin, supra note 60, at 39-46 (insubstantial differences between device and prior art do not negate anticipation under 35 U.S.C. § 102 (1982)).

[64] See, e.g., Western Marine Elecs., Inc. v. Furuno Elec. Co., 764 F.2d 840 (Fed. Cir. 1985); TP Laboratories, Inc. v. Professional Positioners, Inc., 724 F.2d 965, 972 (Fed. Cir.), cert. denied, 469 U.S. 826 (1984); see also K. Krosin, supra note 60, at 52.

[65] 805 F.2d 1558 (Fed. Cir. 1986).

[66] The court recognized that Texas Instrument's patent was a pioneer in the calculator field and acknowledged the established doctrine that the "pioneer status" of the invention requires special consideration. Id. at 1568. However, the court eviscerated this principle by holding that a new invention may not be considered infringing if it incorporates many new developments. Id. at 1568-71. In a fast-moving field like computer technology, this holding could provide an easy way to avoid infringement.

[67] Under 35 U.S.C. § 112 (1982), "[a]n element in a claim . . . may be expressed as a means or step for performing a specified function without the recital of structure, material or acts . . . ." Means expression permits the patentee to encompass within the grant all inventions that accomplish substantially the same purpose. For example, a claim of "input means" covers all keyboards, not just the one drawn according to Texas Instrument's specifications. Although the CAFC acknowledged the flexibility of means expression claims, it did not take a very flexible approach in deciding whether Texas Instrument's patent had been infringed. *Texas Instruments*, 805 F.2d at 1568.

[68] The doctrine of equivalents permits a patentee to consider as infringing devices those that accomplish substantially the same result in substantially the same way. See Graver Tank & Mfg. Co. v. Linde Air Prods. Co., 339 U.S. 605 (1950). In *Texas Instruments*, the CAFC considered and rejected the application of the doctrine of equivalents to the accused calculators, even though it had found that the elements of these calculators were encompassed within the means expression claims of the patent. *Texas Instruments*, 805 F.2d at 1569-71. In so

and the reverse doctrine of equivalents.[69] Indeed, the CAFC has had several occasions to consider both equivalents doctrines, but it has not managed to offer guidance on either.[70] It has failed to elucidate the parameters for deciding when the reverse doctrine applies,[71] or even to say whether it is an issue of law for the court or an issue of fact for the jury.[72]

Perhaps most surprising in view of the stakes, the court has also done less than expected with regard to clarifying the law on monetary damages. For instance, the CAFC has tended to hide behind the skirts of the district courts, refusing to overturn awards without a showing of abuse of discretion by the trial judge.[73] In addition, questions as to when damages should be increased because of willfulness[74] remain un-

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doing, the court contradicted its prior statements implying that patentees can capture variations made possible by subsequent advances. See, e.g., American Hosp. Supply Corp. v. Travenol Laboratories, Inc., 745 F.2d 1, 9 (Fed. Cir. 1984) (stating that International Trade Commission erred in deciding that patent did not cover subsequent advances); Hughes Aircraft Co. v. United States, 717 F.2d 1351, 1364-65 (Fed. Cir. 1983) (holding that variations in invention made possible by subsequent advances in art do not allow accused infringing device to escape the "web of infringement").

[69] This doctrine, which also originated in *Graver Tank*, permits an infringer to escape liability by showing that while the device literally falls within the patent claims, it is "so far changed in principle . . . that it performs the same or a similar function in a substantially different way." *Graver Tank*, 339 U.S. at 608. The CAFC did not expressly mention the reverse doctrine of equivalents in its opinion in *Texas Instruments*. The decision essentially holds that infringement is avoided even when literal infringement of means expression is present if, when taken as a whole, the accused device transcends the original. *Texas Instruments*, 805 F.2d at 1571. As such, *Texas Instruments* must be read as extending the scope of the reverse doctrine of equivalents. See Strawbridge, supra note 62, at 889 n.223.

[70] See, e.g., Perkin-Elmer Corp. v. Westinghouse Elec. Corp., 822 F.2d 1528, 1543 (Fed. Cir. 1987) (Newman, J., dissenting) (criticizing court for failing to apply precedent consistently); Penwalt Corp. v. Durand-Wayland, Inc., 833 F.2d 931, 935 (Fed. Cir. 1987) (quoting and applying *Perkin-Elmer Corp.* discussion of doctrine of equivalents).

[71] See Duft, Patent Infringement and the United States Court of Appeals for the Federal Circuit, 13 AIPLA Q.L.J. 342, 353-54 (1985).

[72] Compare Kalman v. Kimberly-Clark Corp., 713 F.2d 760, 771 (Fed. Cir. 1983) (legal issue) with SRI Int'l v. Matsushita Elec. Corp., 775 F.2d 1107, 1123 (Fed. Cir. 1985) (factual issue). See generally Bender, Griffen & Lipsey, Patent Decisions of the United States Court of Appeals for the Federal Circuit: The Year 1985 in Review, 35 Am. U.L. Rev. 995, 1017-20 (1986).

The relationship between the doctrine of equivalents and prosecution history estoppel, which precludes a patentee from taking positions different from those taken during the prosecution of the patent, is equally obscure. See K. Krosin, supra note 60, at 99-100.

[73] See, e.g., King Instrument Corp. v. Otari Corp., 767 F.2d 853, 863-67 (Fed. Cir. 1985) (finding district court did not abuse its discretion and affirming district court's damage award), cert. denied, 475 U.S. 1015 (1986); Kori Corp. v. Wilco Marsh Buggies & Draglines, Inc., 761 F.2d 649, 654 (Fed. Cir.) (stating that district court is free to use its discretion in choosing a method for calculating damages, and affirming district court's damage award), cert. denied, 474 U.S. 902 (1985). But cf. Chisum, Remedies for Patent Infringement, 13 AIPLA Q.L.J. 380, 388-89 (1985) (arguing that "clearly erroneous" standard is more suitable and consistent with CAFC rules on other issues).

[74] The Patent Act permits the court to treble the damages, 35 U.S.C. § 284 (1982), and to award attorney's fees in "exceptional cases." Id. § 285. These enhanced damages are typically

resolved.[75] Finally, the court has failed to clarify the significance placed on the infringer's reliance on counsel.[76] It has even interjected a new source of confusion by implying, and later refuting, the notion that a finding of willfulness requires that a significant period of time elapse between the issuance of the patent and the filing of the infringement action.[77]

It is curious that the CAFC has been better at articulating the law on patentability than on enforcement and damages issues. It could be that enforcement issues are more intractable than the questions that arise in the course of determining patentability. Alternatively, it may be that the court sees enforcement issues as less crucial to business planning, and thus has not seen the need to attain the same degree of precision. More likely, the CAFC has had greater success on the patentability issues because at least some of its members already had substantial experience in this area. Several of the Federal Circuit's judges came from the CAFC's predecessor court, the CCPA, which regularly reviewed the patentability decisions of the PTO. But since the PTO does not handle defenses or damages issues, these judges had not previously grappled with enforcement and damages questions.[78] In considering such questions, then, the CAFC, like any court that lacks experience, is forced to experiment with different formulations and test them in the district courts. Thus, even where the CAFC has failed to develop a law capable of creating horizontal equity, it has demonstrated the values of expertise, and the benefits that accrue when similar issues arise repeatedly before the same group of

awarded to penalize willful behavior. Chisum, supra note 73, at 390-92.

[75] See, e.g., Rolls-Royce Ltd. v. GTE Valeron Corp., 800 F.2d 1101, 1109-10 (Fed. Cir. 1986) (refusing to articulate "hard and fast" rules).

[76] Compare Rosemount, Inc. v. Beckman Instruments, Inc., 727 F.2d 1540, 1548 (Fed. Cir. 1984) (imposing duty on those working in area of patent to seek advice of competent counsel) and Central Soya Co. v. Geo. A. Hormel & Co., 723 F.2d 1573, 1576-77 (Fed. Cir. 1983) (same) with King Instrument Corp. v. Otari Corp., 767 F.2d 853, 867 (Fed. Cir. 1985) (indicating that failure to obtain legal advice is not, in itself, proof of willfulness), cert. denied, 475 U.S. 1016 (1986) and Machinery Corp. of Am. v. Gullfiber AB, 774 F.2d 467, 473 (Fed. Cir. 1985) (same).

[77] Compare Ralston Purina Co. v. Far-Mar-Co, Inc., 772 F.2d 1570, 1577 (Fed. Cir. 1985) (upholding willfulness findings despite short lapse of time) and Power Lift, Inc. v. Lang Tools, Inc., 774 F.2d 478, 482 (Fed. Cir. 1985) (same) with State Indus., Inc. v. A.O. Smith Corp., 751 F.2d 1226, 1236 (Fed. Cir. 1986) (implying that infringement could never be willful if defendant heard of patent only short time before action filed).

[78] The difference between the CAFC's performance in areas inherited from the CCPA and in areas inherited from the regional circuits was first noted by Strawbridge, supra note 62, at 885.

An exception to this observation is the law on inequitable conduct before the PTO, which remains in a muddle despite the fact that the question did fall within the jurisdiction of the CCPA. However, there are reasons why the CAFC may have wanted to reconsider this body of doctrine. See text accompanying notes 130-38 infra.

adjudicators.[79]

### *B. Accuracy*

The previous section discussed the Federal Circuit's accomplishments in developing a uniform, predictable law, without regard to the actual correctness of the results. Although precision is itself a goal worth attaining, especially for intercircuit actors such as technology consumers and producers, the court will not have fully achieved congressional goals unless it also develops accurate law. To measure the accuracy of the CAFC's opinions, I have tried to evaluate the extent to which the court has formulated rules that reflect sensitivity to the needs of the technology industry. I have also looked at the degree to which the court has attempted to advance what it regards as national policy.

#### *1. Sensitivity to the Imperatives of Invention*

An important factor in developing a patent law that accurately responds to the national goal of encouraging technological advances and inventiveness[80] is an understanding of the dynamics of innovation. In many respects, the CAFC has displayed an exceptional appreciation of the fundamentals of technological development and has skillfully used its insights in structuring decisions.

The CAFC's tests for obviousness furnish excellent illustrations. As described previously, the regional courts had developed a subjective test for obviousness that led to imprecise results.[81] Matters were, however, further complicated by decisions that required courts to apply special rules when the invention was considered a "combination" of known elements.[82] In those situations, some courts required a showing that the combination produced a synergistic result while others required only a "surprising" result, and still other courts failed to articulate any coherent principle for deciding when a combination was patentable.[83] Few courts managed to explain the conditions for invoking these special tests.[84]

The CAFC has correctly diagnosed the problem. It has recognized

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[79] Note that the court's ability to create a precise patent law is limited given that the regional circuits are not bound by CAFC decisions. See note 294 and accompanying text infra.

[80] See 1 Report of the President's Commission on Industrial Competitiveness, Global Competition: The New Reality 17-24 (1985).

[81] See text accompanying notes 50-52 supra.

[82] See Sakraida v. Ag Pro, Inc., 425 U.S. 273 (1976).

[83] See Sarkisian v. Winn-Proof Corp., 688 F.2d 647, 649 n.1, 650 (9th Cir. 1982) (en banc) (holding surprising results test is sole measure of patentability for combination patents; reviewing differences among circuits in defining synergism and surprising results and in deciding whether the two are synonymous).

[84] See Goldstein, Conflicting Rules of Patent Law Within the Federal Judicial System, 12 Intell. Prop. L. Rev. 135, 139-41 (1980); Markey, supra note 47, at 232.

that the regional courts had been given an impossible task, for virtually all inventions involve the combination of known elements. Some inventions are straightforward applications of previous technology while others are more complex. For example, the "Dairy Establishment" patent at issue in *Sakraida v. Ag Pro, Inc.*[85] can clearly be analyzed as combining an inclined slope, water, and height to create an effective manure flusher. In other combinations, however, the ordinary observer will have difficulty discerning the elements involved. For example, the motion picture projector and the lightbulb do not appear to be combinations, yet Thomas Edison's papers reveal that he invented motion pictures by redesigning the phonograph and derived the lightbulb from the telegraph.[86]

Armed with this intuition, the CAFC has realized that the law on combinations was misdirected. It is impossible to articulate a test to decide which patents call for special rules when every invention is, essentially, a combination. And because the inventor's genius may lie in the ability to see the connection between diverse elements, the mere fact that elements have been combined is not a valid basis for differentiating between what is obvious and what is not. The CAFC, accordingly, has rejected the idea that combinations[87] and synergy[88] can be dispositive of obviousness, thereby conforming the law to the realities of creativity.

The court's insight into inventiveness has enabled it to refine the test for obviousness in other important ways. First, realizing that creative inventors reason from previous developments, the CAFC now understands that prior art may actually lead inventors away from the invention; previous misunderstandings may make what would otherwise be a rather obvious invention, nonobvious.[89] The court has directed lower courts, when reviewing prior art, to consider whether the inventor made his contribution by defying conventional wisdom.[90]

Second, despite its general enthusiasm for secondary considerations, the court has rejected one objective criterion, that of simultaneous invention.[91] Without an understanding of how invention takes place, a court might conclude that simultaneous development of an invention by sev-

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85 425 U.S. 273 (1976).

86 Broad, Subtle Analogies Found at the Core of Edison's Genius, N.Y. Times, Mar. 12, 1985, at C1.

87 See, e.g., Stratoflex, Inc. v. Aeroquip Corp., 713 F.2d 1530, 1540 (Fed. Cir. 1983).

88 See, e.g., Chore-Time Equip. Inc. v. Cumberland Corp., 713 F.2d 774, 781 (Fed. Cir. 1983).

89 See Schenck v. Nortron Corp., 713 F.2d 782, 785-86 (Fed. Cir. 1983).

90 See, e.g., Raytheon Co. v. Roper Corp., 724 F.2d 951, 960-61 (Fed. Cir. 1983), cert. denied, 469 U.S. 835 (1984); W.L. Gore & Assocs. v. Garlock, Inc., 721 F.2d 1540, 1551-53 (Fed. Cir. 1983), cert. denied, 409 U.S. 851 (1984); see also Mintz & Racine, supra note 58, at 208.

91 See Lindemann Maschinenfabrik GMBH v. American Hoist & Derrick Co., 730 F.2d 1452, 1460 (Fed. Cir. 1984); Mintz & Racine, supra note 58, at 209.

eral inventors proves its obviousness. Once the dynamics of invention are properly understood, however, it is easier to see that simultaneous, but nonobvious, inventions are perfectly possible. Inspiration in one field may depend heavily on knowledge uncovered elsewhere.[92] Once an important advance has been made, the incorporation of that development into another field could occur to several minds without the incorporation itself being, in any sense, obvious.[93]

Third, the court has imposed new limits on the way in which prior references can be used. Previously, the mere showing that elements of several references could be combined to reveal the patented invention was held evidence of obviousness. For example, in a case decided along with *Graham v. John Deere Co.*,[94] the Supreme Court found the patent on a shipping pump invalid because its claimed feature—a cloture device—had been used previously in a pouring spout. Nowhere in its opinion did the Court consider whether it was difficult to reason from pouring spouts to pumps. Perhaps because it more fully appreciates the talent necessary to reason by analogy, the CAFC now requires that references contain "some teaching, suggestion, or inference" that they can be combined before they can be used to invalidate a patent.[95]

The CAFC's understanding of how invention really occurs has helped it answer other open questions. In *Paulik v. Rizkalla*,[96] for example, the court was asked to define "reasonable diligence" in the context of a priority dispute.[97] To do so, the CAFC looked to the practicalities of research and development in a large company, where business objectives shift and research plans are expected to follow. Reinterpreting "over one hundred years of judicial precedent,"[98] the CAFC adopted a priority rule that disregards certain fallow periods in the research effort that led to the invention. The court thereby mitigated the harsh effect of losing the

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92 See, e.g., Kolata, Solving Knotty Problems in Math and Biology, 231 Sci. 1506 (1986) (describing how theoretical work in mathematics of knots was instrumental to unraveling secrets of DNA).

93 Of course, there may be independent reasons to regard inventions discovered simultaneously as not patentable. Cf. Roberts v. Sears, Roebuck & Co., 723 F.2d 1324, 1346 (7th Cir. 1983) (en banc) (Posner, J., dissenting) (arguing that patents should be awarded only when " 'the innovation would have been unlikely to have been developed absent the prospect of a patent' " (quoting Kitch, Graham v. John Deere Co.: New Standards for Patents, 1966 Sup. Ct. Rev. 293, 301)).

94 383 U.S. 1, 26-36 (1966) (Calmar v. Cook patent).

95 Ashland Oil, Inc. v. Delta Resins & Refractories, Inc., 776 F.2d 281, 297 n.24 (Fed. Cir. 1985), cert. denied, 475 U.S. 1017 (1986); see W.L. Gore & Assocs. v. Garlock, Inc., 721 F.2d 1540, 1551 (Fed. Cir. 1983).

96 760 F.2d 1270 (Fed. Cir. 1985) (en banc).

97 Under 35 U.S.C. § 102(g) (1982), the first to conceive an invention, so long as "reasonable diligence" is exercised, wins the right to the patent, even over another who is the first to reduce the discovery to practice.

98 *Paulik*, 760 F.2d at 1273.

right to a patent which would otherwise occur when an invention sits on a back burner or its patent application languishes on a patent attorney's desk.[99]

### 2. *Sensitivity to Patent Policy*

The CAFC's fidelity to the philosophy underlying the patent statute can be discerned in both its general and technical decisions. *Paulik* exemplifies the court's sensitivity to legislative intent. The court refused to settle the priority question at issue by relying exclusively on the literal meaning of the statute or by confining its interpretation of the priority provision to the specific objective it sought to further. Instead, the *Paulik* majority took a global view of patent policy. While it recognized that the priority rules are designed to promote disclosure, the court nonetheless characterized the patent law as a whole as intended to "encourage innovation and its fruits: new jobs and new industries, new consumer goods and trade benefits."[100] To further that policy, the court announced a rule protecting inventors' rights to dormant projects.[101] Since it is not unlikely that many back burners and bottom drawers harbor valuable material, this decision holds great potential for bringing forth new and useful innovations.[102]

Another area that has benefited from renewed analysis is the patenting of inventions that have been in public use or on sale more than a year before an application is filed.[103] Courts have generally followed the plain meaning of the statute and applied the public-use bar irrespective of whether the invention was used by the patentee or by another party without the patentee's knowledge.[104] The CAFC's approach is more attuned to the purpose of the statute, which is to prevent the patentee from enlarging the time during which his right is exclusive.[105] The court has recognized that nonconsensual third party use may sometimes be irrelevant to this purpose. Accordingly, the court has held that the public-use

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[99] See id. at 1273-76. *Paulik* is one of the few cases that created a split between the judges that formerly sat on the CCPA and the judges that sat on the nonpatent predecessor court of the CAFC, the Court of Claims. Relying on the literal language of § 102(g), the Court of Claims judges were less willing to rescue the first inventor from the effects of delay. See Mexic & Burchfiel, Interference Law Developments in the Federal Circuit, 13 AIPLA Q.L.J. 255, 257-58 (1985).

[100] *Paulik*, 760 F.2d at 1276.

[101] Id.

[102] For criticism of *Paulik*, see text accompanying notes 279-82 infra.

[103] According to the Patent Act, such inventions are not patentable. 35 U.S.C. § 102(b) (1982).

[104] See Lyon v. Bausch & Lomb Optical Co., 224 F.2d 530, 534 (2d Cir.) (Hand, J.), cert. denied, 350 U.S. 911 (1955); Recent Cases, 69 Harv. L. Rev. 388, 388-89 (1955).

[105] See Metallizing Eng'g Co. v. Kenyon Bearing & Auto Parts Co., 153 F.2d 516 (2d Cir.), cert. denied, 328 U.S. 840 (1946).

bar does not apply to such use, at least if it is secret.[106]

It is noteworthy that although it announced this pro-patentee approach to the public-use provision, the CAFC rejected an interpretation of the on-sale bar that had previously operated in the patentee's favor.[107] Many courts had read the word "sale" to require that the invention be reduced to practice, and had thus refused to invalidate patents based on this provision without proof of a physical embodiment of the invention.[108] The CAFC rejected a simplistic interpretation of this rule as well. It held that the policy of the on-sale bar was to permit public reliance on the continued availability of inventions in free use. Thus, even if the invention is not yet embodied, if the patentee has offered it for sale—presumably for future delivery—more than a year before applying for the patent, the invention may no longer be patentable.[109]

Attention to patent policy also manifests itself in the many CAFC decisions that bear directly on the strength and value of issued patents. The court has rejected the notion that the PTO's decision to grant a patent deserves little deference[110] and has instead taken seriously Congress's decision to accord to patents a presumption of validity.[111] Accordingly, the CAFC rigorously scrutinizes the trial itself to insure that the challenger has borne the burden of proving the patent invalid and has done so with clear and convincing evidence.[112]

Equally important to patentees, the availability of remedies has been substantially improved.[113] The court has scrupulously followed the Patent Act's mandate that damages be "adequate to compensate the in-

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106 See W.L. Gore & Assocs. v. Garlock, Inc., 721 F.2d 1540, 1550 (Fed. Cir. 1983), cert. denied, 469 U.S. 851 (1984).

107 35 U.S.C. § 102(b) (1982) ("A person shall be entitled to a patent unless . . . the invention was . . . in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States . . . .").

108 See, e.g., Timely Prods. Corp. v. Arron, 523 F.2d 288, 302 (2d Cir. 1975).

109 See, e.g., UMC Elec. Co. v. United States, 816 F.2d 647, 656 (Fed. Cir. 1987), cert. denied, 108 S. Ct. 748 (1988).

110 The Supreme Court accorded PTO decisions minimal deference in Graham v. John Deere Co., 383 U.S. 1, 18 (1966) and Great Atl. & Pac. Tea Co. v. Supermarket Equip. Corp., 340 U.S. 147, 156-58 (1950) (Douglas, J., concurring). Two factors probably led to the lack of respect for PTO decisions. First, without national guidance, the PTO and regional courts were likely to disagree on issues. Second, it may not have been efficient for the PTO to devote serious scrutiny to every invention since many never become commercially significant.

111 35 U.S.C. § 282 (1982 & Supp. II 1984) ("A patent shall be presumed valid.").

112 See, e.g., American Hoist & Derrick Co. v. Sowa & Sons, 725 F.2d 1350, 1358-60 (Fed. Cir.) (vacating district court decision because jury instruction "misassigned the burden of proof" of invalidity and failed to explain the presumption of validity), cert. denied, 469 U.S. 821 (1984); Lindemann Maschinenfabrik GMBH v. American Hoist & Derrick Co., 730 F.2d 1452, 1459 (Fed. Cir. 1984) (challenger's introduction of prior art that PTO has not considered does not change burden of proof to "mere preponderance").

113 See generally Chisum, supra note 73.

fringement"[114] by allowing patentees to include in lost profits the drain on human and financial resources.[115] For example, it has awarded patentees lost profits from the sale of related goods.[116] In addition, the court has at times relaxed the burden of proving causation.[117] Patentees have also been permitted to introduce evidence showing that contracts with other licensees should not be dispositive of the royalty that the infringer should pay.[118] In some cases, district courts have been required to compound the prejudgment interest awarded.[119]

The CAFC also has revitalized the role of preliminary injunctive relief in patent disputes.[120] In most areas of the law, courts issue preliminary injunctions upon a showing of irreparable harm and substantial likelihood of success on the merits.[121] In copyright, the showing is reduced because harm is often presumed.[122] Patentees, in contrast, were generally regarded as having an adequate remedy at law, and so courts denied preliminary relief unless they could prove that the patent was valid "beyond question" and that the infringement was clear.[123] As a result, patentees were placed in a difficult position. Infringers were not deterred from competing with the patentee and its licensees since at the worst, they would have to pay damages set by the court, and their liability might not accrue for many years.[124] Meanwhile, patentees were de-

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114 35 U.S.C. § 284 (1982).

