Explaining the Supreme Court’s Interest in Patent Law

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I. INTRODUCTION

The United States Court of Appeals for the Federal Circuit is unique within the federal judiciary: it is the only United States circuit court of appeals whose jurisdiction is defined by subject matter and not geography. It is truly a national appellate court whose decisions impact the entire country. Although its jurisdiction is rather hodge-podge, including appeals from the United States Court of Federal Claims, various Boards of Contract Appeals, the Court of International Trade, the Court of Veterans Appeals, United States district courts in cases claiming non-tort monetary claims against the federal government, and the International Trade Commission,¹ the primary impetus for the Federal Circuit’s creation was to bring national uniformity to the United States patent laws.² Congress created the court in 1982 by merging two pre-existing courts, the U.S. Court of Customs and Patent Appeals and the appellate division of the U.S. Court of Claims.³

By creating a single appellate court for patent law, Congress hoped to increase the value of patents and reduce forum shopping.⁴ The Federal Circuit’s creation also had another consequence: reducing the need for the Supreme Court to intervene to eliminate splits in the various circuits regarding patent law. With each decision, the Federal Circuit creates law at the national level, a role previously reserved for the Supreme Court.

It was unsurprising, then, that the Supreme Court’s involvement in patent law during the first approximately twenty years of the Federal Circuit’s existence was fairly minimal.⁵

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³ Dreyfuss, supra note 1, at 65.
Even in the cases the Court did take, the issue was often tangential to substantive patent law, involving instead constitutional or procedural issues. The Supreme Court, therefore, seemed to abdicate responsibility for developing patent law to the specialized Federal Circuit. This state of affairs led Professor Mark Janis to author an article entitled *Patent Law in the Age of the Invisible Supreme Court*. That characterization of the Supreme Court was to be short lived. Starting in around 2000, the Supreme Court became active, if not even hyperactive, in patent law. This activity is striking for a number of reasons. First, there would seem to be little need for the Supreme Court to intervene at this rate given the absence of inter-circuit splits. One of the primary reasons the Supreme Court agrees to hear a case is to resolve a disagreement among the circuit courts on a legal issue. With a single appellate court deciding issues of patent law, no such splits will ever arise. Second, the hyperactivity in patent law is in sharp contrast to the relative Supreme Court inactivity in the fields of copyright and trademark, the other primary forms of federal intellectual property protection. Copyright and trademark appeals are still heard by the regional circuits, creating the potential for conflicts in the courts in these areas. Such splits, in fact, currently exist. Copyright and trademark law also are important in an information-driven economy. Nevertheless, the Supreme Court has rarely heard cases in these areas and, when they do, they tend to relate to constitutional issues and not core doctrine, in contrast to much of the Supreme Court’s recent patent jurisprudence. The below figure demonstrates the relative dearth of copyright and trademark cases since 2000, even affording a generous definition of what constitutes a copyright or trademark case.

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6. *Id.*
Additionally, the Supreme Court’s intervention is no longer on the periphery of patent law. The cases they have decided go right to the substance of patent law: the doctrine of equivalents and prosecution history estoppel, subject matter eligibility, induced infringement, the statutory experimental use defense, to name but a few.

These two dynamics inexorably lead to the following question: Why is the Supreme Court so interested in patent law (and not so interested in copyright and trademark)? This Paper explores a variety of explanations for the Supreme Court’s recent intervention in patent law. In all likelihood, there is no singular motivation for the Supreme Court’s activity, and it may very well be a combination of some or all of these factors. Nevertheless, exploring these potential rationales offers insight into the workings of the Supreme Court and could aid those seeking certiorari in framing their particular issue to garner the Court’s attention.