115 Lam, Inc. v. Johns-Manville Corp., 718 F.2d 1056, 1068 (Fed. Cir. 1983).

116 See, e.g., Kori Corp. v. Wilco Marsh Buggies & Draglines, Inc., 761 F.2d 649, 656 (Fed. Cir.) (including value of unpatented portion of amphibious vehicle because it could not have been used independently of the patented structure), cert. denied, 474 U.S. 902 (1985).

117 See, e.g., Gryomat Corp. v. Champion Spark Plug Co., 735 F.2d 549, 554-55 (Fed. Cir. 1984) (lowering burden required to show that patentee would have sold its product to infringer's customers).

118 See, e.g., Hanson v. Alpine Valley Ski Area, Inc., 718 F.2d 1075, 1078-79 (Fed. Cir. 1983) (single licensing agreement does not demonstrate reasonableness of rate); Deere & Co. v. International Harvester Co., 710 F.2d 1551, 1557 (Fed. Cir. 1983) (single license rate paid by minor party after onset of infringement need not define measure of damages).

119 See, e.g., Dynamics Corp. v. United States, 766 F.2d 518, 520 (Fed. Cir. 1985) (interest compounded to insure "reasonableness and entire compensation" under 28 U.S.C. § 1498 (1982)).

120 35 U.S.C. § 283 (1982) states that courts may grant injunctions "to prevent the violation of any right secured by patent."

121 See 7 J. Moore, W. Taggart & J. Wickee, Moore's Federal Practice ¶ 65.04[1], at 65-30 (2d ed. 1981).

122 See Apple Computer, Inc. v. Franklin Computer Corp., 714 F.2d 1240, 1254 (3d Cir. 1983), cert. dismissed, 464 U.S. 1033 (1984); 17 U.S.C. § 502(a) (1982); M. Nimmer & D. Nimmer, Nimmer on Copyright § 14.06[A], at 14-52 (1988).

123 D. Chisum, supra note 56, § 20.04 (1987).

124 For example, in General Motors Corp. v. Devex Corp., 461 U.S. 648 (1983), an infringement action filed in 1956 was finally decided in favor of the patentee in 1982. Aspects of the award are still in litigation. See Devex Corp. v. General Motors Corp., 822 F.2d 52 (3d Cir. 1987), vacated and remanded sub nom. Technograph Liquidating Trust v. General Motors Corp., 108 S. Ct. 2862 (1988).

prived of royalties, competed at a disadvantage against those who had not financed development of the invention, and were therefore less able to bear the expense of litigation. In the end, they might never be fully compensated.

The CAFC has attempted to bring the right of patentees to preliminary relief into line with that of holders of other intellectual property. It has eliminated the requirement that validity be demonstrated "beyond question," holding that "the burden upon the movant should be no different in a patent case than for other kinds of intellectual property where, generally, only a 'clear showing' is required."[125] Recognizing that continued infringement "may have market effects never fully compensable in money,"[126] it has held that irreparable injury can be presumed.[127]

The CAFC's desire to adhere to legislative direction and to reject judge-made gloss that is not based on congressional objectives[128] is commendable. Of course, the compelling issue is whether the CAFC has misinterpreted Congress's intent by recasting the law with a decided pro-patentee bias. That question will be discussed in Part II.[129]

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125 Atlas Powder Co. v. Ireco Chems., 773 F.2d 1230, 1233 (Fed. Cir. 1985).

126 Id.

127 Smith Int'l v. Hughes Tool Co., 718 F.2d 1573, 1581 (Fed. Cir.), cert. denied, 464 U.S. 996 (1983); see Chisum, supra note 73, at 396.

The CAFC's position on permanent injunctions is also interesting. Such relief is generally available to copyright holders, 17 U.S.C. § 502(a) (1982), even though they operate as restraints on speech. See Universal City Studios, Inc. v. Sony Corp., 659 F.2d 963, 976 (9th Cir. 1981) (copyright plaintiff entitled to permanent injunction when liability has been established and there is threat of continuing violations), rev'd on other grounds, 464 U.S. 417 (1984); cf. M. Nimmer & D. Nimmer, supra note 122, § 14.06[B], at 14-56 (permanent injunction not awarded if "the infringing portion of defendant's work can be removed without destroying the usefulness of the remainder of the work"). In patent law, the public interest has often been seen as militating against enjoining the infringer. See, e.g., Nerney v. New York, N.H. & H.R. Co., 83 F.2d 409, 411 (2d Cir. 1936) (injunction denied to prevent disruption of public railway service); Electric Smelting & Aluminum Co. v. Carborundum Co., 189 F. 710 (W.D. Pa. 1900) (injunction denied to mitigate waste of resources invested by infringer), rev'd on other grounds, 203 F. 976 (3d Cir.), cert. denied, 231 U.S. 754 (1913). For some indications that the CAFC might increase the degree of public harm that the infringer must demonstrate to avoid an injunction, see KSM Fastening Systems, Inc. v. H.A. Jones Co., 776 F.2d 1522, 1524 (Fed. Cir. 1985) ("[I]njunctive relief against an infringer is the norm."); cf. Polaroid Corp. v. Eastman Kodak Co., 789 F.2d 1556, 1557 (Fed. Cir. 1986) (motion to stay permanent injunction pending appeal denied); Cuff, Kodak Reports a Loss After Taking Writeoff, N.Y. Times, Feb. 19, 1986, at D6 (forced withdrawal from instant camera field after patent ruling costing Kodak $494 million); Lueck, The Talk of Rochester; A City Nervously Waits for Layoff News, N.Y. Times, Feb. 14, 1986, at B1 (describing losses to Kodak and its workers resulting from enforcement of Polaroid's instant camera patent against Kodak).

128 See Chore-Time Equip., Inc. v. Cumberland Corp., 713 F.2d 774, 781 (Fed. Cir. 1983); Note, Patent Law Reform Via the Federal Courts Improvement Act of 1982: The Transformation of Patentability Jurisprudence, 17 Akron L. Rev. 453, 471 (1984).

129 See text accompanying notes 159-78 infra.

### C. *Synthesis*

One generally unforeseen consequence of establishing a specialized patent court is that the conceptual strands of patent law have been integrated into a coherent whole. Previously, the PTO and the CCPA made most patentability determinations, while the regional courts handled enforcement issues. This bifurcation of technical and remedial questions made it unlikely that any court would consider patent law in the aggregate. Now that the CAFC speaks to most issues of patent law, it has taken the opportunity to rationalize and reconcile the entire body of patent doctrine.[130]

The most dramatic example of conceptual integration is the relationship between the presumption of validity and inequitable conduct before the PTO. The regional circuits were inclined to scrutinize patents with care despite the statutory presumption of validity.[131] This suspicion was probably rooted in a national preference for competition that disfavored even quasi-monopolies like patents. In part, however, the courts were properly influenced by the fact that patent prosecutions are largely ex parte, with the applicant in a superior position to the PTO examiner with respect to the information needed to determine patentability. Perhaps fearing that they lacked the tools to control the quality of operations within the PTO, and that therefore patents were sometimes improvidently granted, the regional circuits gave little deference to its decisions.

Now that the CAFC has control over both granting and enforcing patents, the situation is much changed. The presumption of validity is firmly established, but in return, patentee conduct before the PTO is meticulously supervised[132] because the CAFC has been much more willing than the regional circuits to find misconduct before the PTO.[133] The court has imposed a rather rigorous standard for deciding when material information has been withheld from the PTO, asking whether a reasonable examiner would have "considered the omitted reference . . . impor-

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130 Note that as a foundation, the CAFC adopted the established body of law represented by the holdings of the Court of Claims and the Court of Customs and Patent Appeals. South Corp. v. United States, 690 F.2d 1368, 1370 (Fed. Cir. 1982).

131 See text accompanying notes 35-37 and note 110 supra.

132 The regulations of the PTO impose upon applicants and their attorneys "[a] duty of candor and good faith" and a "duty to disclose to the Office information they are aware of which is material to the examination of the application." 37 C.F.R. § 1.56(a) (1988). Failure to adhere to the standard is considered fraud, inequitable conduct and, like unclean hands, is a basis for not enforcing the patent. See D. Chisum, supra note 56, § 19.03, at 19-47. See generally Pretty, Inequitable Conduct Before the PTO—The Law in the Federal Circuit, 13 AIPLA Q.L.J. 240 (1985).

133 See generally J.P. Stevens & Co. v. Lex Tex Ltd., 747 F.2d 1553 (Fed. Cir. 1984) (reviewing regional circuit law on misconduct), cert. denied, 474 U.S. 822 (1985).

tant."[134] In addition, the CAFC has relaxed the degree of fault required to establish fraud, refusing to accept the good faith of the patentee's attorney as an excuse for misconduct.[135] Furthermore, remedies for misconduct are now severe: a finding of fraud is a bar to enforcement of every claim in the patent, not just the claims affected by the nondisclosure;[136] recovery of damages is barred even against an infringer who had not claimed fraud;[137] and fraud is now grounds for awarding attorney fees to the infringer.[138] In the end, the court's ability to take seriously its role in influencing behavior before the PTO allows it to give greater deference to PTO decisions.

Procedural issues may likewise benefit from the CAFC's willingness and ability to consider the whole picture. For example, since the enactment of the Declaratory Judgment Act,[139] it has been unclear when an action can be brought to declare a patent invalid. The general rule for a declaratory relief action is that the case is ripe[140] as soon as the facts have crystallized, which could be as soon as the patent has issued and the declaratory plaintiff has decided not to take a license.[141] However, courts have been reluctant to expose patentees to suits so readily. Accordingly, stringent justiciability requirements have been interposed to protect patentees from harassment,[142] even though these barriers have reduced the opportunities available to challenge patents that may, in fact, be invalid. With the CAFC's refinement of the substantive provisions of the law, these obstacles may no longer be necessary. The hardening of

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134 Id. at 1559 (rejecting more charitable formulations such as "but for" test, which would turn on whether material would have altered PTO's decision); see also A.B. Dick Co. v. Burroughs Corp., 798 F.2d 1392 (Fed. Cir. 1986) (examiner's subsequent independent discovery of undisclosed reference does not render nondisclosure harmless).

135 See Argus Chem. Corp. v. Fibre Glass-Evercoat Co., 759 F.2d 10, 14-15 (Fed. Cir.), cert. denied, 474 U.S. 903 (1985).

Once again, however, the CAFC's law is in flux. Perhaps because its new standard has fueled new litigation on the issue of fraud, the CAFC, since this article was first written, has hinted at a retreat. See FMC Corp. v. Manitowac Co., 835 F.2d 1411 (Fed. Cir. 1987).

136 *J.P. Stevens*, 747 F.2d at 1561.

137 Thompson-Hayward Chem. Co. v. Rohm & Haas Co., 745 F.2d 27, 33 (Fed. Cir. 1984).

138 Korody-Colyer Corp. v. General Motors Corp., 760 F.2d 1293, 1295 (Fed. Cir. 1985).

139 Act of June 25, 1948, Pub. L. No. 80-773, 62 Stat. 964 (codified as amended at 28 U.S.C. § 2201 (Supp. II 1984)).

140 That is, presents a case or controversy under Article III of the Constitution.

141 See, e.g., American Machine & Metals, Inc. v. De Bothezat Impeller Co., 166 F.2d 535, 536 (2d Cir. 1948), cert. denied, 339 U.S. 979 (1950).

142 See, e.g., Sherwood Medical Indus., Inc. v. Deknatel, Inc., 512 F.2d 724, 727-28 (8th Cir. 1975) (justiciable controversy exists if infringement is expressly charged or if course of conduct creates reasonable fear of infringement charge); Broadview Chem. Corp. v. Loctite Corp., 417 F.2d 998, 1000 (2d Cir. 1969) ("history of fierce litigation" and letters threatening legal action strong evidence of justiciable controversy), cert. denied, 397 U.S. 1064 (1970); Westinghouse Elec. Corp. v. Aqua-Chem, Inc., 278 F. Supp. 975, 978 (E.D. Pa. 1967) (controversy not justiciable unless threat of litigation at least implicit).

the presumption of patentability and the increased availability of meaningful relief may mean that patentees can now retaliate against challengers by refusing to give them licenses after the patent is upheld. This introduces a new deterrent to frivolous patent challenges which may allow the CAFC to dismantle justiciability limitations and give those firmly convinced of the invalidity of a patent a forum in which to litigate their claims.[143]

### *D. Efficiency and Administration*

Since administrative and efficiency considerations were among the reasons for creating the CAFC,[144] it is especially interesting to know whether the doctrinal stability of the CAFC has influenced primary behavior to the extent of reducing patent litigation, and whether the new court handles patent appeals more efficiently. In theory, the number of district court filings should decline, or the rate of increase should decelerate, as the CAFC provides clearer guidance to the PTO, better supervises the behavior of those who practice there, and adheres more closely to the statutory presumption of patentability. In addition, relitigation of patents previously upheld should now occur less frequently. In the past, when a patent was upheld, relitigation by the same challenger was foreclosed by principles of res judicata.[145] But even after a patent was held valid, fresh challengers remained free to demand their day in court, and usually chose to do so in a fresh circuit.[146] Now that all appeals are channeled to a single appellate tribunal, it is less likely that a second challenger can win where a first has failed, so the phenomenon of pure relitigation with no new evidence should diminish.

Unfortunately, statistics from the first five years of the court's operations fail to substantiate these theoretical projections.[147] It may be that five years is not enough time to discern statistical trends. Alternatively,

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[143] The court's ability to integrate the law also can result in the "unbundling" of doctrines wrongly connected. One example is the on-sale bar. See text accompanying notes 107-09 supra. Some regional circuits had connected the "reduction to practice" criterion for determining priority, 35 U.S.C. § 102(g) (1982), with the issue whether an invention was on sale more than a year before the application was filed. Id. § 102(b); see, e.g., Digital Equipment Corp. v. Diamond, 653 F.2d 701, 718 (1st Cir. 1981); Timely Prods. Corp. v. Arron, 523 F.2d 288, 302 (2d Cir. 1975). The CAFC, however, noted that the policies behind the priority rule, see text accompanying notes 97-99 supra, were substantially different from the policies underlying the on-sale bar, see text accompanying note 109 supra. Thus, the court rejected the notion that "reduction to practice" was necessarily relevant to on-sale decisions. See UMC Elec. Co. v. United States, 816 F.2d 647, 654-57 (Fed. Cir. 1987), cert. denied, 108 S. Ct. 748 (1988).

[144] See text accompanying notes 5-11 supra.

[145] Blonder Tongue Laboratories v. University of Ill. Found., 402 U.S. 313 (1971).

[146] See notes 48-49 and accompanying text supra.

[147] See Appendix (case filings, 1980-1986).

it is possible that as the law changes, parties are encouraged to pursue actions that would have failed in the regional circuits. Until these new "winners" are flushed out of the system, it will not be possible to evaluate the extent to which the new court has led to an overall decline in patent litigation.

Nor is it possible to glean much from the court's internal statistics, for this far into the court's existence there are too few cases and too many variables for an accurate appraisal of whether patent cases are less difficult for the Federal Circuit than they were for the regional judges.[148] Several of the judges on the CAFC are new to patent law and many of the issues now coming before the court had never been considered even by the judges who sat on the CCPA.[149] If the court considers the rules developed in the regional circuits before it announces a rule of its own, then it has a great deal of ground to cover every time a new question arises.

On the other hand, it is possible that the Federal Circuit has been too successful. Parties may have regarded the law as so uncertain that alternative methods of dispute resolution such as arbitration were considered preferable to litigating in the chaotic pre-CAFC legal environment. Now that the law has become easier to discern, the CAFC may have saddled itself with new business as parties opt for judicial resolution of their cases. Additionally, if the CAFC is influencing primary behavior, then patent applications could increase as researchers choose patent protection over other kinds of exclusive rights, such as trade secrecy.[150] Litigation proliferates as more patent applications inflate the base that produces lawsuits.

In sum, the CAFC's jurisprudence reveals that the court has begun to make patent law more accurate, precise, and coherent. Its ability to accomplish this task derives largely from the high volume of patent appeals that it hears, which gives the court an overview of the full range of issues and forces it to construct an integrated picture of the law as a whole. In addition, the benefits of specialization appear to lie primarily in giving the court the right mix of cases, not in giving the cases the right kind of judges. The court makes no attempt to compose panels especially to hear patent appeals,[151] and many distinguished opinions have been

148 See Appendix (median decision times, 1986).

149 Since the CAFC publishes only those opinions it considers significant, the high publication rate for patent cases reflects the fact that many of the cases raised issues of first impression to the court. See Appendix (publication rate for CAFC cases, 1986).

150 The Commissioner of Patents reports that patent applications increased in 1986. Quigg, The 200th Year Under Art. I, Sec. 8, 34 Pat. Trademark & Copyright J. (BNA) 408, 410 (1987). Although this may be due to a change in the business, as opposed to the legal climate, it also helps explain why litigation has not decreased.

151 The court does, however, employ technical experts who review every opinion before it is

authored by the judges with the least technical training.[152]

## II

## THE COST OF SPECIALIZATION: JURISPRUDENTIAL AND MANAGERIAL PROBLEMS WITHIN THE CAFC

The idea of a patent court was not without its critics. Even before the Hruska Commission's recommendation,[153] commentators had warned that specialization would produce substantively inferior law.[154] The repetitious nature of the docket might lead to greater coherency but it would take patents out of the mainstream of legal thought, expose the court to a one-sided view of the issues, and discourage qualified people from serving as judges.[155] There are similar concerns with the benefits thought to devolve from monopolization: efficiency may be the result, but channeling cases to a single forum also would deprive patent law of the collective wisdom of the circuit courts.[156] Losing the tension produced by the percolation of ideas within the judiciary would, in addition, reduce the court's incentive to reason clearly or to write persuasively.

Specialization also could cause procedural complexities. The judicial power of the United States is, on the whole, allocated geographically. As a result, there is little law on how to decide when a case raising a patent question should be channeled to the patent court. Even if that problem were solved, there still would be a question as to what court

published. This staff is also available to help individual judges prepare opinions. See note 29 supra.

[152] As of May 1987, eighteen judges had served on the CAFC as either active or senior judges: six came from the CCPA (Chief Judge Markey, Rich, Baldwin, Nies, Almond, and Miller); nine came from the Court of Claims (Friedman, who had been Chief Judge, Davis, Kashiwa, Bennett, Smith, Laramore, Cowen, Skelton, and Nichols); three (Newman, Bissell, and Archer) were appointed directly to the new court. Of these, one (Newman) has a background as a chemist and patent attorney.

Of the 71 patent cases that have so far resulted in split decisions (which I assume were among the more difficult for the court), 49 were authored by judges that formerly sat on the CCPA or by Judge Newman, 4 were designated per curiam, and the remaining 18 were authored by judges without a patent background.

[153] See note 31 supra.

[154] See, e.g., Rifkind, A Special Court for Patent Litigation? The Danger of a Specialized Judiciary, 37 A.B.A. J. 425 (1951) (specialized patent court would lead to decisions in conflict with policies pursued by the general body of the law); see also Posner, Will the Federal Courts of Appeals Survive Until 1984? An Essay on Delegation and Specialization of the Judicial Function, 56 S. Cal. L. Rev. 756; 775-90 (1983) (specialized appellate jurisdiction may cause job dissatisfaction, diminish objectivity, and promote instability in law).

[155] Jordan, Specialized Courts: A Choice?, 76 Nw. U.L. Rev. 745 (1981) (summarizing competing arguments generally raised over specialized court).

[156] S. Rep. No. 275, supra note 19, at 39, 1982 U.S. Code Cong. & Admin. News at 48 (views of Sen. Patrick J. Leahy) (patent law only area where specialized court appropriate); id. at 40, 1982 U.S. Code Cong. & Admin. News at 49-50 (views of Sen. Max Baucus) (objecting to removal of patent cases from regional circuits).

would adjudicate other issues, such as those presented by the trademark, copyright, and antitrust claims which often arise in patent cases.[157] Bifurcation would cause delay, but resolution of the nonpatent issues by the CAFC would open another avenue for forum shopping. Litigants who expect favorable rulings from the CAFC would create jurisdiction by pleading frivolous patent claims; others would seek to avoid the court by omitting or severing legitimate patent claims. These jurisdictional conflicts could consume whatever judicial time might otherwise have been saved by the establishment of a patent court.

The experience of the CAFC demonstrates that to some extent, the critics were correct. The CAFC has taken on a decidedly pro-patent bias, though for reasons somewhat different from those which were predicted. Administratively, there are difficult issues that have not been adequately resolved. Some, such as jurisdictional conflicts, were foreseen; others, such as conflicts questions, were not. But none are insurmountable, and they point towards ways to reorganize the court to better employ the benefits of specialization.

### *A. Bias*

The anecdotal evidence suggests that the CAFC is a good court for patentees. That this should be the perception is not surprising. The court made its public mark when it upheld Polaroid's patent against an attack by Kodak,[158] and the conclusions reached in the popular press are to some extent substantiated by the CAFC's case law.[159]

The change is evident even when we confine the class of issues to those already discussed. As we have seen, defending patentability is now much easier.[160] The presumption of validity has been invigorated, making the challenger's case harder to sustain.[161] Even if the burden of proof had remained the same, the court's new rules, such as the required use of secondary considerations[162] and the need to show that references disclose a relationship to each other,[163] pose fresh obstacles for challengers. On

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157 See Jordan, supra note 155, at 748 (specialized courts would create problems in drawing jurisdictional boundaries as conflicts that spill over many fields may "result in fragmented judicial consideration of closely linked problems").

158 See Polaroid Corp. v. Eastman Kodak Co., 789 F.2d 1156 (Fed. Cir.), cert. denied, 479 U.S. 850 (1986).

159 See, e.g., Schmitt, Business and the Law: Judicial Shift in Patent Cases, N.Y. Times, Jan. 21, 1986, at D2 (citing Kodak-Polaroid dispute as the "most prominent example of an increasingly pro-patent sentiment in American courts").

160 See text accompanying notes 110-12 supra.

161 See text accompanying note 132 supra.

162 See text accompanying notes 53-58 supra.

163 See text accompanying note 95 supra.

the enforcement side, the greater availability of injunctive relief,[164] coupled with flexible methods to compute damages, mean that it is now riskier to infringe.

At the same time, it is not clear that these changes are of the type to which the critics were referring. First, the court may be influenced by something more than capture.[165] The last decade has seen a major reorientation of national competitive policy and increased appreciation of the role of high technology in the nation's economy.[166] These changes can be seen in antitrust enforcement policy,[167] in federal laws that encourage private research and development projects,[168] and in the Supreme Court's new sympathy towards state protection of intellectual property.[169] Although the Patent Act has not changed dramatically in that time, it should not be surprising that the CAFC has geared its interpretation of the Act to the current climate. That it might have taken longer for these national trends to influence the regional circuits is no

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164 See text accompanying notes 120-27 supra.

165 See text accompanying note 155 supra.

166 See, e.g., 2 The Report of the President's Commission on Industrial Competitiveness, Global Competition: The New Reality 55-100 (1985) (recommending, among other things, stronger protection for intellectual property rights).

167 See R. Andewelt, Antitrust Perspective on Intellectual Property Protection, Remarks to the American Bar Association (July 16, 1985), reprinted in 30 Pat. Trademark & Copyright J. (BNA) 319 (1985) (antitrust division of Justice Department favors expansion of intellectual property protection). For a theoretical perspective, see R. Bork, The Antitrust Paradox (1978); R. Posner, Antitrust Law: An Economic Perspective (1976).

168 See, e.g., National Cooperative Research Act of 1984, 15 U.S.C. §§ 4301-4305 (Supp. II 1984) (loosening antitrust strictures on research joint ventures); Government Patent Policy Act of 1980, 35 U.S.C. §§ 200-212 (1982 & Supp. IV 1986) (allocating patent rights to inventions made with federal assistance to private hands).

Over the last decade there have been many other congressional attempts to strengthen the rights of the holders of intellectual property. For example, the Patent Act has been amended to extend the patent term of pharmaceuticals subject to regulatory review, 35 U.S.C. §§ 155-156 (1982 & Supp. II 1984); a law has been enacted to protect semiconductor chips, 17 U.S.C. §§ 901-914 (Supp. II 1984); and criminal penalties have been added for infringing certain intellectual property rights. See 18 U.S.C. § 2318 (1982) (trafficking in counterfeit labels for phonorecords and copies of motion pictures or other audio visual works); id. § 2319 (1982) (criminal infringement of copyright); 18 U.S.C. § 2320 (Supp. II 1984) (trafficking in counterfeit goods or services).

169 Compare Lear, Inc. v. Adkins, 395 U.S. 653, 673-74 (1969) (refusing to enforce state laws protecting nonpatented intellectual property) and Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 232-33 (1964) (same) with Aronson v. Quick Point Pencil Co., 440 U.S. 257, 266 (1979) (approving use of state exclusive rights to encourage innovation) and Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 492-93 (1974) (same). See generally, Dreyfuss, Dethroning Lear: Licensee Estoppel and the Incentive to Innovate, 72 Va. L. Rev. 677 (1986) (approving revitalization of state trade secret law and advocating enforcement of certain protective agreements); Goldstein, The Competitive Mandate: From Sears to Lear, 59 Calif. L. Rev. 873, 875-880 (1971) (arguing that state protection of intellectual property implements mandate for competitive economy). But see Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 57 U.S.L.W. 4167 (U.S. Feb. 21, 1989) (Florida plug molding statute preempted by federal law).

reason to condemn the CAFC as biased. Indeed, the rhetoric that surrounded the court's founding explicitly referred to its ability to "foster technological growth and industrial innovation."[170] If anything, the ability of the Federal Circuit to analyze patent questions in a manner congruent to thinking in other areas indicates that the court is not isolated by its special jurisdiction. Rather, it has used its unique position to keep itself within the mainstream.[171]

Second, it is not clear that the CAFC's new rules function as favorably to patentees as is generally thought. The emphasis on objective criteria in obviousness determinations may, for example, hurt patentees who cannot muster the evidence necessary to make an objective case. In addition, the new emphasis on the presumption of validity should not be assessed without noting the new avenue Congress provided for re-examining patents in the PTO.[172] Since the CAFC has announced that the presumption of validity does not apply during re-examination,[173] the system actually retains much the same capacity to invalidate patents.

Criticism of the CAFC must also be tempered by an awareness of the rules the CAFC has adopted which favor technology users. The stringency with which the court reviews practice before the PTO, for instance, enhances public access interests. Similarly, the court's restrictive interpretation of the doctrine of equivalents, as well as its attention to the reverse doctrine of equivalents, betoken a more restrained attitude towards findings of infringement, thereby releasing more inventions into the public domain.[174]

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170 See, e.g., The Ninth Annual Judicial Conference, 94 F.R.D. 350, 358 (1982) (remarks of Rep. Kastenmeier).

171 This is true even in areas where national priorities have not changed. For example, the new standards for awarding preliminary injunctions, see text accompanying notes 125-27 supra, bring patent law into line with other areas of the law. Cf. Note, Judge Learned Hand Guides the Federal Circuit: A Model for a Uniform Doctrine of Prosecution History Estoppel, 1985 U. Ill. L. Rev. 363, 384-88 (suggesting that the CAFC should move law on prosecution history estoppel into line with estoppel in contract law).

172 35 U.S.C. §§ 301-307 (1982 & Supp. II 1984). Any person may request the re-examination of a patent on the ground that prior art raises substantial new questions of patentability. 35 U.S.C. § 302 (1982). The Commissioner of Patents may also initiate a re-examination sua sponte. Id. § 303(a). These sections became effective July 1, 1981.

173 In re Etter, 756 F.2d 852, 856 (Fed. Cir.) (en banc), cert. denied, 474 U.S. 828 (1985).

174 There are two kinds of bias. One involves articulating rules that benefit one party over the other. For reasons expressed in the text, the CAFC's leanings toward patentees may be not so much evidence of capture as recognition of national priorities. See text accompanying notes 160-71 supra. The second form of bias involves applying law to facts in a manner that favors one side over the other. As an appellate tribunal, the CAFC is poorly positioned to display this type of bias. In this regard, it is instructive to note that the CAFC affirms the majority of the district court judgments that it hears. See Administrative Office of the United States Courts, Federal Judicial Workload Statistics 19 (1986) (CAFC affirmed 74.1% of district court judgments in 1986); Administrative Office of the United States Courts, Federal Judicial Workload Statistics 2 (1985) (CAFC affirmed 56.5% of the district court judgments in 1985); see

It may even be wrong to think of the CAFC as the type of court that is in danger of becoming captive to special interest groups, at least with regard to its patent jurisprudence. In this respect, a distinction must be drawn between "balanced" specialized courts that hear cases among evenly matched litigants, such as large, identifiable, well-represented, and allied groups, and "imbalanced" courts that hear cases pitting a single litigant (such as the United States) or a small, tightly-knit group of litigants against poorly represented, loosely-allied groups, such as users of social services. In the case of courts that entertain actions between well-matched adversaries, there is little reason to suspect that the court will favor any particular group's interests. Where adversaries are imbalanced, however, judges may become more easily swayed by those who appear before them frequently, and by the policy arguments that they hear most often. In addition, frequent litigants who share common goals may have important strategic advantages. Familiarity with the thought processes of the judges may enable litigants to make arguments more closely attuned to the court's concerns. They can also afford to be patient, to choose when and where to press the positions they favor, and to move the court slowly toward a desired goal. One-time litigants cannot pick their cases so carefully, and therefore may not be as able to frame the issues to their advantage.[175]

With regard to its patent jurisdiction, the CAFC is a fairly balanced court.[176] Well-heeled groups appear on both sides of the issues. Moreover, litigants with the greatest power probably are vertically integrated companies. These firms cannot usually forecast which side of a patent issue will favor their interests, as they encompass not only research arms that develop patented innovations, but also manufacturing arms that operate under licenses for inventions patented by others. Thus, to the extent that skepticism towards specialized courts has been bred by the

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also Dunner, Introduction, 13 AIPLA Q.L.J. 185 (1985) (comparing CAFC's rate of finding patents valid with district court's rate and arguing that similarity indicates that CAFC is no more biased than courts of general jurisdiction).

[175] See generally Galanter, Why the "Haves" Come Out Ahead: Speculations on the Limits of Legal Change, 9 Law & Soc'y Rev. 95, 98-103 (1974) (describing many advantages that repeat players possess, even in courts of general jurisdiction).

[176] The CAFC should thus be distinguished from its predecessor, the CCPA, which was the subject of a study on specialization that found that specialization does change the policies and patterns of decision making. Baum, Judicial Specialization, Litigant Influence, and Substantive Policy: The Court of Customs and Patent Appeals, 11 Law & Soc'y Rev. 823, 833-46 (1977). These findings cannot be readily transferred to the CAFC because the CCPA heard only ex parte appeals from the PTO. Thus, every case consisted of a member of the patent bar arguing in favor of a finding of patentability and a government attorney defending the PTO's rejection. Since "the Patent Office . . . may have less interest in influencing court decisions than do other agencies," id. at 831, the parties who regularly practiced before the court either were neutral, or shared the desire for a more lenient patent law.

experience of the Tax Court (which is sometimes viewed as the government's court) or the Commerce Court (which was doomed by its perceived disposition in favor of railway owners),[177] this skepticism may be misdirected when leveled at the CAFC.[178]

### *B. Procedural Confusion*

The procedural problems that afflict the CAFC can be divided into three categories: defining the court's jurisdiction, adjudicating the nonpatent aspects of the cases it hears, and supervising the lower courts in partnership with the regional circuits. Although technical deficiencies in the legislative formulation of the CAFC's power were quickly resolved by Congress,[179] the questions that remain are attributable, in part, to an unsettled view of the court's role in the judicial system. Until the position of the court is determined, these questions may remain intractable.

#### *1. Jurisdiction*

The CAFC's jurisdiction depends on the joint interpretation of 28 U.S.C. sections 1295[180] and 1338.[181] Because these sections incorporate two vague terms—"in whole or in part" and "arising under"—the relevant statutes do not clearly define the CAFC's adjudicatory authority. Section 1295 could be interpreted as giving "arising under" the same meaning that it receives in federal question cases,[182] and "in whole or in

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[177] For further discussion of the Commerce Court, see text accompanying notes 326-36 infra.

[178] It should also be emphasized that the CAFC is not completely specialized. Although this study has focused entirely on the court's patent jurisdiction, it may be that the CAFC has avoided capture because much of its attention is drawn to other types of cases. See notes 22-27 supra (describing remainder of court's jurisdiction).

[179] When the CAFC was founded, it was not given jurisdiction to hear interlocutory questions of the type that circuit courts could review under 28 U.S.C. § 1292(b) (1982 & Supp. II 1984). See In re Precision Screen Machines, Inc., 729 F.2d 1428, 1429 (Fed. Cir. 1984) (per curiam). This loophole was remedied by the Technical Amendments to the Federal Courts Improvements Act of 1982, Pub. L. No. 98-620, § 412, 98 Stat. 3362, 3362 (1984) (codified at 28 U.S.C. § 1292 (Supp. II 1984)).

[180] Section 1295 provides, in part, that "[t]he Federal Circuit shall have exclusive jurisdiction . . . of an appeal from a final decision of a district court . . . if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, except that a case involving a claim arising under any Act of Congress relating to copyrights or trademarks . . . shall be governed by sections 1291, 1292, and 1294 of [Title 28]." 28 U.S.C. § 1295(a)(1) (1982).

[181] Section 1338 provides, in part, that "[t]he district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents." 28 U.S.C. § 1338(a) (1982).

[182] 28 U.S.C. § 1331 (1982) (federal question jurisdiction); see, e.g., Franchise Tax Bd. v. Construction Laborers Vacation Trust, 463 U.S. 1, 8-12 (1983) (no precise definition of "arising under" exists, but it is settled law that federal question jurisdiction is unavailable unless substantial question of federal law is element of well-pleaded complaint); Louisville & Nashville R.R. v. Mottley, 211 U.S. 149,152 (1908) ("[A] suit arises under the Constitution and

part" could be construed as contemplating a broad right of litigants to control the route of review by severing the nonpatent portions of their cases.[183] Read this way, the court's jurisdiction could be seen as limited to those patent issues that appear on the face of a well-pleaded complaint.[184] If, however, Congress meant to use the constitutional definition of "arising under"[185] and to limit severance to statutory criteria, then the CAFC's jurisdiction would encompass every issue in any case that raises a patent question, no matter where, or how indirectly, that question appears.

The case law on this point is far from illuminating. Both the Supreme Court and the CAFC have considered the jurisdictional issue—the CAFC on a disturbingly regular basis[186]—but a coherent set of rules has not emerged thus far. The CAFC has blown hot and cold, sometimes announcing expansive readings of these jurisdictional provisions, but more often adhering to a restrictive analysis. For its part, the Supreme Court has thoroughly failed to grapple with the unique problems that the CAFC presents to the federal system.

On the expansive side, the CAFC has used statements in the legislative history to reject so-called issue jurisdiction[187] in favor of reviewing

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laws of the United States only when the plaintiff's statement of his own cause of action shows that it is based upon these laws or that constitution.").

183 See Fed. R. Civ. P. 13(i) (even if court orders separate trials, court may render judgment on cross-claim or counterclaim), Fed. R. Civ. P. 16 (giving court control over all aspects of case management), Fed. R. Civ. P. 20(b) (court may order separate trials or make other orders to prevent prejudice or delay), Fed. R. Civ. P. 42(b) (court may order separate trial of any claim in order to avoid prejudice, or where it would be expedient, economical, or convenient to do so), and Fed. R. Civ. P. 54(b) (where multiple claims are prevented court may enter final judgment on fewer than all claims in order to avoid delay). In Atari, Inc. v. JS & A Group, Inc., 747 F.2d 1422, 1426 n.1 (Fed. Cir. 1984), the CAFC pointed out that "severance" and "separation" may have different meanings. However, because the court has not yet provided a meaningful distinction, the two terms are used interchangeably in this Article.

184 Cf. Merrell Dow Pharmaceuticals Inc. v. Thompson, 478 U.S. 804, 808 (1986) (district courts lack jurisdiction under § 1331 to entertain cases raising federal issues in defense, or in complaint as recharacterized by defendant).

185 See, e.g., Osborn v. Bank of the United States, 22 U.S. (9 Wheat.) 738, 823 (1824).

186 Of the 384 patent cases reported from October 1982 to August 1987, approximately 51 (13%) involved jurisdictional issues. These cases do not include those involving appealability and justiciability questions that the court often denominates as implicating jurisdiction. A portion of these 384 cases came to the CAFC from the ITC and the PTO, where the jurisdiction of the CAFC is not problematic. If these cases were excluded from the base, the percentage of regional patent cases in which jurisdiction is unclear would be higher.

The question of the CAFC's jurisdiction also burdens the regional circuits, since they must entertain motions to transfer cases to the CAFC. See, e.g., Boggild v. Kenner Prods., 853 F.2d 465 (6th Cir. 1988); Athridge v. Guigg, 852 F.2d 621 (D.C. Cir. 1988); Kennedy v. Wright, 851 F.2d 963 (7th Cir. 1988), aff'd, 1989 WL 5240, No. 88-1504 (Fed. Cir. Jan 26, 1989); Xeta, Inc. v. Atex, Inc., 825 F.2d 604 (1st Cir. 1987); Jaskiewicz v. Mossinghoff, 802 F.2d 532 (D.C. Cir. 1986), aff'd in part and rev'd in part on other grounds, 822 F.2d 1053 (Fed. Cir. 1987).

187 The Temporary Emergency Court of Appeals (TECA), which hears appeals arising

all the issues in a case otherwise within the court's adjudicatory authority.[188] Recognizing that Congress wished to prevent forum shopping and avoid the costs entailed in bifurcating appeals, the CAFC has refused to allow parties to deprive it of jurisdiction through manipulative use of the procedural rules. It has, therefore, disregarded the plaintiff's designation of the district court's jurisdiction and looked instead to the substance of the complaint.[189] It has also asserted the power to hear appeals even after the patent issues in the case have been severed[190] or dismissed.[191] Moreover, the court has been willing to entertain cases in which the patent issue falls outside the confines of the plaintiff's complaint if one of the parties appears to be seeking coercive relief under the patent laws.[192]

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under the Economic Stabilization Act, 12 U.S.C. § 1904 (1982), has what has become known as "issue" jurisdiction because it reviews only those issues that arise under the Act and sends the remainder of the case to the appropriate regional circuit. See Coastal States Mktg. v. New England Petroleum Corp., 604 F.2d 179, 182-86 (2d Cir. 1979). The legislative history of the CAFC indicates that Congress intended to reject TECA-type limitations for the patent court. See H.R. Rep. No. 312, 97th Cong., 1st Sess. 41 (1981) (indicating, in addition, that 28 U.S.C. § 1331 (1982) "arising under" jurisdiction was intended to apply). See generally Hale, The "Arising Under" Jurisdiction of the Federal Circuit: An Opportunity for Uniformity in Patent Law, 14 Fla. St. U.L. Rev. 229 (1986) (concluding that CAFC should not be encumbered with traditional "arising under" jurisdiction in light of legislative history and public policy considerations underlying its formation); Comment, Subject Matter Jurisdiction in the Federal Circuit: A Lesson on the Effects of a Poorly Drafted Statute, 36 Am. U.L. Rev. 943 (1987) (examining pendent jurisdiction of CAFC under 28 U.S.C. § 1295(a) (1982 & Supp. II 1984) which delineates jurisdiction of Federal Circuit vis-à-vis regional circuit courts).

188 See, e.g., Loctite Corp. v. Ultraseal Ltd., 781 F.2d 861, 875-78 (Fed. Cir. 1985) (antitrust claim); Bandag, Inc. v. Al Bolser's Tire Stores, Inc., 750 F.2d 903, 907-09 (Fed. Cir. 1984) (trademark claim); Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1571-72 (Fed. Cir. 1984) (disqualification of counsel).

189 See, e.g., Chemical Eng'g Corp. v. Marlo, Inc., 754 F.2d 331, 333-34 (Fed. Cir. 1984) (CAFC has exclusive authority to hear appeal of infringement action even though plaintiff based district court's jurisdiction on diversity, 28 U.S.C. § 1332 (1982)); Air Products & Chems., Inc. v. Reichhold Chems., Inc., 755 F.2d 1559 (Fed. Cir.) (need to resolve antecedent question of state law does not deprive CAFC of jurisdiction over appeal), cert. dismissed, 473 U.S. 929 (1985); see also Gilson v. Republic of Ireland, 787 F.2d 655, 657-58 (D.C. Cir. 1986) (case does not fall within appellate jurisdiction of CAFC even though plaintiff characterized district court's jurisdiction as based on 28 U.S.C. § 1338 (1982)).

190 Atari, Inc. v. JS & A Group, Inc., 747 F.2d 1422 (Fed. Cir. 1984) (en banc).

191 See, e.g., Gemveto Jewelry Co. v. Jeff Cooper Inc., 800 F.2d 256, 258 n.2 (Fed. Cir. 1986); Interpart Corp. v. Italia, 777 F.2d 678, 680-81 (Fed. Cir. 1985).

192 See In re Innotron Diagnostics, 800 F.2d 1077, 1079-81 (Fed. Cir. 1986) (holding in patent action consolidated with antitrust action brought by accused infringer against patentee that "sequencing of pleadings in the trial tribunal cannot be allowed to control every exercise of this court's appellate jurisdiction"); see also Xeta, Inc. v. Atex, Inc., 825 F.2d 604 (1st Cir. 1987) (interpreting CAFC case law to permit counterclaims to establish exclusive appellate jurisdiction in CAFC); cf. Schwarzkopf Dev. Corp. v. Ti-Coating, Inc., 800 F.2d 240, 245 n.2 (Fed. Cir. 1986) (leaving open question whether permissive counterclaims could form basis for jurisdiction in CAFC); Yarway Corp. v. Eur-Control USA, Inc., 775 F.2d 268, 272-73 (Fed. Cir. 1985) (for jurisdictional purposes, licensee's suit against licensor arose under patent laws even though relationship between parties was contractual).

The court's willingness to consider counterclaims in deciding whether appellate jurisdic-

Finally, it has announced an expansive definition of patent law that allows it to assert broad supervisory power over operations within the PTO.[193]

At the same time, however, a more restrained view has characterized some of the CAFC's activities. For example, the court has transferred to the regional circuits appeals from cases in which the patent issue was quickly dismissed.[194] The court has also declined to look at patent issues in cases headed for arbitration.[195] The Supreme Court recently affirmed this restrictive vision of the CAFC's authority in *Christianson v. Colt Industries Operating Corp.*[196] The issue in *Christianson* was whether a judgment should be appealed to the CAFC when the complaint alleged only antitrust and tort violations, but where litigation in the district court focused exclusively on a single issue of patent law. Initially, the appeal was taken to the CAFC, which transferred the case to the Seventh Circuit on the theory that appellate jurisdiction was fully defined by the complaint.[197] The Seventh Circuit disagreed, arguing that the legislative goal of bringing harmony to the patent law would be furthered by returning the case to the Federal Circuit.[198] The CAFC ad-

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tion should be "removed" from the regional circuit to the CAFC should be contrasted with the way in which federal courts treat counterclaims under 28 U.S.C. § 1441 (1982 & Supp. IV 1986), which governs removal of actions from state to federal courts. In general, the assertion of a federal question counterclaim does not confer the right to remove. See C. Wright, Law of the Federal Courts 203 (4th ed. 1983). Thus, the CAFC has departed somewhat from standard interpretations of federal question jurisdiction. But cf. Great Lakes Rubber Corp. v. Herbert Cooper Co., 286 F.2d 631 (3d Cir 1961) (compulsory counterclaim can form basis of federal jurisdiction, at least after dismissal of plaintiff's claim, which lacked basis for federal jurisdiction).

193 Wyden v. Commissioner of Patents & Trademarks, 807 F.2d 934 (Fed. Cir. 1986) (en banc) (CAFC has power to hear claims concerning attorney's right to practice before PTO); Dubost v. United States Patent & Trademark Office, 777 F.2d 1561 (Fed. Cir. 1985) (CAFC has power to decide whether unsigned check is sufficient to secure filing date).

194 See, e.g., Gronholz v. Sears, Roebuck & Co., 836 F.2d 515, 516 (Fed. Cir. 1987); *Schwarzkopf*, 800 F.2d at 240; see also USM Corp. v. SPS Technologies, Inc., 770 F.2d 1035, 1037 (Fed. Cir. 1985) (refusing to review case where patent issue fully adjudicated before CAFC established).

195 See, e.g., Ballard Medical Prods. v. Wright, 823 F.2d 527 (Fed. Cir. 1987); Rhône-Poulenc Specialites Chimiques v. SCM Corp., 769 F.2d 1569 (Fed. Cir. 1985).

196 108 S. Ct. 2166 (1988).

197 See Christianson v. Colt Indus. Operating Corp., 822 F.2d 1544, 1549 (Fed. Cir. 1987) (CAFC transferred case in an unpublished decision on Dec. 4, 1985), vacated, 108 S. Ct. 2166 (1988). Interestingly, Congress foresaw that such jurisdictional disputes would arise with regard to the CAFC, and so had enacted a new provision facilitating transfers of appeals filed in the wrong court. See 28 U.S.C. § 1631 (1982). Under the statute, the appellant gets the benefit of the filing date on which the notice of appeal was filed, regardless of whether it was filed in the appropriate forum.

198 Christianson v. Colt Indus. Operating Corp., 798 F.2d 1051, 1057-60 (7th Cir. 1986) (transferring case to CAFC on ground that CAFC has exclusive adjudicatory authority over every case in which patent issue will be dispositive), rev'd in part and vacated in part, 822 F.2d 1544 (Fed. Cir. 1987), vacated, 108 S. Ct. 2166 (1988).

hered to its prior jurisdictional ruling, but nevertheless proceeded to decide the patent law issue "in the interest of justice."[199]

The Supreme Court affirmed the CAFC on the jurisdictional issue and vacated the judgment on the merits, holding that the restrictive definition of the CAFC's jurisdiction was required to maintain "linguistic consistency"[200] with the long-accepted interpretation of federal question jurisdiction under section 1331. Had Congress desired to channel all patent decisions to the CAFC, it could have defined the court's jurisdiction by the "well-tried" case; instead it used a formulation that is clearly understood as referring to the well-pleaded complaint.[201]

This restrained view of the CAFC's jurisdiction has substantiated the predictions of the critics of specialization, for it has introduced difficult problems for litigants.[202] By taking a narrow view of the CAFC's jurisdiction, the Court has left many cases raising significant issues stranded in the regional circuits or the state courts, thereby limiting the ability of the CAFC to use its special expertise and position to shape intellectual property law.[203] And the interpretation the Court has adopted does not even have the virtue of supplying an unambiguous definition of the CAFC's adjudicatory authority.[204] As a result, litigants will continue to be burdened with the ordeal of shuffling back and forth be-

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199 *Christianson*, 822 F.2d at 1559.

200 *Christianson*, 108 S. Ct. at 2173.

201 Id. at 2176.

202 See text accompanying notes 154-57 supra.

203 Presumably, absent diversity, issues that arise in disputes over licensing agreements, which are characterized as state law contract actions, will remain in state courts by virtue of the well-pleaded complaint rule. See, e.g., Consolidated World Housewares, Inc. v. Finkle, 831 F.2d 261 (Fed. Cir. 1987); see note 295 infra. Even if diversity is present and the case is heard in federal court, the CAFC's use of the well-pleaded complaint rule will leave the appeal in the regional circuit. The result is that cases between patentees and their licensees, which undoubtedly affect the sound administration and efficacy of the patent law, will largely remain outside the reach of the CAFC. For an illustration, see In re Alltech Plastics, Inc., 71 B.R. 686 (W.D. Tenn. 1987). The issue in *In re Alltech Plastics*—whether a trustee in bankruptcy can assign a license without permission of the patentee—is surely significanct to patent law, yet it will not reach the CAFC. See also Lubrizol Enters., Inc. v. Richmond Metal Finishers, Inc., 756 F.2d 1043, 1045-46 (4th Cir. 1985) (licensing agreement is executory within meaning of bankruptcy law), cert. denied, 475 U.S. 1057 (1986). Indeed, Congress has recently recognized the importance of clarifying rights to intellecutal property in the bankruptcy context by enacting the Bankruptcy Protection Act, Pub. L. No. 100-506, 102 Stat. 2538 (1988).