II. Potential Explanations for the Supreme Court’s Foray into Patent Law

The Supreme Court’s intervention in patent law is striking, particularly given the existence of the Federal Circuit. Then again, patent law is nearly entirely federal law, and

in a technologically-driven economy, changes in the law can have a significant impact on the economic growth of the United States. Moreover, patent litigation is a form of complex litigation, and various issues of civil procedure that may arise in a patent case may have implications outside of patent law. The Patent and Trademark Office (PTO) is an administrative agency and, while somewhat unique in that it lacks substantive rulemaking authority, many of the rules that govern judicial review of its activities are similar to those of other agencies. Thus, some of the explanations regarding recent Supreme Court involvement in intellectual property could simply be the result of the Supreme Court’s broader, general interests; in other words, there is nothing exceptional taking place. The extreme level of activity, in sharp contrast to the inactivity in trademark and copyright law, however, suggests that there is something unique about patent law and the Federal Circuit. This section explores possible explanations for the Supreme Court’s recent activities into two categories: those that are not patent law/Federal Circuit specific and those that are.

A. Rationales that Do Not Specifically Implicate Patent Law or the Federal Circuit

1. Traditional Supreme Court Issues

Even in the absence of circuit splits, there are certain issues that seem to garner considerable attention by the Supreme Court. The most obvious issues that the Supreme Court confronts are ones of constitutional law. Such issues have arisen in a variety of intellectual property cases.

For example, although it pre-dates the recent spate of activity, the Supreme Court’s decision Markman v. Westview Instruments dealt with an issue of constitutional law: whether there is a right to a jury trial for claim construction under the Seventh Amendment. That there have been a progeny of cases, ample literature, and even a procedural device named in homage of the decision cannot undermine the fact that the issue was quite narrow. Arguably, the Supreme Court was motivated by constitutional issues in deciding to review Warner-Jenkinson Co. v. Hilton Davis Chemical Co., which presented the issue of a right to a jury trial on the doctrine of equivalents; ultimately the Court decided not to reach the issue. The Supreme Court also addressed whether Congress had abrogated the sovereign immunity of states to allow suits for patent and trademark infringement, concluding that Congress had failed to do so.

The Court has addressed other constitutional issues in intellectual property cases as well. For example, the Supreme Court addressed due process concerns in Nelson v. Adams USA, Inc., holding that the district court’s application of Rule 15 of the Federal Rules of Civil

17. Id. at 1549-50.
Procedure violated due process. The case arose in the context of a patent infringement suit, though liability was actually against the patentee: the district court awarded costs and fees to the accused infringer in light of the patent holder’s inequitable conduct. The accused infringer, however, feared that it would not be able to collect the award. The district court permitted the party to amend the pleading, but then simultaneously amended the judgment, rendering the added party immediately liable. The Court held such proceedings “did not comply with Rule 15” nor “did they comport with due process.”

The Court has also had occasion to opine on the limits (or lack thereof) of the Patent and Copyright Clause of the Constitution. In the copyright context, the Supreme Court has reviewed the constitutionality of copyright term extensions and restoration of copyrights that had fallen into the public domain, finding both constitutional under the Copyright Clause and First Amendment. Future challenges based on the Patent and Copyright Clause likely could reach the Supreme Court as a result, such as the current challenge to the change to the “first-inventor-to-file” regime of the America Invents Act.

Constitutional law issues are not the only ones that routinely populate the Supreme Court’s docket. Administrative law is another area in which the Court often intercedes, even in the absence of a circuit split. The U.S. Court of Appeals for the District of Columbia often acts as the semi-specialized “administrative law” court in a manner somewhat analogous (although not as intentional) as the Federal Circuit is to patent law. Nevertheless, the Supreme Court has often interceded in this area.

Cast in this light, other recent decisions by the Supreme Court may actually relate to the Court’s demonstrated interest in regulating the relationship between the courts and agencies. The Court’s involvement in defining the relationship between the USPTO and courts is well within its wheelhouse. Thus, the Court’s decision to review Dickinson v. Zurko, holding that the Administrative Procedure Act’s standard of review controls the Federal Circuit’s review of factual determinations by the USPTO, may not be terribly shocking when viewed from this perspective. Similarly, the Court’s recent decision in Hyatt v. Kappos involved the relationship between the USPTO and the district courts when a party seeks review of the rejection of its patent application in the Eastern District of Virginia, rather than by a direct appeal to the Federal Circuit. The Court’s decision in Microsoft Corp. v. i4i Ltd. Partnership can be understood