204 See, e.g., Kennedy v. Wright, 851 F.2d 963, 963 (7th Cir. 1988). As Judge Easterbrook phrased the question:

> May a question "arise under" the patent laws, thus creating federal jurisdiction in the district court, but not "arise under" the patent laws for purposes of appellate jurisdiction? This is the question we must answer. No other court has faced it yet. *Christianson v. Colt Industries Operating Corp.* holds that jurisdiction under the patent laws in the district court is a necessary condition of the Federal Circuit's appellate jurisdiction. Is it also a sufficient condition?

Id. (citation omitted).

tween the Federal Circuit and the circuit of origin.[205]

The Court's reluctance to expand the CAFC's adjudicatory authority to every federal case that raises patent claims is especially surprising in light of the Federal Circuit's mission. Congress had hoped to relieve the regional circuits of the burden of deciding technically difficult cases.[206] Since that onus is no less severe when the patent issue arises in the defense, or is hidden in the plaintiff's complaint, it is difficult to believe that the legislature understood that its use of the phrase "arising under" would circumscribe the CAFC's authority.[207] As Justice Stevens pointed out in his concurrence in *Christianson*, when one considers that Congress must have meant the CAFC to hear cases in which patent claims were added by amendment, one realizes that Congress could not have intended to fully incorporate the well-pleaded complaint rule into

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[205] Prior to the decision in *Christianson*, several cases were involved in jurisdictional ping-pong. See, e.g., Xeta, Inc. v. Atex, Inc., 825 F.2d 604, 607 (1st Cir. 1987) (transferring case to CAFC because patent issue arose in counterclaim); Devex Corp. v. General Motors Corp., 822 F.2d 52 (3d Cir. 1987), vacated sub nom. Technograph Liquidating Trust v. General Motors Corp., 108 S. Ct. 2862 (1988). In Gronholz v. Sears, Roebuck & Co., 836 F.2d 515 (Fed. Cir. 1987), the CAFC refused to hear the appeal of a state law unfair competition claim after the dismissal of the patent claim to which it was appended. The CAFC reasoned that the voluntary dismissal of the patent claim was equivalent to amending the original complaint such that the complaint did not state any claim to relief arising under federal patent law. Id. at 517. Accordingly, the CAFC lacked jurisdiction. Under this reasoning, no federal court could hear appeals of pendent state claims because the claims alleged would no longer arise under federal law. Thus, absent another basis for federal jurisdiction (which, as it happened, was present in *Gronholz*), parties accepting voluntary dismissals of patent claims may be placed in the anomalous situation of having no recourse to a federal appellate forum.

The Supreme Court's resolution of *Christianson* attempted to prevent some of these transfers. Although the Court rejected the CAFC's attempt to end such games "in the interest of justice" on the ground that a court can never extend its own subject matter jurisdiction, *Christianson*, 108 S. Ct. at 2178, it announced that the law of the case doctrine prevents appellate courts from re-examining "plausible" transfer decisions made by sister tribunals. Id. at 2179. But this embellishment introduces problems of its own. Since the CAFC is now foreclosed from reconsidering other courts' pronouncements on its jurisdiction, it will not be in a position to express its own views on open issues. See, e.g., Xeta, Inc. v. Atex, Inc., 852 F.2d 1280 (Fed. Cir. 1988) (expressing view that transfer from First Circuit was incorrect under decision in *Christianson*, but reaching merits under law of the case doctrine).

[206] See text accompanying notes 44-47.

[207] In fact, the legislative history is ambiguous. On the one hand, Congress apparently expected the CAFC's jurisdiction to be restrictive: it endorsed the well-pleaded complaint rule and its projection that the new court would hear 400 patent appeals is consistent with a narrow view of the court's jurisdiction. See S. Rep. No. 275, supra note 19, at 7, 1982 U.S. Code Cong. & Admin. News at 17. On the other hand, Congress heard testimony that the CAFC should be careful not to miss "true" patent cases through artful characterization by the parties. Id. at 38, 1982 U.S. Code Cong. & Admin. News at 46-47 (CAFC should hear cases when "the issues raised are patent issues merely couched in antitrust terms") (letter of William Weller, Legal Affairs Officer); see also id. at 19-20, 1982 U.S. Code Cong. & Admin. News at 29-30 (answering concern that exclusive jurisdiction of CAFC will be manipulated by stressing that substantial requirements of 28 U.S.C. § 1338 (1982) must still be met and by encouraging judges not to permit joinder of trivial patent claims to get Federal Circuit jurisdiction).

the definition of the CAFC's power.[208]

The Supreme Court also did not bother to examine whether the well-pleaded complaint rule, which has been used exclusively to define trial court jurisdiction, was appropriate for appellate courts. Had it done so, it might have realized that there are significant differences between trial and appellate tribunals. A major justification for applying the rule to district courts is that it is important to have a mechanism for deciding quickly whether a case falls within the competence of a federal trial court. If a case is not within the trial court's jurisdiction, then the time spent developing the case in the federal system is wasted. Accordingly, both the interests of the parties and the court favor dismissal before responsive pleadings have been filed. It is, however, difficult to see why early resolution of the appellate court's adjudicatory authority is equally necessary. If a case clearly belongs in the federal system—because, for example, there is diversity, copyright, or antitrust jurisdiction—then further development in the trial court is inevitable. There is no substantial cost in deferring consideration of the route of appeal until after all the pleadings have been filed. Thus, there is little point in having a rule that limits consideration of jurisdiction to the first pleading made in the case—especially when that rule frustrates other important goals.[209]

To its credit, the CAFC attempted to justify its decision to refuse jurisdiction in *Christianson* and cases like it on grounds closely attuned to legislative purposes.[210] Thus, it had argued that the well-pleaded complaint rule was necessary to prevent forum shopping and impart certainty.[211] But here again, the reasoning is not persuasive. The well-pleaded complaint rule does nothing to deter forum shopping. To the

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[208] *Christianson*, 108 S. Ct. at 2181 (Stevens, J., concurring).

[209] Although the rights to amend and supplement pleadings have the potential to delay the decision on appellate jurisdiction indefinitely, these rights are available to the parties subject to the control of the district court, which may base its decision as to whether it will permit an amendment of the pleadings, in part, on whether a change in appellate jurisdiction would cause prejudice. See Tenneco Resins, Inc. v. Reeves Bros., Inc., 752 F.2d 630 (Fed. Cir. 1985); Fed. R. Civ. P. 15.

This is not to say that difficult questions would not arise. For example, a motion to dismiss that is filed before the answer will be problematic because, at that time, the case may not be developed enough to determine the route of appeal. Yet, without knowing to which court the trial court's decision could be appealed, the district court may have difficulty knowing what law to apply to decide the motion. Nonetheless, the cost of entertaining a few difficult cases is outweighed by the benefits of expanding the CAFC's jurisdiction. Timing problems are not unknown, even under current law. See, e.g., Insurance Corp. of Ireland v. Compagnie des Bauxites, 456 U.S. 694 (1982) (imposing sanctions for failure to comply with discovery orders before determining whether party sanctioned is subject to personal jurisdiction of court).

[210] See Christianson v. Colt Indus. Operating Corp., 822 F.2d 1544, 1551 (Fed. Cir. 1987), vacated, 108 S. Ct. 2166 (1988).

[211] Id. at 1556.

contrary, a rule that would place every case raising a patent issue—no matter how artfully pleaded—onto the CAFC's docket leaves much less room for a plaintiff to maneuver around jurisdictional boundaries. Such a rule would prevent the plaintiff from disguising patent claims to thwart the congressional objective of channeling patent cases to the CAFC. Furthermore, a rule that looked to whether a patent issue was present anywhere in the case would provide a brighter line that would be easier to apply.[212]

A rule expanding the court's adjudicatory power may be beneficial for other reasons as well. However, comprehensive consideration of the scope of the CAFC's power is deferred until Part III, where jurisdiction is discussed in the context of developing an overall vision of the court.

### 2. *Adjudicating Nonpatent Issues*

The CAFC's uneasiness with its decision to hear the pendent issues in a case properly within its jurisdiction has entailed certain costs that may not have been foreseen at the time the court was established. The leading cases in which the CAFC decided to hear such issues are *Panduit Corp. v. All States Plastic Mfg. Co.*[213] and *Atari, Inc. v. JS & A Group.*[214] In *Panduit* the court confronted an appeal from an order disqualifying an attorney in a patent infringement action. The *Atari* case presented both copyright and patent issues in the district court, but the patent issues were separated for trial, leaving the CAFC to review only an order preliminarily enjoining contributory copyright infringement. After deciding to review the procedural question at issue in *Panduit* and the substantive question arising in *Atari*, the court, in each case, went on to determine

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[212] See United States v. Hohri, 482 U.S. 64 (1987) (CAFC has jurisdiction, even though plaintiff asserted claim under the Federal Tort Claims Act in addition to a CAFC claim under the Little Tucker Act, 28 U.S.C. § 1295(a)(2) (1982)).

The Supreme Court's decision in Merrell Dow Pharmaceuticals Inc. v. Thompson, 478 U.S. 804 (1986), is not entirely inconsistent with the proposition advanced in the text. Although the Supreme Court in *Merrell Dow* allowed a plaintiff to avoid federal court jurisdiction through artful pleading, the interests at stake in that case were different from those at issue in framing the CAFC's jurisdiction. In cases such as *Merrell Dow*, the interest which the Court is concerned with protecting is that of the plaintiff, who, as master of the lawsuit, has some right to decide where the dispute is heard. But the CAFC was established not to benefit plaintiffs so much as to further public interest in a more uniform, predictable patent law. Since private benefits are not substantially sacrificed, and no important constitutional values are at stake (since the right of appeal is not constitutionally protected), plaintiffs should not be allowed to retain the prerogative to artfully plead their way out of the CAFC and thereby deprive the public of the benefits the court's establishment was meant to produce. Cf. Amell v. United States, 384 U.S. 158, 162 (1966) (public interest in uniformity and expert decision making required that court characterize case having "a salty tang" as arising under the Tucker Act rather than the Admiralty Act).

[213] 744 F.2d 1564 (Fed. Cir. 1984) (per curiam).

[214] 747 F.2d 1422 (Fed. Cir. 1984) (en banc).

what law it should apply. It took a practical approach to the problem, reasoning that if it were to create its own law on these issues, district judges would be required to "serve[ ] two masters" and look, "Janus-like, in two directions in [the] conduct" of the trial.[215] Practitioners would also have a difficult time litigating and advising clients " 'saddled with two different sets of requirements'."[216] Furthermore, permitting the CAFC's nonpatent law to differ from that of the regional circuits would encourage forum shopping between the CAFC and the regional circuits: parties would be motivated to omit valid patent claims or join frivolous ones to take advantage of the forum with the most favorable law. Accordingly, in *Panduit*, the court held that regional circuit law should apply to "procedural matter[s] that are not unique to patent issues"[217] and in *Atari*, that regional circuit law applies to the "substantive law areas . . . that have [not] been substantially removed . . . from . . . the regional circuit courts."[218]

While the CAFC's reasoning is not illogical, the result it has reached—which is almost unique in federal jurisprudence[219]—is objectionable from several perspectives, and this is true even if it is assumed that the court means what it said and adopted the rule for purely pragmatic reasons.[220] Most significantly, the rule will be difficult to apply

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215 Id. at 1439.

216 Id. (quoting *Panduit*, 744 F.2d at 1574).

217 *Panduit*, 744 F.2d at 1574-75.

218 *Atari*, 747 F.2d at 1439-40.

219 The notion that regional circuits create federal law that must sometimes be applied by other appellate courts is of relatively recent origin. In Van Dusen v. Barrack, 376 U.S. 612 (1964), the Supreme Court indicated that when diversity cases are transferred under 28 U.S.C. § 1404(a) (1982), the transferee court must apply the state law that the transferor court would have applied had the case remained in the court in which it was filed. Some courts have extended *Van Dusen* to require a transferee court to apply the transferor's interpretation of federal law. See generally Marcus, Conflicts Among Circuits and Transfers Within the Federal Judicial System, 93 Yale L.J. 677 (1984).

220 It could be argued that the court adopted this rule for theoretical reasons. By analogy to conflict-of-law principles, which sometimes require fora to apply the law of other jurisdictions in order to protect the ability of those jurisdictions to govern the behavior of their citizens, the CAFC may believe that the circuits have a role, similar to that of the states, in governing those within their jurisdictions. The court's citation of Sibbach v. Wilson & Co., 312 U.S. 1 (1941), in *Panduit*, 744 F.2d at 1574 n.12, certainly supports such a notion. If circuits have such a responsibility, then *Atari* and *Panduit* would have been correctly decided for the same reason that the Supreme Court's decision in Erie R.R. Co. v. Tompkins, 304 U.S. 64 (1938), was right; without such a choice of law rule, the incentive to obey circuit law would diminish since parties would know that they could avoid the application of controlling law by forum shopping. However, this principle of equivalency between circuits and states is specious. Certainly, it cannot be derived from the constitutional scheme, which clearly protects the status of the states, yet envisions the possibility that no inferior federal courts would exist at all.

The CAFC's choice of law rule might also be justified as protecting a "right" of the plaintiff to use forum selection to choose the law that will be applied to the case. While this may have once been considered part of the plaintiff's right as the master of the lawsuit, the

because the court has offered little guidance on how to distinguish substance (where CAFC law might apply) from procedure (where, generally, regional law will apply). Although the court cited the substance/procedure dichotomy announced in *Sibbach v. Wilson & Co.*,[221] it is difficult to see why the manner in which the line was drawn there would be relevant here. In *Sibbach*, as in *Erie Railroad Co.* v. *Tompkins*[222] and its progeny,[223] the Supreme Court made the distinction between procedure and substance in order to determine when federal courts could apply their own law in diversity cases. Although *Sibbach* and *Erie* share with *Atari* and *Panduit* a concern for developing rules that prevent forum shopping, the overwhelming emphasis in the former was on limiting the capacity of the federal government to impose rules that interfere with powers reserved by the Constitution to the states.[224] The CAFC's problem, on the other hand, is not related to power; federal courts certainly have the power to influence the enforcement of federal law. If anything, the CAFC has a mandate to consider its role in exercising this power at least as seriously as it considers its duty to avoid forum shopping. Since both of these concerns should be reflected in the manner in which it chooses laws, the CAFC will, at the least, have to develop a distinction all its own rather than rely on the one set out in *Sibbach*.

Moreover, the manner in which substance and procedure were distinguished in *Sibbach* and elaborated in *Hanna v. Plumer*[225] is incomplete in that it depended heavily on legislative characterizations made under the authority of the Rules Enabling Act.[226] For those rules not developed pursuant to the Rules Enabling Act, the Supreme Court has

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notion was shattered in Piper Aircraft Co. v. Reyno, 454 U.S. 235, 247-55 (1982), which rejected the notion that plaintiff's desire for a particular law implied a right to a particular forum. See also In re Korean Air Lines Disaster of Sept. 1, 1983, 829 F.2d 1171, 1175 (D.C. Cir. 1987) (applying D.C. Circuit's interpretation of Warsaw Convention to case transferred from Second Circuit, noting that applying another circuit's law is not even justifiable on convenience grounds), cert. granted sub nom. Chan v. Korean Air Lines, Ltd., 108 S. Ct. 1288 (1988).

221 See *Panduit*, 744 F.2d at 1574 n.12 (citing Sibbach v. Wilson & Co., 312 U.S. 1, 14 (1941)).

222 304 U.S. 64 (1938).

223 See Klaxon Co. v. Stentor Elec. Mfg. Co., 313 U.S. 487 (1941); Guaranty Trust Co. v. York, 326 U.S. 99 (1945); Ragan v. Merchants Transfer & Warehouse Co., 337 U.S. 530 (1949); Cohen v. Beneficial Indus. Loan Corp., 337 U.S. 541 (1949); Woods v. Interstate Realty Co., 337 U.S. 535 (1949); Byrd v. Blue Ridge Rural Elec. Coop., Inc., 356 U.S. 525 (1958); Hanna v. Plumer, 380 U.S. 460 (1965); Walker v. Armco Steel Corp., 446 U.S. 740 (1980).

224 *Sibbach*, 312 U.S. at 10; *Erie*, 304 U.S. at 78.

225 380 U.S. 460 (1965).

226 28 U.S.C. § 2072 (1982); see *Hanna*, 380 U.S. at 476 (Harlan, J., concurring) (noting that Court's test for distinguishing procedure from substance boils down to trusting those who formulated Federal Rules of Civil Procedure).

not made clear how to distinguish procedure from substance,[227] and the CAFC has offered no explanation of its own. Nor has it clarified which procedural matters are so "unique to patent law" that they require an exception to the rule that regional law governs procedure.

The attorney disqualification question at issue in *Panduit* is a case in point. The Federal Rules of Civil Procedure do not provide standards for disqualifying counsel, so *Hanna*'s reliance on the Rules Enabling Act is useless. Nonetheless, in both *Panduit* and subsequent cases, the CAFC has classified attorney disqualification as a procedural issue to which regional circuit law applies.[228] Significantly, however, when required by the absence of circuit law to reason out the standards for disqualification for itself, the court relied on the Manual of Patent Examining Procedure and on routine practice among patent lawyers.[229] It is hard to see how an issue to which these references are relevant is not an issue that is unique enough to patent law that it should always be resolved under CAFC-created law.[230] The indeterminacy of the CAFC's line drawing has led different panels to reach inconsistent conclusions on whether regional law or Federal Circuit law applies to given procedural issues.[231]

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227 Byrd v. Blue Ridge Rural Elec. Coop., Inc., 356 U.S. 525 (1958), is the seminal case on this issue, and it is hardly a model of clarity. See generally Hill, The Erie Doctrine and the Constitution, 53 Nw. U.L. Rev. 541, 601-07 (1958) (discussing *Blue Ridge* test and characterizing it as harder to formulate and likely harder to apply than outcome-determinative test it replaced).

228 Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1574 (Fed. Cir. 1984) (per curiam); see, e.g., Sun Studs, Inc. v. Applied Theory Assoc., 772 F.2d 1557, 1566 (Fed. Cir. 1985) (acknowledging that Ninth Circuit law applies to question of attorney disqualification).

229 *Sun Studs*, 772 F.2d at 1568.

230 For another example, see Amstar Corp. v. Envirotech Corp., 823 F.2d 1538 (Fed. Cir. 1987), where the court considered whether to grant a motion under Fed. R. Civ. P. 60(b) to set aside a judgment based upon fraud. Characterizing the issue as procedural, the CAFC decided that under the law of the Tenth Circuit (the circuit of origin), fraud had not been committed. *Amstar*, 823 F.2d at 1550. The alleged fraud, however, involved failure to reveal arguably relevant prior art. The duty to reveal prior art is an issue of extreme importance to the administration of patent law and one that the CAFC has spent a great deal of effort exploring. See text accompanying notes 134-38 supra. Although the question usually arises before the PTO, it would be useful for the CAFC to think about, and articulate, the reason why the extent of the duty should depend on the situation in which the question arises. By applying regional circuit law to the 60(b) question, the need to justify the anomaly never arises.

231 Compare American Standard, Inc. v. Pfizer Inc., 828 F.2d 734, 739 (Fed. Cir. 1987) (apparently applying CAFC law to question of whether third party subpoena should be quashed (albeit reviewing district court's order under regional circuit's standard of review)) and Moeller v. Ionetics, Inc., 794 F.2d 653, 657 (Fed. Cir. 1986) (CAFC deciding for itself whether expert testimony should be admitted) and Tenneco Resins, Inc. v. Reeves Bros., Inc., 752 F.2d 630, 634 (Fed. Cir. 1985) (applying CAFC construction of Fed. R. Civ. P. 15(a)) with Truswal Sys. Corp. v. Hydro-Air Eng'g Inc., 813 F.2d 1207, 1209, 1212 (Fed. Cir. 1987) (applying melange of CAFC and regional circuit law in reviewing motion to quash) and DMI, Inc. v. Deere & Co., 802 F.2d 421, 428 (Fed. Cir. 1986) (applying regional circuit law to question of whether party had waived right to introduce expert testimony) and Cornwall v. U.S. Constr. Mfg., Inc., 800 F.2d 250, 252-53 (Fed. Cir. 1986) (applying regional circuit's

This disagreement within the court will, ultimately, be as difficult for practitioners and trial judges as a rule allowing the CAFC to announce its own law on procedural matters.[232]

On the substantive side, the court's attempt to single out patent issues is equally problematic. While there are claims that fall squarely within patent law, there are also issues that cannot be so easily classified. Preemption is an example. Several of the cases that the CAFC has reviewed involve claims to protection under state unfair competition law.[233] The substantive interpretation of the unfair competition law is, under *Erie,* decided according to state law. However, the question of whether state law is preempted by federal patent law is a federal issue. But is it a substantive issue that has been "substantially removed . . . from . . . the regional circuit courts"?[234] Since preemption questions turn on how patent policy is construed, and since their resolution can have significant impact on the administration of patent law, a strong argument could be made that the CAFC should develop its own law on preemption. Indeed, the court has decided the preemption issue for itself on at least one occasion.[235] However, where it has expressly considered the choice of law question, the court has applied regional circuit law.[236]

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interpretation of Rule 15(a)).

232 Cf. Atlas Powder Co. v. Ireco Chems., 773 F.2d 1230, 1231 (Fed. Cir. 1985) (disagreeing with counsel's citation to CAFC opinion which applied regional circuit law to determine right to preliminary injunction).

233 See, e.g., Interpart Corp. v. Italia, 777 F.2d 678 (Fed. Cir. 1985); Litton Indus. Prods. v. Solid State Sys. Corp., 755 F.2d 158 (Fed. Cir. 1985).

234 Atari, Inc. v. JS & A Group, 747 F.2d 1422, 1439-40 (Fed. Cir. 1984) (en banc).

235 See Gemveto Jewelry Co. v. Jeff Cooper, Inc., 800 F.2d 256, 259 (Fed. Cir. 1986).

236 See, e.g., *Interpart Corp.*, 777 F.2d at 684-85 (holding that under Ninth Circuit law California plug molding statute is not preempted by Patent Act); Cable Elec. Prods. v. Genmark, Inc., 770 F.2d 1015, 1033 (Fed. Cir. 1985) (holding that preemption not an area where CAFC has mandate to unify federal law).

If one were to follow the CAFC's reasoning in preemption cases, constitutional questions should be decided on the basis of regional circuit law. However, the CAFC has generally analyzed these issues for itself. See Gardco Mfg. v. Herst Lighting Co., 820 F.2d 1209, 1212 (Fed. Cir. 1987) (denying jury trial on inequitable conduct issue and holding that when a "question clearly implicates the jurisprudential responsibilities [of the CAFC] . . . in a field within its exclusive jurisdiction, i.e., patent law, . . . we are not bound by decisions of the regional circuit courts"); Patlex Corp. v. Mossinghoff, 758 F.2d 594, 600-07 (Fed. Cir. 1985) (upholding constitutionality of patent re-examination statute), aff'd in part and rev'd in part on reh'g, 771 F.2d 480 (Fed. Cir. 1985). But see D.L. Auld Co. v. Chroma Graphics Corp., 753 F.2d 1029, 1032 (Fed. Cir. 1984) (indicating that if circuit of origin had considered constitutionality of Federal Magistrates Act, CAFC would have followed its decision), cert. denied, 474 U.S. 825 (1985).

Contract construction is made especially difficult by the CAFC's conflicts rule since arguably state law, rather than either CAFC or regional circuit law, should apply. See S & T Mfg. Co. v. County of Hillsborough, 815 F.2d 676, 678 (Fed. Cir. 1987) (construction of agreement settling patent infringement action reviewed under law of regional circuit); Met-Coil Sys. Corp. v. Korners Unlimited, 803 F.2d 684, 686-87 (Fed. Cir. 1986) (contract construed under federal law to determine right of patent licensee); Sun Studs, Inc. v. Applied Theory Assocs.,

Even if the distinctions discussed above were clear, the choice of law principle announced by the court nonetheless fails to serve the policies of discouraging forum shopping and promoting efficiency. Forum shopping does not disappear when forum *A* (here, the CAFC) applies forum *B*'s law. Parties who find *B*'s law favorable will maneuver to have their cases heard in *A*, which is bound to apply *B*'s law, instead of in *B*, which is free to change the law to fit new circumstances. Requiring forum *A* to apply forum *B*'s law also wastes resources. *Panduit* and *Atari* were easy choice of law cases in the sense that there were only two bodies of law (CAFC law and regional circuit law) to choose between. However, cases involving multicircuit contacts are bound to arise. In those cases, the CAFC will be faced with choosing among more than two bodies of law, with nothing in traditional conflicts theory to guide its hand.[237]

Nor is it always the case that the controlling circuit will have considered the issue before the court. In such cases, the CAFC is left with the arduous (if not pointless) task of reading the other circuit's opinions on related matters and guessing how the judges would decide the open question. Although this problem exists in the *Erie* context as well, the difficulty is exacerbated with regard to the CAFC. *Erie*'s mandate that federal courts apply state law in diversity cases is made easier by the fact that the federal courts are in a continuous dialogue with the state courts, which are actively engaged in adjudicating similar issues. But the CAFC has largely displaced the regional circuits on issues that normally arise in conjunction with patent law claims. When changes occur in patent law

772 F.2d 1557, 1560-61 (Fed. Cir. 1985) (enforceability of agreement settling patent infringement action depends on state law and regional circuit's interpretation of state law).

237 In Heat & Control, Inc. v. Hester Indus., 785 F.2d 1017 (Fed. Cir. 1986), the CAFC, with virtually no discussion, applied the law of the Fourth Circuit to decide whether a subpoena issued by the District Court of West Virginia should be quashed because it demanded the revelation of trade secrets and was redundant and burdensome. Id. at 1022 n.4. This presented a complex question because the case was being litigated in Ohio, and the laws, or choice of law rules, of the Sixth Circuit, Ohio, and West Virginia were arguably applicable. See also American Standard, Inc. v. Pfizer Inc., 828 F.2d 734, 739 (Fed. Cir. 1987) (where same patentee sought discovery from third party in separate suits brought in Delaware and in Indiana, CAFC reviewed order quashing subpoena in Indiana action under Seventh Circuit law).

Another difficulty is presented by the requirement imposed by Klaxon Co. v. Stentor Elec. Mfg. Co., 313 U.S. 487 (1941), that a federal court with diversity jurisdiction apply the choice of law rules of the jurisdiction where it sits. When there are multicircuit and multistate contacts, does the CAFC adopt its own choice of law rules or must it refer to the choice of law rules of some other forum? To be consistent with *Panduit* and *Atari*, the CAFC should treat the conflicts question either as a procedural issue to which regional circuit law applies, or as a substantive issue that has remained in the regional circuits. In fact, the CAFC has acted inconsistently. Compare Eaton Corp. v. Appliance Valves Corp., 790 F.2d 874, 877 n.4 (Fed. Cir. 1986) (court acknowledged that it cannot apply its own choice of law rules) with Litton Indus. Prods. v. Solid State Sys., 755 F.2d 158, 165-66 (Fed. Cir. 1985) (court adopted its own *Erie* analysis).

that touch on these nonpatent concerns, the CAFC will now have to guess how a regional circuit would have decided a question that it never did, will, or could face.[238]

Even if statutory law remained constant, legal theory will (or should) continue to evolve. Cases on the antitrust/patent interface provide a good example of how difficult it will now be to incorporate doctrinal changes into the law. Competition policy has undergone substantial re-examination which should have important ramifications for both antitrust and patent law. Under the *Atari/Panduit* rule, the CAFC must view the changes in antitrust law filtered through the lens of the regional circuits. If a case arises in a circuit that has not revised its position on antitrust law, then the CAFC is paralyzed; it cannot apply new theories to the antitrust issues, despite the fact that its own analysis of the same problem in the patent law context yields a different result. Even if a case comes up in a circuit that has generally re-evaluated its notions of antitrust policy, it is unlikely that the regional court will have considered how the analysis should operate when there are patent interests at stake.[239] Furthermore, the judiciary as a whole now lacks the capacity to

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238 See, e.g., Joy Mfg. Co. v. National Mine Serv. Co., 810 F.2d 1127, 1128-30 (Fed. Cir. 1987) (deciding whether Third Circuit, which had not considered issue, would require that district court have independent basis for jurisdiction to enforce settlement agreement which was not incorporated into final judgment of court); cf. Heat & Control, Inc. v. Hester Indus., Inc., 785 F.2d 1017, 1022 (Fed. Cir. 1986) (deciding that Fourth Circuit, which had not considered issue, would follow Tenth Circuit's "logical approach", where resolution of issue depends on relationship between trade secrecy law and patent law).

The same problem does occasionally crop up in other contexts. For example, in Griffin v. McCoach, 313 U.S. 498 (1941), the Court held that in diversity jurisdiction interpleader actions, state choice of law rules must apply. But since personal jurisdiction in state courts is more limited than the jurisdiction rules established for statutory interpleaders, it is unlikely that a state court would ever entertain an action having as many jurisdictional contacts as cases heard in the federal system. Similarly, in Marrese v. American Academy of Orthopedic Surgeons, 470 U.S. 373, 379-82 (1985), the Court held that federal courts must use state preclusion rules to decide whether a federal action is precluded by prior state court litigation arising from the same transaction as the federal claim. But almost by definition, a case in which a state could announce a rule precluding federal claims will not arise in its courts. The fact that the Supreme Court has countenanced this impossible situation in the past is, however, no reason for the CAFC to inflict the rule upon itself.

239 The CAFC could apply its own law by defining patent/antitrust issues as "substantially removed . . . from . . . the regional circuit courts," Atari, Inc. v. JS & A Group, 747 F.2d 1422, 1439-40 (Fed. Cir. 1984), but it has not done so. See, e.g., Argus Chem. Corp. v. Fibre Glass-Evercoat Co., 812 F.2d 1381, 1384 (Fed. Cir. 1987) (applying regional circuit law to issue of whether maintenance and enforcement of patent obtained by misconduct in PTO may be basis for antitrust action under § 2 of Sherman Act pursuant to Walker Process Equip. Inc. v. Food Mach. & Chem. Corp., 382 U.S. 172 (1965)); Loctite Corp. v. Ultraseal Ltd., 781 F.2d 861, 875 (Fed. Cir. 1985) (applying regional circuit standard to decide whether patentee violated antitrust laws by bringing infringement action in bad faith); see also Litton Indus. Prods. v. Solid State Sys., 755 F.2d 158, 166 (Fed. Cir. 1985) (relying on regional circuit's interpretation of *Walker Process* antitrust claims). As with many of these close choice of law questions, some panels of the CAFC reach different conclusions. See, e.g., Indium Corp. v. Semi-Alloys, Inc.,

decide whether the competition-preserving aspects of patent law, such as the misuse doctrine,[240] should be moving into closer alignment with antitrust policy.[241] The anomalies that result weaken the fabric of competition law, and are likely to confuse both members of the bar[242] and the technology users and developers that they counsel.

Paradoxically, the CAFC largely manufactured this problem itself. In *Atari*, the choice of law question arose after the CAFC had decided that parties should not be permitted to use procedural rules—in this case, a separation order under Rule 42(b)—to defeat the court's jurisdiction.[243] Having determined that the district court's separation order should not enter into the determination of appellate jurisdiction, the CAFC then had to decide what law to apply to the nonpatent substantive issue. Since questions rather far removed from patent law could, in theory, crop up under this treatment of Rule 42(b), the court naturally fell into the distinction set out in *Atari*.[244]

The case could have been decided differently, but for *Panduit*. That is, had the court retained its ability to construe procedural law for itself, it could have announced strict rules on separation. It could have permitted parties to sever only issues far removed from patent law and from the nucleus of operative facts at issue in the patent portion of their cases. These issues could be tried separately, and the judgment entered could be appealable to the regional circuit, which could then apply its own law. Issues that touch on patent law, or that arise from the same nucleus of

781 F.2d 879, 882 (Fed. Cir. 1985) (applying CAFC law to antitrust standing question without considering choice of law issue), cert. denied, 479 U.S. 820 (1986).

240 Under the misuse doctrine, patents are not enforced if the patentee has used his dominant position to restrain competition. Here again, Congress has recently demonstrated the national importance of the issue by enacting the Intellecutal Property Antitrust Act of 1988, Pub. L. No. 100-703, 102 Stat. 4674 (1988).

241 A good example is Senza-Gel Corp. v. Seiffhart, 803 F.2d 661, 668-69 (Fed. Cir. 1986). Noting that an act of the patentee "may serve . . . as a defense to a charge of patent infringement [and] may also serve as an element in a complaint charging antitrust violation," the court nonetheless applied its own law to the misuse defense and Ninth Circuit law to the antitrust claim. Id. The court failed to consider whether an act should have differing consequences under antitrust and patent law, even though this is a subject of substantial scholarly and legislative concern. See, e.g., Baxter, Legal Restrictions on Exploitation of the Patent Monopoly: An Economic Analysis, 76 Yale L.J. 267, 275-79, 280-98 (1966); Antitrust Division Releases Updated International Guide [May-Oct.] Pat. Trademark & Copyright J. (BNA) No. 907, at 90, 91 (Nov. 24, 1988); see also Windsurfing Int'l, Inc. v. AMF, Inc., 782 F.2d 995, 1001 n.9 (Fed. Cir.) (alluding to "recent economic analysis" of antitrust tying issues), cert. denied, 477 U.S. 905 (1986).

242 See, e.g., Strawbridge, supra note 62, at 886. In this otherwise illuminating article about the CAFC, the authors speak of the "diametrically opposed" views of misuse expressed in *Senza-Gel* and *Windsurfing*, without noting that the cases were apparently decided under different bodies of law.

243 *Atari*, 747 F.2d at 1430.

244 See id. at 1439-40.

facts would not, however, be severable. These would be tried together, and the appeal would go to the Federal Circuit. The CAFC would then apply its law to all the issues that it was asked to review, in the same way that every other federal appellate court is permitted to construe open issues of federal law.[245]

Of course, other problems would emerge if cases were handled in this manner. First, independent authority to interpret nonpatent federal law may produce conflicts where there is jurisdictional overlap. However, this conflict is a natural consequence of the Evarts Act,[246] which established regional circuits that have power to interpret federal law independently. Such conflicts are generally viewed as desirable because the views of the different courts are thought to percolate, leading to soundly fashioned legal rules.[247] Although the problem is more severe here because the same district court would apply different law to different cases, this should not be a dispositive obstacle. The *Erie* doctrine has acquainted the federal bench with the problem of applying more than one body of substantive law.[248] Furthermore, since most members of the patent bar practice in several circuits, it can be assumed that they too are capable of dealing with this complication. The CAFC apparently thinks that it can handle the situation since the *Atari/Panduit* rule requires it to apply different bodies of law to similar disputes.[249]

The imposition of divergent interpretations of procedural law may be more problematic, but again the difficulties are not so severe that they mandate that the CAFC follow regional law. The problems are, after all, not unprecedented: the Supreme Court has left open the possibility that

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[245] By the same token, the court should also announce its own standards for allowing parties to join claims, cf. Verdegaal Bros., v. Union Oil Co., 750 F.2d 947, 950 (Fed. Cir. 1984) (following circuit of origin's joinder rules), and amend their complaints, cf. Senza-Gel Corp. v. Seiffhart, 803 F.2d 661, 666 (Fed. Cir. 1986) (applying circuit of origin's rules on amending pleadings); Cornwall v. U.S. Constr. Mfg., 800 F.2d 250, 252 (Fed. Cir. 1986) (same).

[246] The Circuit Courts of Appeals Act of 1891, ch. 517, 26 Stat. 826.

[247] See S. Estreicher & J. Sexton, supra note 31, at 50-51.

[248] Federal district courts may sometimes be required to apply the law of sister circuits. See Van Dusen v. Barrack, 376 U.S. 612, 639 (1964) (when case transferred pursuant to 28 U.S.C. § 1404(a) (1982), transferee court must apply state law of transferor court); Steinman, Law of the Case: A Judicial Puzzle in Consolidated and Transferred Cases and in Multidistrict Litigation, 135 U. Pa. L. Rev. 595, 628-30 (1987) (discussing circumstances in which transferee court applies law of court in which transferred case initially filed). Many federal judges also have the experience of sitting by designation in sister courts, where they presumably apply the law of the circuit in which they are sitting, rather than the law of their own circuit.

[249] For example, the CAFC must apply its own law to trademark cases arising from the Trademark Trial and Appeal Board, because these cases do not come to the CAFC from a regional district court. On the other hand, when trademark cases appear as part of patent disputes, the court applies the law of the circuit from which the case arose. Cf. Titanium Metals Corp. v. Banner, 778 F.2d 775, 779 (Fed. Cir. 1985) (noting that sometimes a district judge will, under the FCIA, "not . . . be governed by the precedents of his own Court of Appeals").

some federal procedural rules may be inapplicable when federal courts entertain diversity actions. In addition, it has ruled that the states may be required to apply federal procedural rules when trying federal actions. The Court has, for example, held that states must try those federal actions to which the seventh amendment applies to juries, even though the Court recognized that some states may have eliminated juries in civil cases.[250] At most, the potential for such problems should cause the CAFC to formulate its rules with sensitivity to the awkward situations to which they may give rise.

Second, if cases were bifurcated in the manner envisioned here, the parties would need to know in advance where their appeal was headed. For that reason, the CAFC would also be required to assert the power to interpret the trial management provisions of the federal rules[251] to assure that the issue of separation is reached and decided at an early phase of the litigation.[252] To put this another way, for the CAFC to take a leading role in interpreting federal competition law, it will have to assert its authority to supervise the lower courts.

### 3. *Supervising the District Courts*

The confusion over the CAFC's authority in nonpatent areas also pervades the court's interpretation of its supervisory power. Once again the court has apparently decided that its special status means that litigants will get less in the CAFC than they would in the regional circuits. In the same way that regional appellate courts are more open than the CAFC to arguments that prior nonpatent law should be changed,[253] parties are more apt to receive interlocutory review from the regional circuits because the CAFC has refused to exercise managerial authority over the district courts.[254] It remains to be seen whether litigants wish-

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250 See Dice v. Akron, Canton & Youngstown R.R. Co., 342 U.S. 359, 362-63 (1952). The Court in *Dice* held that a state court adjudicating an action brought under the Federal Employers' Liability Act, which affords the right to trial by jury, could not apply state law to eliminate jury determination of the questions arising under federal law. Id.

251 E.g., Fed. R. Civ. P. 16 (giving court control over all aspects of case management).

252 Significantly, despite a general reluctance to use mandamus to supervise the district courts, the CAFC was willing to review an order separating a patent claim for trial on a writ of mandamus. See In re Innotron Diagnostics, 800 F.2d 1077, 1081 (Fed. Cir. 1986). The court reasoned that interlocutory review was required in aid of its jurisdiction. Id.

253 See text accompanying notes 236-37 supra.

254 See In re Roberts, 846 F.2d 1360 (Fed. Cir. 1988) (refusing to entertain writ in case filed before effective date of CAFC's establishment); *Innotron Diagnostics*, 800 F.2d at 1083 (refusing to hear petition for mandamus on grounds that overseeing courts within regional circuit is sole province of regional circuit and its Circuit Council); Petersen Mfg. Co. v. Central Purchasing, Inc., 740 F.2d 1541, 1552 (Fed. Cir. 1984) (refusing to remand case to different district judge on the ground that "[u]nlike other Circuit Courts of Appeal . . . we have no direct supervisory authority over district courts"); Mississippi Chem. Corp. v. Swift Agric. Chem. Corp., 717 F.2d 1374, 1379 (Fed. Cir. 1983) (CAFC has no supervisory power over

ing to take interlocutory appeals on nonpatent issues will lose the right to do so or will be required to split their case between the CAFC and the circuit of origin.[255] In any event, it is somewhat surprising that the court has expressed such diffidence regarding its role. Nowhere in the legislative history is there a hint that Congress meant for the CAFC to have less power than the other appellate courts. And the court's reluctance to supervise may not be necessary, or even helpful, to the district courts.[256]

The scope of review of district court decisions poses a much harder question. For simplicity, I consider it only in the context of bench-tried cases, where Rule 52(a) applies. Under this Rule, the trial court's interpretation of law can be reversed if wrong, but its findings of facts can be set aside only if "clearly erroneous."[257] Rule 52(a) protects the judgment winner from relitigation at the appellate level and promotes the efficient use of judicial resources by insuring that the court most qualified to find the facts has the final say. In addition, the Rule prevents the appellate court from substituting its own judgment for that of the trial court, thereby safeguarding the integrity of the district court and promoting public respect for its decisions.[258]

Despite the important interests served by Rule 52(a), it is clear that it operates perversely as regards the CAFC. The Rule rests on the assumption that the trial court is in at least as good a position as, and often a better position than, the court of appeals for deciding factual issues. When both appellate court and trial court are composed of generalists, this assumption is true. There is no reason to think that a judge appointed to a trial court is less capable than an appellate judge to review

district courts). The court will, however, hear interlocutory appeals by mandamus "in aid of its jurisdiction," that is, if the order below would deprive the court of the ability to review cases properly within its jurisdiction. See generally Gholz, CAFC Review of Interlocutory Decisions, 67 J. Pat. & Trademark Off. Soc'y 417, 424-26 (1985) (different panels of CAFC are split on scope of mandamus jurisdiction). Once again, the CAFC has recently hinted that it may assert greater control in the future. See In re Calmar, Inc., 854 F.2d 461, 464 (Fed. Cir. 1988).

255 But see Heat & Control, Inc. v. Hester Indus., Inc., 785 F.2d 1017 (Fed. Cir. 1986) (interlocutory appeal of order quashing subpoena issued by court outside circuit where the main case was being tried). According to the CAFC, in such cases, there is no point in applying the final judgment rule, 28 U.S.C. § 1291 (1982), which protects the judicial system from piecemeal review. *Heat & Control*, 785 F.2d at 1020. Because the court hearing the appeal from the final judgment is a different court from the one with authority to review the order to quash, waiting until the end does not avoid bifurcation. Thus, reviews of subpoena orders are usually appealable immediately. In the CAFC context, however, the CAFC reviews both the order to quash and the final judgment. Thus, the goals of the final judgment rule are met, and interlocutory appeals should not be permissible. Nonetheless, the court entertained the interlocutory appeal, apparently reasoning that the happenstance of its jurisidictional grant should not affect the parties' rights of appeal.

256 See text accompanying notes 258-65 infra.

257 Fed. R. Civ. P. 52(a).

258 See Anderson v. Bessemer City, 470 U.S. 564 (1985).

documentary evidence, and the district court has an immediate sense of testimonial evidence and is better situated to evaluate the credibility of the witnesses. Where, however, the trial court is composed of generalists and the appellate court is staffed to deal with the complex factual issues being tried, the assumption breaks down, for the appellate court is at least as well situated to find the facts as the trial court. A trial judge who has never read a technical document before is less likely to interpret it correctly, no matter how many expert witnesses are called to testify, than an appellate judge who has extensive experience in dealing with such matters. Thus, it seems somewhat peculiar to allow a layman's decision to stand on a technical issue such as the content of prior art, when the experienced judges of the CAFC, and the experts they employ, think that the finding is wrong, but not "clearly erroneous."

Because legal conclusions are not protected by the clearly erroneous standard of Rule 52(a), application of the usual interpretation of the Rule also puts pressure on the distinction between fact and law. This line is difficult to draw in other areas as well, but the fact of the matter is that many if not most complex questions in patent law pose mixed fact/law questions that are not easily disentangled.[259] Obviousness provides a good example. The ultimate question is one of law, but it is based on several factual inquiries: the scope of the prior art, the difference between the claimed invention and the prior art, and the knowledge of one possessing ordinary skill.[260] While it is to be hoped that the district courts pay scrupulous attention to how they phrase the findings on which their judgments are based, it seems unfortunate that so much should ride

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259 It is sometimes said that Rule 52(a) does not apply to mixed questions of fact and law. See, e.g., United States v. General Motors Corp., 384 U.S. 127, 141 n.16 (1966) (whether defendant's conduct constituted conspiracy in violation of Sherman Act not protected by Rule 52(a)); Donaldson Publishing Co. v. Bregman, Vocco & Conn, Inc., 375 F.2d 639, 641 (2d Cir. 1967) (whether employee was working for hire within Copyright Act is mixed question, unprotected by Rule 52(a)), cert. denied, 389 U.S. 1036 (1968). If this were clearly the case then Rule 52(a) would not be especially problematic in the patent context. However, the Supreme Court has sometimes treated what might be regarded as mixed questions as factual issues. See, e.g., Pullman-Standard v. Swint, 456 U.S. 273, 287-88 (1982) (whether employment practice is unlawful under Title VII of Civil Rights Act is question of fact); see also C. Wright & A. Miller, Federal Practice and Procedure § 2589 (1971) ("It is less clear that it is very helpful to say generally that mixed questions of law and fact are entirely outside the 'clearly erroneous' rule."). In addition, the Court has, especially in patent cases, directed appellate tribunals to break the ultimate question into component parts and analyze each separately. See, e.g., Graham v. John Deere Co., 383 U.S. 1, 17 (1966).

As Wright and Miller make clear, the only reliable way to distinguish those issues that are subject to Rule 52(a) from those that are not is to look at the relative capabilities of the trial and appellate courts. C. Wright & A. Miller, supra, § 2591. Since the Federal Circuit brings different capabilities to its adjudicatory role than the regional circuits, it is not surprising that Rule 52(a) presents special problems in this context.

260 *Graham*, 383 U.S. at 17.

on whether the trial court invalidated the patent because it thought that there was no difference between the invention and the prior art (a factual determination) or because it thought it possible that one trained in the art could have learned the invention from the prior art (a legal conclusion).[261] Not only does it waste judicial resources to disentangle the threads that went into the trial court's judgment, it is a pity that the court must spend so much time[262] explicating what it considers fact and what it considers law. The experience has not been very rewarding thus far. Aside from a few simplistic rules, such as that questions of patent construction are legal questions while questions of infringement are factual questions, the court has offered no general method for distinguishing between fact and law.[263] Nor has the court adopted an issue-by-issue approach.[264] In some instances, different panels have reached different conclusions on the same question.[265]

Finally, and most critically, Rule 52(a) interferes with the CAFC's ability to bring uniformity to patent law. Some district courts may not be as adept as the CAFC at making the necessary factual findings, yet the Rule prohibits reversal unless a trial court was clearly wrong. Furthermore, district courts that believe the CAFC is biased towards patentees or that disagree with the CAFC's interpretation of national policy, can use the indeterminacy of the fact/law distinction to insulate their findings from review.[266] Thus, just as before Congress established the

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261 Cf. Mintz & Racine, supra note 58, at 211-12 (noting inability of CAFC to prevent district courts from using hindsight to make factual determinations that go into obviousness conclusion).

262 It is difficult to determine from reported decisions exactly how often the law/fact issue is dispositive. Sometimes the CAFC explains why it considers a particular issue legal or factual, sometimes it does not, but rarely does the court indicate why it chose to mention the issue at all. Nevertheless, a review of the 384 patent cases reported from October 1982 through August 1987 reveals that the issue was expressly considered by the court in 42 (11%) of the cases (on file at New York University Law Review). Interestingly, 26 of these were reported within the first two years of the court's operation; 14 were reported after the Supreme Court announced in Dennison Mfg. Co. v. Panduit Corp., 475 U.S. 809 (1986) (per curiam), that the CAFC must scrupulously honor the standard of Fed. R. Civ. P. 52(a). In other words, the CAFC apparently resolved most of the important fact/law distinctions in its early years, and returned to the problem after the Supreme Court made it more important.