23. Id. at 466.
29. 132 S. Ct. 1690 (2012). Such review was previously sought in the D.C. District Court.
from this perspective: the decision—upholding the clear and convincing evidence standard for challenging a patent claim’s validity in litigation—could be rationalized as the Court assuring that the USPTO was afforded appropriate deference by the courts.30 The concern with administrative agencies may also offer some explanation for the Supreme Court’s intervention in seemingly complex area of litigation pursuant to 35 U.S.C. § 271(e), involving the interaction between the courts and another important administrative agency, the Food and Drug Administration.31

The Supreme Court historically has taken cases involving federal jurisdiction and issues involving civil procedure. In this area, the Supreme Court may want to act to establish nationally uniform rules.32 As such, while some of these decisions are in patent cases, they more appropriately are viewed as jurisdictional or procedural cases. In Carlsbad Technology, Inc. v. HIF Bio, Inc.,33 the district court, after dismissing the federal cause of action, declined to exercise supplemental jurisdiction and remanded the case to state court.34 The Federal Circuit held that it was precluded from reviewing the remand order because the remand was based on a lack of subject matter jurisdiction. The Supreme Court disagreed, holding that such a remand order is not a remand based on lack of subject matter jurisdiction, answering a question left open by earlier Supreme Court precedent.35 Clearly, this jurisdictional dispute had little to do with patent law, but it did establish a uniform, national rule for appellate jurisdiction in the context of such remand orders.

Similarly, in Unitherm Food Systems, Inc. v. Swift-Echrick, Inc., the Supreme Court established the national rule for whether a party could seek a new trial on appeal based on the insufficiency of the evidence if she failed to move for a new trial or judgment as a matter of law post-verdict.36 That the case was a patent case is incidental to the issue; indeed, the Federal Circuit applied regional circuit law in its decision.37 The Court held that the competitor’s failure to move for new trial or judgment as a matter of law after the jury returned a verdict precluded it from moving for new trial based on insufficient evidence on appeal, abrogating the Tenth Circuit’s decision in Cummings v. General Motors Corp.38 In the trademark context, a similar

30. See Microsoft Corp. v. i4i Ltd. P'ship, 131 S. Ct. 2238 (2011).
34. Id. at 636-37.
35. Id. at 637 (“This Court has not yet decided whether a district court’s order remanding a case to state court after declining to exercise supplemental jurisdiction is a remand for lack of subject-matter jurisdiction for which appellate review is barred by §§ 1447(c) and (d).”).
37. Id. at 398-99 (noting that the Federal Circuit applied Tenth Circuit law).
38. 365 F.3d 944 (10th Cir. 2004).
dynamic is seen in Cooper Industries, Inc. v. Leatherman Tool Group, Inc., where the Supreme Court established that the standard of review for a constitutional challenge on punitive damages was de novo.\textsuperscript{39} The trademark context was merely incidental to the central, procedural issue. Finally, the Supreme Court has been active in policing the jurisdiction of district courts, and thus necessarily the appellate jurisdiction of the Federal Circuit, over cases “arising under” the patent laws of the United States.\textsuperscript{40}

A final area where Supreme Court activity could be expected, regardless of the nature of the case, is when the Court decides to change its precedent. Only the Supreme Court has the power to change its precedent, though lower courts may try to navigate around it. In this context, the lower court may actually invite Supreme Court review to change precedent that no longer seems to be appropriate. This dynamic is present in the Supreme Court’s decision in Illinois Tool Works Inc. v. Independent Ink, Inc., where the Court abrogated its prior law that had established a presumption of market power if one of the tied items was covered by a patent.\textsuperscript{41} The Federal Circuit panel, bound by the Court’s earlier precedent, sent a strong signal to the Supreme Court to take the case to change the law given that the rationale underlying the presumption had been discredited over the years.\textsuperscript{42}

In sum, for some of the cases, the Supreme Court’s involvement can be explained through the issues presented, which are ones that typically garner the Court’s attention even outside of the intellectual property context.