Note that reported cases include patent cases arising from the ITC, as well as the PTO whose stricter standard of review may make the fact/law distinction somewhat less significant.

263 See Duft, supra note 71, at 343.

264 Commentators have suggested ways to handle particular issues. See, e.g., Chambers, Jury Trials in Patent Cases: The Uncertain Course of the Federal Circuit, 13 AIPLA Q.L.J. 361, 366 (1985) (who would decide jury's role in obviousness determinations by looking at whether community standards were relevant to decision).

265 Compare SRI Int'l v. Matsushita Elec. Corp., 775 F.2d 1107, 1123-24 (Fed. Cir. 1985) (reverse doctrine of equivalents is factual issue) with Kalman v. Kimberly-Clark Corp., 713 F.2d 760, 771 (Fed. Cir. 1983) (reverse doctrine of equivalents is legal issue), cert. denied, 465 U.S. 1026 (1984).

266 See Hybritech, Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367, 1375 (Fed. Cir.

CAFC, the value of a patent may continue to depend on where a case is litigated.[267] Although it is too soon to know for sure, forum shopping between district courts may begin to occur.

To maintain consistency and uniformity, the CAFC must find some method for reversing decisions that it believes are unresponsive to the spirit of its teachings. The court could resort to some analogue of the constitutional facts doctrine,[268] or impose extensive fact finding requirements on the district courts, a route it has considered.[269] However, it may be wiser to give the CAFC a broad scope of authority by interpre-

1986) (prohibiting district courts from trying to insulate findings of fact by basing them on credibility determinations rather than on documentary evidence), cert. denied, 107 S. Ct. 1606 (1987).

267 For instance, although the CAFC has significantly altered the standards for granting preliminary injunctive relief, see text accompanying notes 125-27 supra, most district court decisions on preliminary relief are affirmed. Of the thirteen reported patent cases issued from October 1982 through August 1987 that expressly raised the question whether a preliminary injunction was properly granted or denied by the trial court, the CAFC affirmed seven and partially affirmed one more. Of the five remaining cases, one decision was vacated for lack of jurisdiction; in one the motion for preliminary relief was consolidated with the merits and the patent holder lost on the merits; and in one, the district court failed to adequately support its factual conclusions. The two remaining cases were decided on the merits. It could be that district courts are doing exceptionally well at applying the CAFC's law. More likely, however, decisions on preliminary injunctions are reviewed under such a deferential standard that the district courts are beyond the control of the CAFC. See, e.g., Roper Corp. v. Litton Sys., 757 F.2d 1266, 1271 (Fed. Cir. 1985) (finding district court did not abuse its discretion in denying injunction); Atlas Powder Co. v. Ireco Chems., 773 F.2d 1230, 1234 (Fed. Cir. 1985) (same).

268 The constitutional facts doctrine allows a reviewing court to scrutinize the trial court's findings of fact when that finding works to deny federal rights. See, e.g., Fiske v. Kansas, 274 U.S. 380 (1927). In *Fiske*, the Supreme Court subjected the factual findings of a state court, which had sustained a state syndicalism statute to allow a defendant to be convicted solely from inferences drawn from the preamble of the defendant's industrial organization, to strict review. Since the court's findings effectively denied a federal right, and since the facts were deeply intermingled with the federal question, the Supreme Court reviewed the state court's findings and subsequently held that the court's application of the statute was arbitrary and unreasonable. See also Bose Corp. v. Consumers Union, 466 U.S. 485 (1984) (Court held that in reviewing factual finding of actual malice in case governed by New York Times Co. v. Sullivan, 376 U.S. 254 (1964), appellate judge not controlled by "clearly erroneous" standard, but rather can make independent finding). The CAFC could analogize patent cases to such first amendment cases to allow the CAFC to review district court's factual findings when the factual issues are strongly intertwined with the decision to deny a patentee rights.

269 See, e.g., Lindemann Maschinenfabrik GMBH v. American Hoist & Derrick Co., 730 F.2d 1452, 1457 (Fed. Cir. 1984) (higher standard of review applies when district court adopts findings set forth by one of parties before trial). Whatever the advantages of imposing strict fact finding duties on the lower courts, the CAFC's ability to engage in independent fact finding may be circumscribed by the Supreme Court's opinion in Anderson v. Bessemer City, 470 U.S. 564, 572 (1985), which refused to allow a circuit court to use the fact that the trial judge had adopted one party's proposed findings as justification for scrutinizing the record more closely than Rule 52(a) contemplates. See Hybritech, Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367, 1375 (Fed. Cir. 1986) (following *Anderson* in holding that even where a district court adopts findings of fact proposed by a party, it will only reverse those findings if clearly erroneous), cert. denied, 107 S. Ct. 1606 (1987). The propriety of applying the same rules to the CAFC as to the regional circuits is discussed at text accompanying notes 311-24 infra.

ting Rule 52(a) somewhat differently when applied to patent cases. For example, when the court perceives an error in the district court's opinion, it should be allowed to explain its concerns in detail, irrespective of whether the error is "clear" or appears to be in fact or in law. Respect for the district court would be preserved by requiring the CAFC to remand the case so that the trial court could decide how the error influenced its own judgment. This would give the CAFC power to unify patent law without entirely intruding on the interests protected by the Rule.[270]

Alternatively (or additionally), the CAFC should be permitted to revive the distinction between documentary and testimonial evidence that existed in some circuits prior to the 1985 amendment of Rule 52(a).[271] The verdict winner would not be overly burdened if required to reargue the import of documents at the appeal and this power would permit the CAFC to bring its special expertise to bear on the problems presented.

Unfortunately, the power to construe Rule 52(a) differently when it is applied to the Federal Circuit may have been circumscribed by *Dennison Manufacturing Co. v. Panduit Corp.*[272] In this patent infringement

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[270] See Note, Panduit Corp. v. Dennison Mfg. Co.: De Novo Review and the Federal Circuit's Application of the Clearly Erroneous Standard, 36 Am. U.L. Rev. 963 (1987) (arguing that CAFC applies Rule 52(a) correctly, but that policies underlying Rule would be better served if court remanded more of its cases).

The notion that the CAFC should play a greater role in directing district courts applies to other standards of review, including application of the abuse-of-discretion rule, see, e.g., Seattle Box Co. v. Industrial Crating & Packing, Inc., 756 F.2d 1574, 1581 (1985) (finding that district court had abused its discretion in awarding intervening rights under 35 U.S.C. § 252 (1982), and the harmless-error rule, see, e.g., Cable Elec. Prods., Inc. v. Genmark, Inc., 770 F.2d 1015, 1021-22 (Fed. Cir. 1985) (explaining that reversal predicated on lower court's error as to question of law requires demonstration that error was harmful).

Another example of the need for special procedural rules is provided by jury trials, where there is both difficulty in distinguishing between fact and law and a danger of insulating findings from review. See Chambers, supra note 264. The CAFC has attempted to deal with the problem by requiring judges to ask the jury for special verdicts under Fed. R. Civ. P. 49(a), or to submit interrogatories to accompany general verdicts under Fed. R. Civ. P. 49(b). See, e.g., American Hoist & Derrick Co. v. Sowa & Sons, 725 F.2d 1350, 1356 (Fed. Cir.), cert. denied, 469 U.S. 821 (1984). Both ideas offer some opportunity for the CAFC to ensure appropriate decision making. The CAFC has, however, retreated from this position, noting that Rule 49 expressly puts the use of these devices within the discretion of the trial court. See Weinar v. Rollform Inc., 744 F.2d 797, 809 (Fed. Cir. 1984), cert. denied, 470 U.S. 1084 (1985); see also Bio-Rad Laboratories, Inc. v. Nicolet Instrument Corp., 739 F.2d 604, 607 (Fed. Cir.), (explaining method of review in absence of interrogatories), cert. denied, 470 U.S. 1084 (1985).

[271] See Fed. R. Civ. P. 52 advisory committee's note (citing cases in Second, Sixth, Seventh, and Eighth Circuits holding that deference is due only to trial court findings based on testimonial evidence). The amended Rule destroyed the distinction because the advisory committee thought that the economy, stability, and integrity interests served by the Rule generally outweigh other considerations. Id.

[272] 475 U.S. 809 (1986) (per curiam).

action, the defendant argued that the plaintiff's patent was invalid for obviousness. The trial court applied the CAFC's objective tests, concluding that the invention was fully revealed in the prior art. The CAFC reversed, holding that the prior art did not teach the innovation. The Supreme Court summarily vacated the CAFC's decision, finding that the court violated Rule 52(a) by failing to state why the district court's findings were clearly erroneous.

The significance of *Dennison* is difficult to evaluate. Since it was decided without benefit of full briefing or oral argument,[273] the Court may have viewed it as no more than another opportunity to reiterate the usual rule that deference is due to trial court findings.[274] The five paragraph per curiam opinion certainly does not disclose that the Supreme Court considered the unique position of the CAFC in the federal judiciary, its special mission to bring uniformity and predictability to patent law, or the singular problems posed by the fact/law distinction in patent jurisprudence.

On the other hand, taken at face value, *Dennison* means more than that the factual findings of the district court are somewhat insulated from review. By holding the CAFC to the same standard as the other courts of appeal, the Court may have signaled that the Federal Circuit does not have the power to reconstrue settled doctrine—or even interpret open questions—for itself. Whether it would be wiser to give the CAFC more flexibility than *Dennison* permits, and the CAFC has taken, is the subject of Part III.

## III

## MAKING THE MOST OF SPECIALIZED COURTS

So far we have observed an interesting dichotomy. As far as patent law is concerned, the CAFC has demonstrated fine potential. Although it has not yet succeeded in resolving every controversial issue, it has begun to make systemic improvements, developing a patent law that is both more rational and easier to apply. At the same time, however, the court has created a muddle on the administrative side. Jurisdictional lines remain confused and the court's positions on supervisory and choice of law matters are not entirely workable.

The administrative problem may be transitional. These issues have many variations, and until the major variants appear and are dealt with, the rules will remain unclear. To a significant extent, however, the problem is conceptual. The issues that are troubling the CAFC—whether it

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[273] Id. at 811-12 (Marshall, J., dissenting).

[274] See, e.g., Anderson v. Bessemer City, 470 U.S. 564 (1985); Pullman-Standard v. Swint, 456 U.S. 273 (1982).

has power to decide the law, dispose of cases, and supervise—are the very issues that define what it means to be a court. Thus, it is not surprising that these questions will remain intractable so long as the CAFC lacks a coherent vision of itself, of its position in the federal court system, and of its role in shaping competition policy.

One might have expected this direction to come from Congress, which has the constitutional responsibility to ordain and establish inferior courts.[275] Thus, the familiar ground is to reason from a statute to a concept of a court. This justifies the maxim that jurisdictional statutes are strictly construed and explains why there are so few precedents to guide the CAFC. However, the absence of precedent and legislative direction cannot mean that the court is precluded from conceptualizing its position for itself. The questions that the Federal Circuit is grappling with are basic to its existence; they must be answered if the court is to accomplish the objectives for which it was founded. If they cannot be satisfactorily resolved without a theory of what the court is, than such a theory must be developed. This Part attempts to generate a conception of the court and sketch the administrative rules that flow from it.

### *A. Jurisdiction*

The objectives for which the CAFC was founded, as well as the successes and failures that it has experienced, must be taken into account in deriving a vision of the court.[276] We have seen that the court has done well in utilizing private rights to further its mandate to encourage innovation.[277] To that end, it has developed an understanding of the dynamics of creativity and the practicalities of research and development. But while the court has managed to apply these insights to the Patent Act, it is not clear that the interpretations that it has reached are the constructions that foster the optimal amount of technological growth.

Consider, for example, how the CAFC has handled the issue of encouraging information exchange. This issue is a critical element in producing an environment in which scientific developments occur rapidly. On the one hand, many of the court's decisions recognize that inventions are interdependent in the sense that new discoveries breed further research and further research gives birth to other discoveries. Thus, the court has announced tests for nonobviousness that are premised on the notion that inventive talent often lies in reasoning analogically from collateral developments.[278]

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[275] U.S. Const. art. I, § 8, cl. 9.

[276] Indeed, it is possible that Congress thought it necessary to wait and see how the court functioned before fully articulating its role.

[277] See text accompanying notes 100-102 supra.

[278] See text accompanying notes 85-90 supra.

On the other hand, the court has failed to use its appreciation of the interdependence of invention to adopt rules that promote full disclosure of research results. *Paulik v. Rizkalla*,[279] the due diligence decision discussed in Part I, is an example of this failure. Working from the theory that inventors should be encouraged to return to experiments that they had previously set aside, the court held that certain periods of inactivity can be disregarded when choosing which of two inventors should be awarded priority on the patent for an invention that both discovered.[280] But although *Paulik* furthers a primary goal of patent law by motivating researchers to take up old projects, it fails to deal with the other side of the inactivity coin, prolonged concealment of research results, a problem which the priorities rule was also designed to address.[281] And while the *Paulik* court may have been correct to avoid the ultimate sanction—denial of a patent—there may have been other ways to decide the case that would have better reconciled the goal of rewarding the first inventor with the need to promote prompt and regular information exchange.[282]

Perhaps the Federal Circuit is biased, as its critics claim, and values the rights of information producers over the needs of information users.[283] An equally plausible explanation is that *Paulik* reflects the CAFC's limited authority over competition law. Patent law constitutes only a small part of competition law, and the system that patent law creates to promote innovation is only one of the many ways in which innovation is facilitated by the legal system. If the CAFC is told to encourage invention, but is permitted to see only a small part of the matrix into which patent cases fit, it is likely that it will misconceive the role that patent law plays in the larger scheme. It will overemphasize the need to reward inventors because that is the only tool with which it can further the legislative goal of promoting innovation. Conversely, it will undervalue the interest of competitors because it will not have the occasion to consider the role that vigorous competition plays in encouraging invention. Just as we saw that the different strands of patent law could not be knit together until a single court had the power to deal with all

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279 760 F.2d 1270 (Fed. Cir. 1985) (en banc).

280 Id. at 1272-73.

281 See 35 U.S.C. § 102(g) (1982). The Act's concern with avoiding prolonged concealment underlies its direction to award the patent to a later inventor when the first is not diligent in reducing the invention to practice. Many foreign countries use a first-to-file system, which automatically encourages the early disclosure of results. See D. Chisum, supra note 56, § 10.01.

282 See *Paulik*, 760 F.2d at 1276-82 (Rich, J., concurring) (suggesting other ways to arrive at same result); see also Christianson v. Colt Indus. Operating Corp., 822 F.2d 1544, 1562 (Fed. Cir. 1987) (patentee permitted to withhold information necessary for competitor to manufacture compatible products after patent expires), vacated on other grounds, 108 S. Ct. 2166 (1988).

283 See text accompanying notes 158-64 supra.

patent cases, it may be that competition law cannot coalesce properly until one court has the power to deal with all of the elements that it encompasses.

If the CAFC's ability to function effectively as a court turns on its opportunity to consider cases raising broader competition issues, then its adjudicatory authority should be interpreted to maximize its chances of hearing those kinds of disputes. As we have seen, the statutes delineating the Federal Circuit's jurisdiction are opaque enough to admit to an enlargement of its authority.[284] Although they cannot be read to expand the court's power beyond constitutional limits, they could be interpreted more broadly than they have been to date. Thus, instead of limiting its appellate jurisdiction to cases in which the patent issue appears on the face of a well-pleaded complaint, the court could be permitted to review any case that raises a patent issue somewhere in the responsive pleadings. These cases "arise under" the patent laws in the constitutional sense; they simply do not fit within the constraints that the Supreme Court adopted when it interpreted the statutory federal question jurisdiction of the district courts.[285]

Given that the well-pleaded complaint rule successfully identifies those cases that centrally raise the chosen issue (federal questions in district court cases; patent issues in the CAFC context), dropping this constraint should bring before the CAFC a greater number of competition cases, a wider range of competition issues, and most important, a set of cases that cannot be disposed of on purely patent grounds. Faced with this broader range of disputes, the CAFC would be obliged to cultivate a greater appreciation for the benefits of, and the requirements for, a robust competitive environment.

Ironically, *Christianson v. Colt Industries Operating Corp.*[286] provides a good example. This was an antitrust action brought against the inventor of the M-16 rifle after the patent had expired. Among the complaints was an allegation that the patent specification improperly withheld information necessary to manufacture rifle parts interchangeable with Colt parts.[287] The plaintiffs argued that since purchasers require rifles with interchangeable parts, withholding the information was a re-

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284 See text accompanying notes 180-85 supra.

285 In short, the linguistic consistency argument made in Christianson v. Colt Indus. Operating Corp., 108 S. Ct. 2166, 2173 (1988), see text accompanying notes 200-01 supra, fails, for "arising under" already has two different meanings. See text accompanying notes 182-85 supra.

286 108 S. Ct. 2166 (1988).

287 35 U.S.C. § 112 (1982) requires patentees to describe the invention "in such full, clear, concise, and exact terms as to enable any person skilled in the art . . . to make and use the same" and to "set forth the best mode contemplated by the inventor of carrying out his invention."

straint on trade and was inconsistent with the notion that the invention fell into the public domain after patent expiration.[288] On motion for summary judgment, the district court decided the case for the plaintiff.[289] It found that the patent should never have issued because the specification omitted these manufacturing data. Since expiration of the patent meant it could no longer be invalidated, the court held that Colt could not enforce its trade secrets in the information that had been withheld from the specification.[290]

On appeal, the CAFC (and later, the Supreme Court) denied that its mandate to bring uniformity to patent law required that its jurisdiction be construed so that it hears every patent appeal in the nation or even in the federal courts,[291] and confined its power to those cases in which the patent issue appears on the face of a well-pleaded complaint.[292] As a result of this holding, the court's plenary consideration of the many interesting competition issues raised in the case was foreclosed.

Had the CAFC been allowed to reach the merits of this case, it would have had an opportunity to ponder an important element of disclosure, namely the facilitation of the manufacture of interchangeable products. The case would have required the court to decide whether interchangeability is a value worthy of legal protection and to formulate the best method to protect it. Upon consideration of all the competition issues in the case, the CAFC would have been able to weigh the benefits of forcing disclosure through the patent law, through limitations on state trade secret law, or via the antitrust law.[293] Although it may well have adhered to its ruling that manufacturing details do not have to be revealed in specifications, it would have done so after considering all the alternatives, thereby fashioning a body of law responsive to competitors as well as to researchers.

Expanding jurisdiction in this manner would have the side benefit of

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288 *Christianson*, 108 S. Ct. at 2171.

289 Christianson v. Colt Indus. Operating Corp., 613 F. Supp. 330 (C.D. Ill. 1985), transferred, 798 F.2d 1051 (7th Cir. 1986), reversed in part and vacated in part, 822 F.2d 1544 (Fed. Cir. 1987), vacated, 108 S. Ct. 2166 (1988).

290 Id. at 331.

291 Christianson v. Colt Indus. Operating Corp., 822 F.2d 1544, 1552 (Fed. Cir. 1987), vacated on other grounds, 108 S. Ct. 2166 (1988). The Supreme Court agreed. Christianson v. Colt Indus. Operating Corp., 108 S. Ct. 2166, 2173 (1988).

292 822 F.2d at 1553.

293 Cf. Berkey Photo v. Eastman Kodak Co., 603 F.2d 263, 281, 302-04 (2d Cir. 1979) (refusing to require Kodak to disclose details of its 110 camera to film manufacturers and finding agreement not to disclose flipflash flash lamps a violation of § 1 of Sherman Act), cert. denied, 444 U.S. 1093 (1980); ILC Peripherals Leasing Corp. v. IBM Corp., 458 F. Supp. 423, 436-37 (N.D. Cal. 1978) (holding that IBM has no duty to disclose interface information to producers of peripherals), aff'd sub nom. Memorex Corp. v. IBM Corp., 636 F.2d 1188 (9th Cir. 1980), cert. denied, 452 U.S. 972 (1981).

sending all patent appeals in the federal system to the CAFC. While it may not be necessary for the Federal Circuit to hear every patent case in order to articulate a uniform law, funnelling all disputes raising patent issues to a single appellate tribunal would at least assure that like cases are decided alike. There is currently no requirement that the regional circuits apply the law as enunciated by the CAFC.[294] Nor is there any way to know whether the CAFC sees a representative sampling of all patent issues. If, however, its jurisdiction were expanded as suggested, the CAFC would have the opportunity to speak to every patent law issue and assure the uniform application of its law.[295]

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[294] See *Christianson*, 822 F.2d at 1552 n.10 (noting that "regional circuits might elect to apply the patent precedents of this court").

It may be possible for Congress to enact a statute requiring the regional circuits (and even state courts) to follow CAFC law, at least on patent issues. This, however, would create many of the same problems that arose in connection with the application of regional circuit law by the CAFC. See text accompanying notes 233-36 supra.

[295] Abrogating the well-pleaded complaint rule with respect to the CAFC's jurisdiction would not solve the problem of patent cases in the state courts. Although many such cases are disputes over ownership of patents and raise only contract questions, some raise issues that the CAFC should deal with if patent law is to reap the benefits of specialization. See, e.g., MGA, Inc. v. LaSalle Machine Tool, Inc., 148 Mich. App. 350, 360-61, 384 N.W.2d 159, 164 (1986) (patentee sued licensee under doctrine of equivalents for manufacturing products that patentee claimed were within patent); Regents of Univ. of Minn. v. Medical Inc., 382 N.W.2d 201 (Minn. Ct. App.) (patentee sued licensee for royalties and specific performance but lost to affirmative defense of patent misuse), cert. denied, 479 U.S. 910 (1986). Some cases raise issues that impinge heavily on the administration of the patent laws, but are unlikely to arise in the federal system. See, e.g., Fletcher-Terry Co. v. Grzeika, 1 Conn. App. 422, 430, 473 A.2d 1227, 1232 (1984) (whether assignment of patent rights under employment contract enforceable); Mechanical Plastics Corp. v. Rawlplug Co., Inc., 119 A.D.2d 641, 643, 501 N.Y.S.2d 85, 88 (1986) (right of employee to royalties on invention arguably within scope of patent); cf. Royal Leading Edge Prods. Inc., 833 F.2d 1 (1st Cir. 1987) (right of employee to copyright on work completed during employment does not "arise under" federal law).

The CAFC's ability to influence the resolution of these cases is limited. The patent issues may be decided without reference to the CAFC's case law, see, e.g., Tuskos Eng'g Corp. v. Tuskos, 676 S.W.2d 794 (Ky. Ct. App. 1984) (arguably raising questions concerning on-sale bar and fraud before PTO but applying state law), and state courts do not consider the CAFC's case law binding, see *MGA, Inc.*, 148 Mich. App. at 355, 384 N.W.2d at 161 (noting in connection with doctrine of equivalents issue that "construing patent claims is a somewhat novel experience for this court" and that the court should look for "guidance" from CAFC). Cf. Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 515 So. 2d 220, 223 (Fla. 1987) (failing to follow CAFC's decision in Interpart Corp. v. Italia, 777 F.2d 678 (Fed. Cir. 1985), which upheld statute prohibiting use of molds to duplicate items in public domain against preemption challenge), aff'd, 57 U.S.L.W. 4167, 4205 (U.S. Feb. 21, 1989). Preclusion principles prevent the CAFC from reconsidering those issues that have been adjudicated in state courts. See, e.g., MGA, Inc. v. General Motors Corp., 827 F.2d 729, 732 (Fed. Cir. 1987) (refusing to reconsider patent issue MGA litigated and lost in MGA, Inc. v. LaSalle Machine Tool, Inc., 148 Mich. App. 350, 384 N.W.2d 159 (1986)), cert. denied, 108 S. Ct. 705 (1988). And this would be (and should be) true even when erroneous state decisions have adverse impact upon the administration of the patent laws.

For arguments in favor of disregarding the well-pleaded complaint rule in determining the patent jurisdiction of the district courts, see Dreyfuss, supra note 169, at 751 n.268; see also

It may be that expanding the CAFC's power in competition cases would overload its docket. If so, Congress could streamline the court's mandate. Some of the court's present adjudicatory authority is in areas compatible with the expanded notion of patent jurisdiction envisioned here. For example, the cases that come to the CAFC from the Trademark Trial and Appeal Board, the Court of International Trade, the International Trade Commission, the Department of Agriculture, and the Secretary of Commerce raise many of the technological and competition issues that the court should be hearing. Accordingly, these cases should remain with the CAFC. On the other hand, disputes under the Merit Systems Protection Board, the Contracts Disputes Act, and the Tucker Acts raise issues that may be more beneficially handled by the courts that ordinarily hear labor and contract disputes. Creating specialized jurisdictions within the regional circuits to hear these cases would reduce the pressure on the CAFC.[296]

Of course, even if the well-pleaded complaint rule were discarded, other factors that influence the level of innovative activity, such as concerns for product safety, occupational health, and environmental quality,[297] would remain outside the scope of the court's authority. The omission of cases involving these issues highlights the difficulty of balancing the benefits of specialization against the costs of deciding cases from a limited perspective. In choosing where to draw jurisdictional lines for a specialized court, it is, however, worth noting that "natural" lines do

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Adams, supra note 17, at 68-72 (interest in allowing trial courts clear means of determining their jurisdiction at outset of action not present because entire record available to CAFC to determine jurisdiction).

296 Admittedly, changing the CAFC into a competition court would make it more specialized and vulnerable to the influence of interest groups. See Baum, supra note 176, at 826-28 (arguing that CCPA changed its position on patentability dramatically as result of appointments influenced by specialized bar). But the disadvantages thought to flow from specialization are unlikely to occur. First, because its nonpatent docket is now so narrow, the court does not fully enjoy the benefits that flow from generalization, such as the opportunity to analogize from one area of the law to another. Thus, rounding out its docket would actually provide it with a better view of the "big picture." Second, as far as Baum's appointments argument goes, the narrowness of the CAFC's other jurisdiction makes it unlikely that the litigants in those areas currently have the power to overcome the influence that the patent bar brings to bear on the appointment process. In contrast, expanding the court's docket to include more competition cases would arouse the attention of the antitrust bar. If Baum is correct in thinking that the patent bar is united in its desire for more lenient patent law, then it will meet some worthy opponents in antitrust lawyers who view patents as restraints on trade. Third, if it is true, as critics claim, that the stature of the CAFC is lower than that of the regional circuits because it is specialized, then distributing some of its special caseload to the regional courts would produce the additional benefit of equalizing the relative status of all federal appellate judgeships.

297 Other issues that would rarely be considered by the CAFC include tax and securities questions related to financing innovations and actions under the Federal Trade Commission Act.

exist. For example, patent cases often raise antitrust issues,[298] but rarely raise product liability claims. These lines can be exploited to achieve an allocation of adjudicatory authority that maximizes the advantages (and minimizes the disadvantages) of specialization.

### *B. Choice of Law*

What the CAFC may have realized, but failed to articulate, is that any enlargement of its jurisdiction would also entail expansion of its authority to interpret the law. If the CAFC were to entertain more competition claims, it would make little sense to perpetuate the *Atari*[299] choice of law rule that requires the CAFC to refer to regional circuit law on nonpatent issues.[300] The court will not develop expertise in, or appreciation for, competition issues unless it is required to analyze for itself the rules that it is called upon to apply. But empowering the court to interpret the law is not a drawback to extending its jurisdiction. Rather, it is a significant benefit. The rule requiring the CAFC to defer to regional law in nonpatent substantive areas does not work well: the line between patent and nonpatent issues is often illusory; there is no regional law on some of the issues the CAFC faces; and referring to the law of the regional circuits poses the potential for significantly distorting the development of the law. Allowing the CAFC to interpret all open issues would effectively eliminate these problems.

On the affirmative side, freeing the CAFC from regional circuit law would put the court's experience to better use. One of the ironies in the court's conflicts rule is that it hampers the ability of the CAFC to bring its own expertise to bear on difficult policy questions. Having already grappled with the issue of double patenting, for example, the court should have valuable insights which could be applied to other forms of double protection such as overlapping trademark and copyrights, or simultaneous protection under state and federal law.[301] Similarly, the court's sophistication in deciding design patent cases puts it in a unique position to speak to the question of functionality in trademark law. Likewise, the attention the court has paid to estoppel issues may have bearing on laches and abandonment defenses in other intellectual property actions.[302] As things stand, the court defers to regional circuit law on these

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298 See, e.g., Christianson v. Colt Indus. Operating Corp., 822 F.2d 1544 (Fed. Cir. 1987), vacated, 108 S. Ct. 2166 (1988).

299 Atari, Inc. v. JS & A Group, Inc., 747 F.2d 1422 (Fed. Cir. 1984) (en banc).

300 See id. at 1439-40.

301 But see Bonito Boars, Inc. v. Thunder Craft Boats, Inc., 57 U.S.L.W. 4167 (U.S. Feb. 21, 1988) (rejecting CAFC's position on preemption of state law by federal patent law).

302 Cf. Saturday Evening Post Co. v. Rumbleseat Press, Inc., 816 F.2d 1191, 1200 (7th Cir. 1987) (considering whether patent licensee estoppel rule of Lear, Inc. v. Adkins, 395 U.S. 653 (1969), should be extended to copyright).

types of issues,[303] but if the court were to drop the *Atari* rule, it could apply the expertise that it has developed in the patent law context and contribute the solutions it evolves to those proposed by the other appellate courts.[304]

Placing the Federal Circuit's jurisprudence into the "percolator" would have other benefits as well. While the regional circuits retain some residual patent jurisdiction by virtue of the well-pleaded complaint rule, no single circuit hears very many patent cases, resulting in only minimal interchange between the CAFC and the other courts. If the CAFC were to interpret law in the overlapping areas for itself, then the opportunities for dialogue would greatly increase. Litigants arguing nonpatent issues would refer the CAFC to the law of the regional circuits. Conversely, the Federal Circuit's opinions would be studied and utilized by other federal appellate judges. Patent law would stay in the mainstream because of the CAFC's greater familiarity with nonpatent doctrine and because the CAFC would itself influence the thinking of the remainder of the federal judiciary.

The precedential value of the CAFC's decisions would also benefit from the suggested changes. The reluctance of regional circuits and state courts, under the present system, to give deference to the CAFC is not unwarranted. To begin with, there are structural reasons to distrust specialized adjudicators.[305] Moreover, the limited overlap of issues adjudicated by the CAFC and the other circuits allows little opportunity for other courts to effectively evaluate the merit of the CAFC's decision making. Opinions in areas of jurisdictional overlap would encourage regional judges to evaluate the quality of the CAFC's reasoning, with the possibility of greater reliance on its decisions. With a broader docket, there would also be less of a basis for suspecting that members of the CAFC were appointed as a result of lobbying efforts by special interest groups. Furthermore, expansion of the CAFC's authority, coupled with reassignment of portions of its jurisdiction to other federal appellate

[303] See, e.g., Power Controls Corp. v. Hybrinetics, Inc., 806 F.2d 234, 240 (Fed. Cir. 1986) (functionality turns on the law of the regional circuit); CPG Prods. Corp. v. Pegasus Luggage, Inc., 776 F.2d 1007, 1011 (Fed. Cir. 1985) (same). To some extent the court now has independent authority in trademark law since it entertains appeals from the Trademark Trial and Appeal Board. A choice of law rule that requires the court to interpret trademark law for itself, but not apply its interpretation to every dispute it hears is somewhat peculiar. Since the rule is not constitutionally compelled, as is the rule in *Erie*, it seems silly.

[304] Other issues that would benefit from CAFC adjudication include contributory copyright infringement, where the Supreme Court has already noted the applicability of patent law principles, Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417, 439 (1984), and the issue of conditions for awarding attorney fees in copyright infringement actions, see, e.g., McCulloch v. Albert E. Price, Inc., 823 F.2d 316 (9th Cir. 1987); Sherry Mfg. Co. v. Towel King, 822 F.2d 1031 (11th Cir. 1987).

[305] See text accompanying notes 154-57 supra.

courts, would enhance the status and desirability of an appointment to the Federal Circuit.

### C. Dennison *Revisited*

If the CAFC were empowered to adopt its own interpretation of open questions of federal law, then the question arises whether it should be permitted to reconsider settled issues in light of its unique responsibilities. Thus far, the CAFC has been unwilling to force this issue. For example, in Part II, we observed that the Supreme Court in *Dennison Manufacturing Co. v. Panduit Corp.*[306] applied the "clearly erroneous" provision of Rule 52(a) to the CAFC as if its role were equivalent to that of the regional circuits.[307] We also noted that the Court did not consider whether the special features of the CAFC call for a different result.[308] But when the Supreme Court asked the CAFC for its "informed opinion" on the application of Rule 52(a) to a complex patentability determination,[309] the CAFC simply accepted the notion that Rule 52(a) applied.[310] The court could have construed this language as an invitation to take up for itself the issue of its distinctiveness. It could then have decided what circumstances require modification of this and other rules, and how such revisions should be implemented. By writing well reasoned decisions when departing from settled principles, the CAFC would have enabled the Supreme Court to see that this is an issue that requires contemplation. It would also have created a basis for more informed consideration of the value of specialized adjudication.[311]

The major target for re-examination is likely to be in the procedural area, where at least three circumstances call for special rules: the court's role in making a particular body of law more uniform; its position as an appellate (as opposed to a trial) tribunal charged with this function; and its unique position as a subject-matter court in a system that largely allocates caseloads geographically.

The need for procedural rules in the first two areas flows naturally from the ideas developed earlier in this Article. As we have seen, the Federal Circuit's unique responsibility towards patent law argues for a

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306 475 U.S. 809 (1986) (per curiam).

307 Id. at 811; see text accompanying note 272-74 supra.

308 See text accompanying note 274 supra.

309 *Dennison*, 475 U.S. at 811.

310 See Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561 (Fed. Cir.), cert. denied, 107 S. Ct. 2187 (1987) (court essentially returned to its original disposition, this time upon an express (and exhaustive) finding that factual determinations of district court were clearly erroneous).

311 For an example of a case in which the court was presented with the opportunity to decide whether patent jurisprudence requires special rules, see SRI Int'l v. Matsushita Elec. Corp., 775 F.2d 1107, 1126-32 (Fed. Cir. 1985) (Markey, C.J., expressing additional views on whether complexity of patent disputes influences right to jury trial).

broader scope of review over fact finding, or at least, an ability to require both juries and trial judges to find facts with greater particularity.[312] The CAFC will also need to exercise more supervision over proceedings in the district court.[313] Such heightened intrusion into managerial issues normally consigned to the trial courts may require the CAFC to entertain interlocutory appeals more frequently than the regional circuits.[314] To achieve these results, the CAFC must devise its own method for reviewing trial management decisions, expand the scope of the writ of mandamus, and reinterpret the collateral order doctrine and other exceptions to the final judgment rule.[315]

Adapting procedural rules to meet the CAFC's special needs may also prove to be the solution to the stubborn forum shopping issue. That problem is, in part, created by the fact that the CAFC's jurisdiction is defined by subject matter, enabling litigants to avoid or invoke its authority through the characterization of their complaints. Thus, it cannot be eliminated through the well-pleaded complaint rule. Nor does the *Atari* choice of law rule abate the problem.[316]

Forum shopping could, however, be cured procedurally with a clear definition of what it means for a patent claim to be frivolous (backed up, perhaps, with stringent penalties)[317] and with a strict doctrine of res judicata. Clear rules on frivolousness would prevent parties from bypassing the regional circuits by creating jurisdiction in the CAFC where none should exist. Strict preclusion principles would solve the reverse problem: parties could avoid the CAFC only at the expense of relinquishing their patent claims.

Adopting this solution to the forum shopping problem, however, would require departure from settled doctrine. For example, *Marrese v. American Academy of Orthopedic Surgeons*[318] may be an obstacle to using preclusion rules to prevent forum shopping because it implies that the only court with the power to announce the preclusive effect of a judgment is the court that rendered that judgment.[319] Thus, if a circuit (or a state) were to adopt a liberal rule allowing parties to preserve their patent

312 See text accompanying note 257-67 supra.

313 See text accompanying note 252 supra.

314 For an example of a case construing the interlocutory appeal statutes as reaching different results for the CAFC and the regional circuits, see FMC Corp. v. Glouster Eng'g Co., 830 F.2d 770, 772-73 (7th Cir. 1987) (Posner, J.), cert. denied, 108 S. Ct. 2838 (1988).

315 See 28 U.S.C. § 1291 (1982) (final judgment rule); see also note 255 supra (discussing Heat & Control, Inc. v. Hester Indus. 785 F.2d 1017 (Fed. Cir. 1986), where CAFC refused to apply final judgment rule when reviewing interlocutory appeal from another court).

316 See text accompanying notes 218-44 supra.

317 See Fed. R. Civ. P. 11 (imposing sanctions for frivolous legal actions).

318 470 U.S. 373 (1985).

319 Id. at 380.

claims even after litigating claims that arose from the same transaction, the CAFC would be required to apply that more liberal rule, and forum shopping could occur.[320]

To avoid this result, *Marrese* would have to be narrowed. One possibility is to confine its logic to the narrow issue before the Court in that case—whether the full faith and credit statute[321] means that state law determines whether a state court action precludes litigation in federal courts of federal claims that arose from the same transaction as the state court action. Under such an interpretation, the CAFC would be free to develop its own preclusion rules to prevent forum shopping between itself and the regional circuits, where presumably the full faith and credit statute does not apply. It could not, however, prevent forum shopping between itself and state courts, where *Marrese* is squarely on point.[322]

Alternatively, *Marrese* could be interpreted as meaning that, as a general matter of federal law, state preclusion rules—or the rendering court's preclusion rules—should be applied. But because these rules apply only as a matter of federal law, federal courts retain the power to make exceptions. Indeed, some passages in the opinion are susceptible to this interpretation.[323] This language would permit the CAFC to develop special preclusion rules for patent actions in order to prevent the forum shopping problem to which the court is uniquely vulnerable.[324]

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320 Cf. Wicker v. Board of Educ., 826 F.2d 442 (6th Cir. 1987) (allowing litigants to reserve federal questions in state courts).

321 28 U.S.C. § 1738 (1982).

322 See, e.g., Syntex Ophthalmics, Inc. v. Novicky, 767 F.2d 901 (Fed. Cir. 1985) (per curiam) (questioning whether, in light of Marrese, state court decision on ownership of "non-private" patents is entitled to preclusive effect), cert. denied, 475 U.S. 1983 (1986).

323 See, e.g., *Marrese*, 470 U.S. at 386. The Court stated:

> [W]e observe that the more general question is whether the concerns underlying a particular grant of exclusive jurisdiction justify a finding of an implied partial repeal of § 1738. Resolution of this question will depend on the particular federal statute as well as the nature of the claim or issue involved in the subsequent federal action.

Id.

324 If *Marrese* is not interpreted as allowing federal courts to make exceptions to the preclusion rules adopted by the states (or the rendering court), then perhaps it was wrongly decided. See generally Burbank, Interjurisdictional Preclusion, Full Faith and Credit and Federal Common Law: A General Approach, 71 Cornell L. Rev. 733 (1986).

Somewhat surprisingly, the CAFC has generally applied its own views on the preclusion issues. See, e.g., Kloster Speedsteel AB v. Crucible Inc., 793 F.2d 1565, 1582-83 (Fed. Cir. 1986) (privity), cert. denied, 107 S. Ct. 882 (1987); Interconnect Planning Corp. v. Feil, 774 F.2d 1132, 1135-36 (Fed. Cir. 1985) (issue preclusion); Smith Int'l, Inc. v. Hughes Tool Co., 759 F.2d 1572, 1576 (Fed. Cir. 1985) (law of the case), cert. denied, 474 U.S. 827 (1986); Jackson Jordan, Inc. v. Plasser American Corp., 747 F.2d 1567, 1575-76 (Fed. Cir. 1984) (issue preclusion).

The requirement of prior jurisdictional competence may be an obstacle to using res judicata rules to prevent forum shopping, at least between state and federal courts. Under this requirement, preclusion rules cannot be used to bar litigation of a claim outside the adjudicatory authority of the court that entertained the first action. See *Marrese*, 470 U.S. at 382-83;

In sum, the CAFC is moving in the right direction. It will, however, move there more effectively if it bites the bullet and accepts the task of conceptualizing its role in the judicial hierarchy. If it is to be a court that oversees technological progress, then it must interpret its jurisdictional grant accordingly and drop its reluctance to construe federal law independently. Furthermore, the CAFC, and the Supreme Court, must consider whether it makes sense for a tribunal that is significantly different from the other courts in the system to abide by the same procedural rules. The CAFC in fact departed from settled law when it announced the conflicts rule of *Atari*.[325] Although that deviation has not proved successful, experimentation is clearly within the spirit of the Federal Courts Improvement Act.

Expanding the CAFC's jurisdiction and empowering it to fashion law independently, and in light of its unique role, produces so many benefits that one wonders why it has been so firmly rejected by the Federal Circuit itself. In some respects, it appears that the court is haunted by the experience of the Commerce Court, which, like the CAFC, was established to adjudicate technically complex disputes where national uniformity and administrative efficiency were prime concerns.[326] The Commerce Court, charged with the duty of reviewing the Interstate Commerce Commission, was quick to expand its jurisdictional base—leading to many reversals by the Supreme Court—and to enunciate law.[327] It met its demise within three years of its creation.[328]

Critical differences exist between the CAFC and the Commerce Court. Congress established the Commerce Court during a period when federal courts were seen as obstructing legal reform. Congress charged it

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Restatement (Second) of Judgments § 26(1)(c) (1982). Thus, if a plaintiff with a patent claim and state unfair competition claims pursued the latter in state court, the judgment of the state court could not be used to bar a subsequent federal patent action, since the state would have lacked power to hear the patent claim. There is, however, no general agreement on this requirement, and it could be argued that the preclusion rules are appropriately used to force parties to bring their actions in courts with the power to hear all their claims. See *Marrese*, 470 U.S. at 383 n.3; cf. Becher v. Contoure Laboratories, Inc., 279 U.S. 388 (1929) (patent issues litigated in state court entitled to res judicata effect even though state not competent to try patent claims). In fact, the CAFC has rejected this rule. MGA Inc. v. General Motors Corp., 827 F.2d 729, 733 (Fed. Cir. 1987). Here again, if the CAFC is effectively to solve its unique problems, it must be given authority both to develop its own rules, and to diverge from the interpretations imposed on other courts.

325 Atari, Inc. v. J S & A Group, Inc. 732 F.2d 138 (1984) (en banc); see text accompanying note 218 supra.

326 See F. Frankfurter & J. Landis, The Business of the Supreme Court 153-74 (1927); Dix, supra note 17, at 244-45.

327 See F. Frankfurter & J. Landis, supra note 326, at 153-74.

328 The Court was founded in 1910, see Act of June 18, 1918, ch. 309, 36 Stat. 539, and abolished in 1913, see Urgent Deficiencies Act of 1913, ch. 32, 38 Stat. 219. See generally Dix, supra note 17.

with reviewing the decisions of one of the few regulatory bodies perceived as furthering a popularly supported social agenda.[329] Its appointments were highly politicized,[330] and it lacked both a stable body of guiding law and a vehicle to demonstrate that it would interpret settled doctrine faithfully.[331] It was an "unbalanced" court[332] in that one group of litigants—the railways—was powerful and well organized, while the other group that regularly appeared before the court—the shippers—was poorly coordinated and lacked political clout.[333] In contrast, the CAFC has been from its inception, better situated to retain public confidence. Its first judges—taken from the combined CCPA and the Court of Claims—were selected from the federal bench[334] and it received a body of common law that had been developed by courts that were publicly trusted.[335] Furthermore, there is public support for the policies that the court works to advance. At least as regards its patent jurisdiction, the CAFC is also a balanced court in that none of the parties who regularly appear before it enjoy an advantage over any other.[336] Thus, while it makes some sense to learn from the experience of the Commerce Court, it would be wrong for the CAFC to tie its hands in ways that history does not require and in a manner that will frustrate the goals for which it was founded.

## IV

## THE FUTURE FOR SPECIALIZATION

This brings us to the question of where specialization ought to be headed. This Article has presented a fairly optimistic view, for the Federal Circuit appears to be functioning well. My concluding thoughts are, however, less hopeful. Before the findings made in this Article can be generalized, it is necessary to examine whether the CAFC's success is due to specialization, or to factors unique to patent law or to the court itself. This Part approaches this inquiry from two perspectives: the first section sets out those elements that are distinctive about the FCIA experiment; the second section uses the findings of the study to reflect upon other suggestions that have been made by advocates of specialization.

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329 F. Frankfurter & J. Landis, supra note 326, at 163; Dix, supra note 17, at 244-45.

330 Dix, supra note 17, at 242-53.

331 Id. at 258.

332 See text accompanying note 176 supra.

333 Dix, supra note 17, at 243-48 (noting that public perceived court as "owned" by railways).

334 See note 152 supra.

335 See South Corp. v. United States, 690 F.2d 1368, 1370 (Fed. Cir. 1982) (en banc) (adopting law of CCPA and Court of Claims).

336 See text accompanying notes 175-78 supra.

Both approaches counsel caution. Although the CAFC has, for the most part, accomplished its goals, further resort to specialization may be less productive than this study might otherwise suggest. It may be that if specialization has a future, it is one that requires the development of fresh implementation strategies. The final section looks at this possibility.

### *A. The Unique Features of the Federal Circuit Experiment*

This Article has so far assumed that any benefits to patent law generated through the establishment of the CAFC are attributable to specialization. In fact, there were many deficiencies in the preceding system. To the extent that the CAFC merely compensated for these flaws, its achievements cannot be expected to accrue every time a new specialized court is founded.

Accuracy and precision are cases in point. Prior to the CAFC, there was no authoritative body capable of creating a coherent, uniform body of patent law. The Supreme Court had not reviewed patent matters on a regular basis,[337] and the lower courts of general jurisdiction could not function as substitutes. They could not be expected to produce precision because they were not hierarchically related and did not maintain a practice of deference. Nor could they generate accuracy because no single court heard enough patent cases to allow (or motivate) its judges to develop the kind of expertise required to develop a sophisticated body of law.[338]

Moreover, the PTO could not be expected to perform these functions. Because it must act quickly, inter partes proceedings in the PTO are rare. As a result, the Office hears only from those interested in a lenient standard of patentability.[339] This one-sided view is unsuitable for

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337 See, e.g., Graham v. John Deere Co., 383 U.S. 1, 34 (1966) (first time in 15 years Court considered issue of invention and first time it interpreted § 103 of Patent Act).

338 Under prior law, the 200-odd patent appeals heard each year were spread over the 11 (later 12) regional circuits, with no court likely to hear more than 20 and no judge likely to entertain more than about 5. See S. Rep. No. 275, supra note 19, at 6-7, 1982 U.S. Code Cong. & Admin. News at 16-17; see also R. Posner, supra note 12, at 182 (table of caseload of lower federal courts for 1983, broken down by subject matter). With this low volume, the regional judges could hardly be expected to develop expertise, nor did they have the opportunity to consider all the variations on any of the themes of patent law. Gathering all these cases into the Federal Circuit, and adding to them patent cases arising from the Claims Court (mostly infringement actions against the United States) and the International Trade Commission (mostly challenges to the validity of patents on items for which exclusion is sought under 19 U.S.C. § 1337 (1982 & Supp. II 1984)), produces a critical mass that provides the CAFC's judges with the motivation, as well as the time, to elaborate upon the law. Strategic advantages also accrue. The court is given the opportunity to obtain an overview of patent law problems and has the ability to wait for the best vehicle for considering and repairing the problems it identifies.

339 Under prior law, this was also true of the PTO's reviewing court, the CCPA.

developing sound patent policy.[340] Nor can the PTO's decisions in individual cases be aggregated to produce a coherent body of law. The asymmetry between the knowledge of the examiner and that of the applicant means that applications are not always decided correctly—or elegantly. For the most part, plenary consideration of applications is not even cost effective because most patented inventions turn out to have no commercial significance.