2. Resolving Inter- and Intra-Circuit Splits

One of the most common reasons that the Supreme Court agrees to hear a case is to resolve a conflict between two circuit courts on an issue.\textsuperscript{43} Circuit splits are still highly relevant in trademark and copyright cases; because appeals in those cases still go to the

\textsuperscript{39} 532 U.S. 424, 443 (2001) (in unfair competition case, concluding that constitutionality of punitive damages award is reviewed de novo).
\textsuperscript{42} See Indep. Ink, Inc. v. Ill. Tool Works, Inc., 396 F.3d 1342, 1351 (Fed. Cir. 2005) (“The fundamental error in all of defendants’ arguments is that they ignore the fact that it is the duty of a court of appeals to follow the precedents of the Supreme Court until the Court itself chooses to expressly overrule them.”), vacated and remanded, Ill. Tool Works, 547 U.S. 28.
\textsuperscript{43} See Sup. Ct. R. 10(a) (noting consideration for review is when “a United States court of appeals has entered a decision in conflict with the decision of another United States court of appeals on the same important matter”).
regional circuits, differences among the courts can and do arise. Patent-related cases, however, can also involve circuit splits, such as the pending case involving the antitrust implications for reverse payment settlements in ANDA litigations. Conceivably, there could be splits in authority between state courts and the Federal Circuit as it relates to ownership of patents or, as the Supreme Court case has addressed, the jurisdiction of state courts over malpractice claims rooted in attorney conduct in patent cases.

For the vast majority of patent cases, however, there will not be circuit splits because of the Federal Circuit. Nevertheless, *intra*-circuit splits may develop at the Federal Circuit, where the court is fractured closely on an issue. Often such *intra*-circuit disagreements are resolved en banc, which can send a signal to the Supreme Court that its intervention would be advisable. En banc decisions command considerable attention and usually generate well-reasoned dissents and concurrences that can highlight the division within the court to the Supreme Court to better inform its decision to take the case, in a manner analogous to an inter-circuit split. Indeed, many recent Supreme Court cases were decided en banc while at the Federal Circuit, usually with sharp disagreement among the judges. On occasion, even dissents or concurrences in panel decisions may be able to send a message to the Supreme Court. It seems that Judge

44. See, e.g., TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 28 (2001) (“To resolve the conflict [among the courts of appeal], we granted certiorari.”).
47. The Supreme Court, nevertheless, has used splits between Federal Circuit law and earlier regional circuit law to in part justify agreeing to review a case. See, e.g., Pfaff v. Wells Elecs., Inc., 525 U.S. 55, 60 (1998) (“Because other courts have held or assumed that an invention cannot be ‘on sale’ within the meaning of § 102(b) unless and until it has been reduced to practice, . . . and because the text of § 102(b) makes no reference to ‘substantial completion’ of an invention, we granted certiorari.” (citations omitted)).
49. See John F. Duffy, *The Festo Decision and the Return of the Supreme Court to the Bar of Patents*, 2002 *Sup. Ct. Rev.* 273, 284 (“The extended treatment by the Federal Circuit [in *Festo*] signaled to the Supreme Court the importance of the issue and provided a rich discussion of the competing interests at stake that increased the Justices’ ability to comprehend and review the case.”).
O’Malley’s concerns over the Federal Circuit’s assertion of jurisdiction over state malpractice claims likely signaled the Supreme Court to intervene.\(^51\)

3. The Overlap and Interplay of IP Regimes

A final explanation for some of the Supreme Court’s activity may be its apparent general interest in policing the overlap of various IP regimes and in exploring their interrelationships. For example, in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, the Supreme Court’s exploration of functionality doctrine represented an effort to police the line between trademark and patent law and, in particular, the impact of the expiration of a patent.\(^52\) Similarly, in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, the Supreme Court arguably was policing the line between trademark and copyright law, limiting the ability of the trademark owner to protect a work that has fallen into the public domain.\(^53\) In both cases, one party was attempting to use trademark law as an end run around the pro-public domain aspects of both patent and copyright law, and the Supreme Court rejected those efforts. In contrast, the Court permitted the use of utility patents for innovations potentially protectable under Plant Patent Act and Plant Variety Protection Act,\(^54\) concluding there is no problem in providing overlapping rights for these innovations.

Aside from policing the intersections of various IP regimes, the Supreme Court apparently likes to use the doctrines in the regimes to inform the other, particularly in the context of patent and copyright law, given their “historic kinship.”\(^55\) At times, this synergy can be subtle, such as when the Court considered the standard for permanent injunctions\(^56\) or in comparing the constitutional limits of the Patent and Copyright

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54. J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int’l, Inc., 534 U.S. 124, 145 (2001) (“[W]e hold that newly developed plant breeds fall within the terms of § 101, and that neither the PPA nor the PVPA limits the scope of § 101’s coverage.”).

55. Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 439 (1984) (“The closest analogy is provided by the patent law cases to which it is appropriate to refer because of the historic kinship between patent law and copyright law.”). Some of this can also be seen between trademark and patent law, given the more prevalent validity issues in those cases. See, e.g., *Already, LLC v. Nike, Inc.*, 133 S. Ct. 721 (2013) (comparing patent and trademark validity concerns in context of covenants not to sue). But see *Sony Corp.*, 464 U.S. at 439 n.19 (“We have consistently rejected the proposition that a similar kinship exists between copyright law and trademark law, and in the process of doing so have recognized the basic similarities between copyrights and patents.”).

Clause. Other times, the Court is quite transparent in relying on one intellectual regime to inform and influence the other. For example, in both Sony Corp. of America v. Universal City Studios, Inc. and Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd., the Supreme Court expressly incorporated the patent law doctrines of contributory infringement and active inducement, respectively, into copyright law. Relatedly, in Global-Tech Appliances, Inc. v. SEB S.A., the Court drew on its reasoning in Grokster to explore the contours of patent law’s active inducement. Finally, Bowman v. Monsanto could be post-script to the Court’s decision in Quanta Computer Inc., v. LG Electronics, Inc., which dealt with patent exhaustion.

B. Patent or Federal Circuit-Specific Reasons for Supreme Court Activity

The above explanations for the Supreme Court’s activity in patent law were not specific to the Federal Circuit or to patent law. Ultimately, they are unsatisfying because they fail to explain the Court’s relative lack of interest in copyright and trademark law. There seems to be a particular interest by the Court in patent law or, perhaps, in the Federal Circuit as an institution. The following section explores a number of Federal Circuit- and patent-specific explanations for the Supreme Court’s continued engagement with patent law.

1. Bringing Patent Law Back into the Mainstream

With the creation of the Federal Circuit, patent law became somewhat siloed from other areas of the law. Although the Federal Circuit was created with broader jurisdiction to avoid potential jurisprudential isolation—a noted concern with specialized courts—patent law has nevertheless developed somewhat in isolation from other areas of the law. Rarely do, or at least did, the Federal Circuit’s patent decisions draw on other areas of the court’s jurisprudence, or even other areas of the law. The concern with such isolation is that biases could develop.

The Supreme Court appears to be aware of this risk and is acting to bring patent law back into the legal tapestry, rejecting any form of patent exceptionalism. For example, in eBay Inc. v. MercExchange, L.L.C., the Court made clear that the availability of injunctive relief in patent cases is to be assessed just as it is in other cases, without any unique or patent-specific rules. Similarly, in MedImmune, Inc. v. Genentech, Inc., the Supreme Court