Not every body of law suffers from such lack of guidance. In particular, areas subject to administrative control have the advantage of an authority capable of using its expertise to develop law that is responsive to its consumers and attuned to the will of Congress. When courts defer to these expert agencies, the law tends to remain both accurate and precise. Similarly, areas that attract greater attention from the legislature or the Supreme Court may not require a specialized court to produce the benefits conferred by the CAFC on patent law.

An analogous point can be made about synthesis. It could be argued that the benefit of integration should not count as an advantage of specialized adjudication because its appearance in connection with the CAFC was partially caused by the peculiar way that patent law was administered prior to the court's establishment. With responsibility over the PTO largely in the hands of the CCPA, and with enforcement questions adjudicated by the regional circuits, no law-making body had the motivation to knit doctrinal strands together.[341] Because most areas of the law are not administered in this piecemeal fashion, specialized adjudication is not always needed to produce this outcome.

The unique structure of patent cases, the patent bar, and patent law consumers also calls into question the transferability of the lessons learned in this study. Because both patent law and the facts to which the law applies are technically abstruse, expertise is particularly desirable. Consequently, a benefit—relief of docket pressures—was obtained when these cases were removed from the regional circuits, where they were rare, yet difficult, and another advantage—the development of expertise—accrued when they were gathered into a critical mass. But not all uncommon questions are difficult. Removing relatively easy cases from the circuit courts and funnelling them into a specialized tribunal will probably not be so advantageous.

Patent law is also unique in that its primary—if not exclusive—objective is to motivate future behavior. This goal is frustrated if the producers and consumers of patentable information, who are largely

340 See Baum, supra note 176, at 835.

341 The regional circuits shared patentability questions with the CCPA, but did not attempt to integrate patentability issues with enforcement questions. See text accompanying note 130 supra.

intercircuit actors, cannot predict with some degree of confidence what the law will be across the nation. For these actors, the uniformity produced by deciding all cases in a single tribunal may be a more substantial benefit than it would be if patent law had a larger backward-looking component, or if its consumers were localized.[342]

Of course, specialization poses the risk of bias, and without public confidence in the court's neutrality, its ability to exploit the benefits of specialization will be compromised. If the substance of the specialized court's decisions could be monitored to determine whether capture has occurred, this problem could be contained. It is, however, difficult to distinguish between doctrinal changes that occur because a court is biased, and changes that occur because that court possesses special knowledge.[343] To compensate for this inability to test for neutrality, there must be structural reasons for trusting the court. I have argued that the CAFC's neutrality derives from the nature of the bar that practices before it.[344] It is also possible that neutrality comes from the diversity of its docket, which exposes the court to a variety of issues and makes the appointment process less vulnerable to influence by interest groups. In areas where structural safeguards cannot be built into the system, the public confidence that the CAFC enjoys may never be recreated.

Finally, consider that the CAFC is currently one of very few specialized courts in the federal system. Were such courts to proliferate, new problems would emerge. For example, I have suggested several changes in both substantive and procedural law that would make the CAFC function more effectively. But it is not unlikely that other specialized courts will pose different problems, and each court will require solutions tailored to its special needs. The costs of such an eventuality would be high. Issues long regarded as settled would have to be rethought in connection with each new court. The bar would require re-education, possibly leading to overspecialization of attorneys. The final result might be a return to something akin to the writ system, with all of its attendant burdens. Furthermore, balkanization of the law could not be prevented,

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342 The price of achieving uniformity has been the detachment of patent law from antitrust, copyright, trademark, and unfair competition law. However, disruption in the evolution of sound national competitive policy may be avoidable by redefining the CAFC's jurisdiction so that issues in these areas regularly appear together with patent law questions. It is not certain that fragmentation in other branches of the law could be so easily remedied.

343 See Baum, supra note 176, at 828. The author notes that due to the influence of interest groups in molding the court's views "the development of expertise . . . detract[s] only marginally from the positive relationship we have posited between concentration [i.e. specialization] and influence [i.e. capture]." Id. While I view the decisions of the CAFC as neutral (and/or more responsive to the will of Congress than the decisions of the regional circuits), readers may find that Part I demonstrates flagrant bias in favor of patentees.

344 See text accompanying notes 176-78 supra.

as it can be in the CAFC context, by the dialogue between specialized and general courts in areas of jurisdictional overlap.

### *B. Other Proposals for Specialization*

The distinctive features of the CAFC experience can be used to shed light on the advisability of establishing other specialized tribunals. These include courts to decide scientific issues,[345] to review actions taken by administrative agencies,[346] and to adjudicate environmental disputes.[347] As this section demonstrates, the success of the Federal Circuit lends less support to the extension of the FCIA experiment than advocates of specialization might expect.

#### *1. The Science Court*

From time to time, proposals are made to establish a blue ribbon court composed of scientists who would review scientific questions facing legislators, courts, or both. Since the Federal Circuit deals regularly with high technology issues, it arguably comes close to meeting this suggestion. The success that the CAFC has enjoyed cannot, however, be expected from a more generalized science court.

One difficulty is definition. A troubling aspect of the CAFC's experience was defining its jurisdiction. This problem is probably solvable only by reference to the objectives that the CAFC is thought to advance; that is, by defining the areas where the expertise developed by the court would be most useful, and by identifying areas where the CAFC ought to be developing special knowledge.

Such a solution may not work for a science court. The problem in many "science" cases is not that the courts lack expertise, experience, or authority, but rather that many of the issues that pass as science questions involve pure policy choices. Consider the Delaney Clause, which prohibits the use of food additives that induce cancer.[348] Many of the disputes that arise from this prohibition pose as scientific questions: Are animal tests for carcinogenicity appropriate? How should high-dose data be extrapolated to human dosage levels? At the core of these issues, however, lie policy questions: Do prohibitory rules make sense in the

345 See Kantrowitz, supra note 4; cf. Kaufman, Judicial Reform in the Next Century, 29 Stan. L. Rev. 1, 23-24 (1976) (suggesting advisory office to study scientific problems that recur in litigation); Yellin, High Technology and the Courts: Nuclear Power and the Need for Institutional Reform, 94 Harv. L. Rev. 489, 555 (1981) (proposing "standing masters" for complex cases).

346 See, e.g., Nathanson, The Administrative Court Proposal, 57 Va. L. Rev. 996 (1971).

347 See, e.g., Whitney, The Case for Creating a Special Environmental Court System, 14 Wm. & Mary L. Rev. 473 (1973).

348 21 U.S.C. § 348(c)(3)(A) (1982).

face of so much uncertainty? Should significant resources be expended on quantifying one risk to human health when many riskier activities are engaged in on a daily basis? Who should decide which risks are acceptable? Because a science court is not uniquely positioned to decide such issues, reference to its expertise would not aid in defining its jurisdiction.

Another problem is justiciability. Although patent disputes often raise questions of ripeness,[349] this issue is no more difficult in patent cases than in other areas of the law. In contrast, the perceived need for a science court is partly driven by the fact that scientific disputes are barely justiciable. Although these cases are structured as bipolar controversies, the parties are often utilizing the court as an arena in which the propriety of novel activities can be publicly decided before the activities are undertaken.[350] Substituting a science court for a court of general jurisdiction would not be an improvement. The controversy would be no more amenable to bipolar resolution in a science court than in a general court, while the decision of the science court would be more likely to stifle public debate.[351]

### 2. *The Administrative Court*

There are various proposals for channeling appeals of adminstrative action into a court that would specialize in reviewing the decisions of

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[349] See text accompanying notes 139-43 supra.

[350] A favored strategy is framing scientific conflicts as disputes over compliance with environmental protection legislation. See, e.g., Vermont Yankee Nuclear Power Corp. v. Natural Resources Defense Council, Inc., 435 U.S. 519 (1978) (nuclear energy); Foundation on Economic Trends v. Heckler, 756 F.2d 143 (D.C. Cir. 1985) (genetic engineering).

[351] A variation of the science court idea is to establish a tribunal expert at reviewing scientific evidence. One proposal is Wade, Should There Be Special Courts for Technical Cases? When Judges Must Know More Than Law, N.Y. Times, Dec. 27, 1987, at E14, which suggests that product liability disputes should be resolved by courts trained to evaluate evidence on causation. Such a court would not suffer from a justiciability problem. It may, however, be especially difficult to determine which cases fall into this court's jurisdiction. If the specialized court were a federal court, then fragmentation of authority over tort law would become problematic as tort cases were distributed among general federal courts (for nonproduct liability diversity tort cases), the special federal court (for product liability cases), and state courts (for all other tort cases). Access for poor (and presumably injured) claimants would also present a difficult obstacle to the establishment of a centralized product liability court. See text accompanying notes 354-55 infra. Finally, a court of this type might, like the more generalized science court, be called upon to decide too many policy questions. For instance, Wade mentions the Agent Orange case, see, e.g., In re Agent Orange Prod. Liab. Litig., 818 F.2d 145 (2d Cir. 1987), as a prime candidate for specialized treatment because, had it gone to trial, adjudication would have required sophisticated understanding of epidemiological evidence. But it is important to recognize that this case also raised many important policy questions, such as who should bear the costs of using defoliants to wage war in Vietnam. It is not at all clear that a court chosen for its expertise in epidemiology would do better at answering such questions than a court that deals with similar issues in a larger array of contexts. Bifurcation of adjudicatory authority between a science court and a court of general jurisdiction would be possible, but would probably undermine efficiency objectives.

administrative agencies. It is doubtful that the costs of such a step would be justified by the benefits obtained. On the cost side, the bias issue may be insurmountable. The presence of strong repeat players on both sides of the issues may have permitted the CAFC to escape allegations of capture,[352] but most administrative law cases do not fit this mold. Disputes generally arise between a succession of individuals—social security recipients, for example—and the government. Since the government possesses both economic and strategic advantages, prejudice—or the appearance of prejudice—would be a serious concern. While the Tax Court model, which offers district courts as alternative fora to contest tax liability,[353] could be used, overlapping jurisdiction would substantially impair the efficiency objectives that the court is intended to further.

Access would also present a difficult problem. Although the CAFC is authorized to convene anywhere in the nation in order to secure a "reasonable opportunity to citizens to appear before the court with as little inconvenience and expense . . . as is practicable,"[354] in practice, the court sits in Washington, D.C., and parties bear the expense of traveling there. This is not a significant obstacle to most patent disputants who are—almost by definition—engaged in profitable commercial enterprises, with many being intercircuit actors. Furthermore, prosecution of a patent in the PTO requires the patentee to maintain contacts with Washington, D.C., so requiring defense of the patent in that city is not unreasonable. If, however, specialization is extended to areas where the litigants are localized and economically disadvantaged, a travel requirement would be a serious concern. Again, it could be solved[355] but the solution may render specialization inefficient.

Nor would the benefits of an administrative court be as numerous as those that flow from the CAFC. Unlike the PTO, most administrative agencies make good use of their expertise through rule making and adjudication. Since the decisions of federal agencies have binding force throughout the nation, intercircuit actors can look to such agencies for precision as well as for accuracy. And while agencies suffer from some of the problems noted in connection with the PTO,[356] including allegations of bias and capture, these are best approached through revision of the administrative structure[357] than by superimposing another level of specialization.

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352 See text accompanying notes 175-78 supra.

353 26 U.S.C. § 7442 (1982) (jurisdiction); id. § 7482 (review).

354 28 U.S.C. § 48(d) (1982).

355 One way would be by establishing administrative courts around the nation.

356 See text accompanying notes 35, 131-33 supra.

357 A possible solution would be bifurcating rule making and adjudicatory functions.

### 3. *The Environmental Court*

A variant of the administrative court proposal is the notion of establishing a court to entertain environmental litigation. This suggestion holds out greater promise than the administrative court idea. The factual issues arising in environmental cases are often technically abstruse, making the expertise of the bench a valuable asset. Furthermore, such a court could be more than simply a forum for reviewing the decisions of the Environmental Protection Agency. For example, private environmental disputes that arise in federal courts by virtue of diversity could be channeled to such a court.[358] Since these cases are complicated, and are sometimes presented as class actions, their removal from the dockets of the district courts would help diminish caseload pressures.[359] In addition, funneling these cases into a single tribunal would create a critical mass and bring together issues that could profitably be heard together. Since the defendants in many private suits are intercircuit actors, the uniformity of the courts' decision making would also provide significant benefit.

An environmental court may, however, suffer from some of the same problems noted in connection with the science and administrative courts. Complex factual issues may mask important policy questions that should not be decided by a court that might be captured and that could easily hide policy choices behind complicated technical jargon. A centralized court would be an inconvenient forum in which to litigate a localized controversy, especially if the environment where the dispute arose constitutes evidence necessary for a just resolution of the case. The burden of traveling may create a systematic bias in favor of defendants, for challengers will often be local people, who quite possibly will lack significant financial backing.[360]

Fragmentation may also present an obstacle. In time, an environmental court will grow familiar with the harmful side effects of new technologies, but it may have little opportunity to learn of the social value of these new endeavors. If the court does not become as expert in discerning the benefits of new activities as it does in identifying the costs, it will tend to side more often than is optimal with challengers. Weighing costs and benefits has proved problematic for administrative agencies, which

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358 Other candidates for the court's docket include cases in which a state is a party.

359 If these cases were consolidated before a single environmental court, the Supreme Court might be willing to reconsider its decision in Zahn v. International Paper Co., 414 U.S. 291 (1973) (holding that individuals with claims under $10,000 must be dismissed from federal diversity class actions), where the Court may have been motivated by docket pressures.

360 The judges on the environmental court could be asked to ride circuit, but this may lower the status of the job and interfere with the efficient operation of the court.

can hold hearings, hear from many sides, and demand more evidence.[361] It is difficult to see how a court that is limited in its fact finding to the interests of the disputants could do nearly as well.

### C. *Fresh Strategies*

Having demonstrated why the experience of the CAFC cannot be readily generalized to other proposals, a final word in favor of specialization is in order. It may be that the limitations identified here are not so much arguments against specialization as illustrations of the need for taking greater care in choosing a method of implementation.

There are many ways to create specialization. There are simple specialized courts, specialized courts with generalized judges, generalized courts with exclusive special jurisdiction, and panels with categorical case assignments.[362] Within these paradigms there are several variations: specialization at both the trial and appellate levels; specialized trial courts with general appellate courts; or general trial fora reviewed by specialized appellate courts. Perhaps because the CAFC was established in the aftermath of the Hruska Commission's recommendations on appellate courts,[363] little attention was paid to considering which model would work best for patent law. In future specialization plans, systematic consideration should be given to this issue.

One difficulty that could have been avoided with the choice of a different model concerns the standard used by the CAFC for reviewing factual determinations.[364] Strict adherence to the standards imposed by the federal rules and by the Supreme Court has the effect of insulating dispositions from review. Uniform administration is sacrificed and forum shopping among trial courts is encouraged. Furthermore, these rules rely on certain assumptions regarding the relative competence of trial and appellate tribunals that do not hold when the appellate court is specialized.[365]

One way to remedy this problem would be to alter the standards of review, as suggested earlier.[366] However, there would be no need to develop new rules had a decision been made to use specialization in the trial court and to retain the regional circuits for appeals. In that way, the

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361 See, e.g., American Textile Mfrs. Inst. v. Donovan, 452 U.S. 490, 543 (1981) (Rehnquist, J., dissenting). The same criticism can be made of the way courts handle product liability disputes. See Kitch, The Vaccine Dilemma, Issues Sci. & Tech. 1986, 108 (Winter 1986) (benefits of vaccines not properly assessed in determining liability of producers for rare side-effects).

362 See Justice on Appeal, supra note 5, at 167-79.

363 See text accompanying notes 31-32 supra.

364 See text accompanying notes 257-58 supra.

365 See text accompanying notes 259-67 supra.

366 See text accompanying notes 270 supra.

superior fact finding capability of the special court would have been fully exploited and the assumptions underlying the normal standards of review maintained. As a trial court, the patent court would also have had the first opportunity to expound upon novel legal questions. The regional circuits would have retained authority to review these decisions, and they would have been positioned to prevent parochialism, correct bias, and keep the law in line with doctrinal developments in related fields.[367]

Alternatively, administrative fact-finding might be preferable to specialized trials. In the patent context, for example, the scope of re-examination could be expanded to allow the PTO to reinvestigate whether a patent was properly issued. These reexaminations could be carried out in an adversarial format, thus avoiding the problem of the examiner being in an inferior position to the patentee.[368] Presumably, requests for reexamination would be pressed only where the patented invention had become commercially significant. Thus, the problem of wasting PTO resources on inconsequential matters would also be circumvented.

The form that specialization takes should, in short, depend on the reason that specialization is thought desirable. If the predominant interest is utilization of expertise, the implementation strategy should turn on where expertise is needed. When the law is clear but difficult to apply to complex factual situations, the place to specialize is at the trial. When the facts are clear but the law is complex, or in need of judicial elaboration, expertise would be more valuable at the appellate level, where the court could make needed doctrinal innovations without concern for creating disuniformity. If specialization is advisable for reasons other than exploitation of expertise, that too should be reflected in the structuring of the court.

## CONCLUSION

I have used the experience of the CAFC to investigate the costs and benefits of specialization. On the whole, the CAFC experiment has worked well for patent law, which is now more uniform, easier to apply, and more responsive to national interests. Procedurally, however, there are some problems. These are solvable within the framework established

[367] Generalized review would, of course, reintroduce the problem of disuniformity and forum shopping, see text accompanying notes 40-43, 316-24 supra, unless the reviewing courts adopted a deferential standard for reviewing the legal determinations of the trial court. Such a standard is used by appellate courts when reviewing determinations of state law by the district court that sits in the state. See C. Wright & A. Miller, supra note 259, § 2588. The reasons for deference in such cases are quite similar to the reasons why deference may be appropriate when a regional circuit entertains an appeal from a specialized trial court. See, e.g., Freeman v. Continental Gin Co., 381 F.2d 459, 466 (5th Cir. 1967) ("We give great weight to the view of the state law taken by the district judge experienced in the law of that state.").

[368] See text accompanying notes 131-32 supra.

by the Federal Courts Improvement Act, provided the CAFC is given the authority to develop a concept of its judicial role and to tailor procedural law to meet its special needs. Even greater improvements may, however, be derived from restructuring the manner in which expertise developed by the court is deployed.

The CAFC experiment also elucidates the factors that make specialization feasible. Specialization has been suggested for environmental litigation, several kinds of tort actions, and as a way to dispose of scientific disputes. So far, it appears that Congress was correct in rejecting these proposals. But other criteria and countervailing considerations may appear when this investigation is expanded to include the other branches of the CAFC's jurisdiction.

It remains to be seen whether specialization fulfills the efficiency objectives suggested by some of its proponents. Fashioning accurate and precise law is an important goal, but if specialization emerges as yet another burden on the judicial system, the experiment should not be continued. The legislature and the executive share with the judiciary the capacity to improve the substance of the law, and the CAFC experiment tells us little about whether it is better to have substantive modifications come from the courts, from administrative agencies, or from Congress. If, on the other hand, efficiency and docket control are thought of as the major objectives of specialization, then innovative ways to use specialized courts may overcome the difficulties identified in this study.

## APPENDIX

### Case Filings in the CAFC, 1980-1986

| Twelve Month Period ending Dec. 31: | Appeals Filed in CAFC | | | Cases Filed in District Courts | | | |
|---|---|---|---|---|---|---|---|
| | Total | From DC | From PTO | Total | Copyright | Patent | Trademark |
| 1980 | — | — | — | 174,369 | 1,412 | 774 | 1,553 |
| 1981 | — | — | — | 190,430 | 1,587 | 845 | 1,930 |
| 1982 | 140* | 44* | 51* | 223,581 | 2,014 | 895 | 2,048 |
| 1983 | 1,014 | 219 | 154 | 255,546 | 2,224 | 1,017 | 2,222 |
| 1984 | 1,481 | 191 | 146 | 259,956 | 2,033 | 1,070 | 2,103 |
| 1985 | 2,246 | 245 | 114 | 278,793 | 2,224 | 1,147 | 2,272 |
| 1986 | 1,187 | 232 | 124 | 243,495 | 2,023 | 1,118 | 2,411 |

* These figures reflect filings for a three month period as the CAFC began operations in October 1, 1982.

Source: Administrative Office of the United States Courts, Statistical Analysis and Reports Div., Federal Judicial Workload Statistics (Dec. 1980, Dec. 1981, Dec. 1982, Dec. 1983, Dec. 1984, Dec. 1985, Dec. 1986). For comparison purposes, the filings in intellectual property cases in the district courts are also reported. These too fail to disclose any trends during the period in which the CAFC has been in operation.

### Median Decision Times in the CAFC, 1986*

| Source of Appeal | | Median (months) |
|---|---|---|
| BCA | (Board of Contract Appeals) | 8.2 |
| CIT | (Court of Int'l Trade) | 8.4 |
| ClsCt | (Claims Court) | 7.9 |
| DC | (District Courts) | 9.7 |
| ITC | (Int'l Trade Comm'n) | 13.1 |
| MSPB | (Merit Sys. Rev. Bd.) | 7.9 |
| PTO | (Patent and Trademark Office) | 7.4 |
| AVERAGE | | 8.2 |

*In evaluating these statistics, note that most decisions of the PTO and the district courts are patent cases. Statistics from the MSPB reflect the difficult air traffic controller cases that were reviewed by the CAFC during this time period. The ITC cases reflect heavy motion practice common to these cases.

By way of contrast, the median decision time for civil cases in the Second Circuit for the year ending June 30, 1986 was 6.2 months; the median decision time for all national courts of appeal in that time period was 11.0 months. S. Flanders, United States Courts: Second Circuit Report 1987, at 7.

Source: Clerk of the Court, United States Court of Appeals for the Federal Circuit.

## Cases Sub Judicia for 90 Days or More, by Court of Origin, 1986

| Time | BCA | CIT | ClsCt | DC | ITC | MSPB* | PTO | Total |
|---|---|---|---|---|---|---|---|---|
| 3-6 mo. | 2 | 1 | 3 | 10 | — | — | 2 | 18 |
| 6-9 mo. | 1 | — | 1 | 5 | 1 | — | 1 | 9 |
| 9-12 mo. | — | — | — | 1 | — | 1 | — | 2 |
| > 12 mos. | — | 1 | — | 3 | — | 4 | — | 8 |

*Again, the MSPB statistics reflect the air traffic controller cases.

Source: Clerk of the Court, Court of Appeals for the Federal Circuit.

## Cases Sub Judicia for 90 Days or More by Circuit, Year Ending September 30, 1984

| Time | CAFC | DC | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3-6 mo. | 11 | 13 | 12 | 17 | 15 | 34 | 19 | 20 | 62 | 57 | 76 | 34 | 54 | 424 |
| 6-9 mo. | 9 | 12 | 3 | — | 2 | 9 | 5 | 11 | 6 | 7 | 54 | 30 | 9 | 157 |
| 9-12 mo. | — | 10 | — | — | 1 | 4 | 1 | 9 | 9 | 1 | 21 | 12 | 2 | 70 |
| > 12 mos. | — | 24 | — | — | — | 1 | 1 | — | — | — | 14 | 22 | — | 62 |

Source: Administrative Office of the U.S. Courts, Federal Judicial Workload Statistics 6 (1984).

## Publication Rate for Decision at CAFC, Year Ending June 30, 1986

| Source of Appeal | Total Cases Decided | % Published | Number Published |
|---|---|---|---|
| BCA | 46 | 43 | 20 |
| CIT | 23 | 100 | 23 |
| ClsCt | 94 | 59 | 55 |
| DC | 158 | 61 | 96 |
| ITC | 7 | 57 | 4 |
| MSPB | 568 | 14 | 80 |
| PTO | 92 | 26 | 24 |
| Commerce | 2 | 0 | 0 |
| TOTAL | 990 | 31 | 302 |

Source: Clerk of the Court, United States Court of Appeals for the Federal Circuit.

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