57. See, e.g., Golan v. Holder, 132 S. Ct. 873, 886-87 (2012) (drawing on “[a]nalogue patent statutes”); Eldred v. Ashcroft, 537 U.S. 186, 201 (2003) (“Because the Clause empowering Congress to confer copyrights also authorizes patents, congressional practice with respect to patents informs our inquiry. We count it significant that early Congresses extended the duration of numerous individual patents as well as copyrights.”).
60. 131 S. Ct. 2060, 2066-67 (2011).
relied on its broader declaratory judgment jurisprudence to reject the Federal Circuit’s patent-specific standard.\textsuperscript{64} In \textit{Global-Tech}, the Supreme Court drew from criminal law to inform the requirement for knowledge for inducing infringement,\textsuperscript{65} a step that would be relatively more difficult for the Federal Circuit to take because it lacks any criminal law jurisdiction. Finally, the Court’s decision in \textit{Microsoft Corp. v. AT & T Corp.}, comports with the Court’s general interest in limiting the extraterritorial scope of patent law and with providing the presumption against extraterritoriality more teeth.\textsuperscript{66} One can see perhaps the culmination of this ratcheting up of the presumption in \textit{Morrison v. National Australia Bank Ltd.},\textsuperscript{67} where the Court fell just short of adopting a clear statement rule for when Congress intends to allow U.S. law to apply extraterritorially.\textsuperscript{68}

In all of these cases, the Supreme Court used non-patent law in ways that were significant to the case. The Court either rejected the Federal Circuit’s patent-specific rules or drew on non-patent doctrine to analyze the patent issues before it. In this fashion, the Supreme Court sought to draw patent law back into the legal landscape and to mitigate any bias that may develop in the insular development of patent law.

2. Correcting the Federal Circuit’s Misinterpretations of the Supreme Court’s Decisions

A cursory survey of the cases taken from the Federal Circuit by the Supreme Court reveals another interesting, potentially explanatory dynamic: the Supreme Court reviews cases in a “bookend” approach to counter the Federal Circuit’s interpretation of a recent Supreme Court decision. Such a dynamic is particularly visible when the Court reviews an issue in patent law multiple times in a short period of time after a considerably longer time of inactivity. For example, the Supreme Court reviewed \textit{Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.} after the Federal Circuit had misapplied its earlier decision in \textit{Warner-Jenkinson}.\textsuperscript{69} \textit{Warner-Jenkinson} was the Supreme Court’s first elaboration on the doctrine of equivalents since \textit{Graver Tank & Manufacturing Co. v. Linde Air Products} in 1950,\textsuperscript{70} yet only five years passed between \textit{Warner-Jenkinson} and \textit{Festo}. Such relatively close consideration of the doctrine, after nearly 50 years of silence, is a bit surprising. The Supreme Court clearly saw a significant need to intercede to correct the Federal Circuit’s interpretation of its decision in \textit{Warner-Jenkinson}.

\begin{itemize}
\item \textsuperscript{64} 549 U.S. 118, 128-134 (2007).
\item \textsuperscript{65} 131 S. Ct. at 2068-69.
\item \textsuperscript{66} 550 U.S. 437 (2007).
\item \textsuperscript{67} 130 S. Ct. 2869 (2010).
\item \textsuperscript{68} For a discussion of the potential implications of \textit{Morrison} for patent law, see Timothy R. Holbrook, \textit{Should Foreign Patent Law Matter?}, \textit{34 Campbell L. Rev.} 581, 601-07 (2012).
\item \textsuperscript{69} 535 U.S. 722, 739-41 (2002).
\item \textsuperscript{70} 339 U.S. 605 (1950).
\end{itemize}
The same dynamic can be seen in the recent string of subject matter eligibility cases. Although the Supreme Court considered patentable subject matter in *J.E.M.*, its first true, rigorous assessment of the scope of 35 U.S.C. § 101 since *Chakrabarty* and *Diehr* arose in the context of *Bilski v. Kappos*. While agreeing that the claimed method of hedging was not proper subject matter, the Supreme Court rejected the Federal Circuit’s “machine-or-transformation” test. A mere two years later in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, the Supreme Court again assessed patentable subject matter, this time in the life sciences context, and rejected a claim directed toward optimizing the efficacy of a drug while avoiding side-effects. And now, only a year later, the Supreme Court will determine the patent eligibility of purified and isolated human genes.

In all of these scenarios, these subsequent cases had already been the subject of a “GVR” by the Supreme Court, where the court grants certiorari, vacates the judgment, and remands the case in light of a different case. The Court often issues a GVR when it believes the issue in a recently decided case will impact the decision by a lower court in a different case. For example, the Supreme Court had GVR’d *Festo* in light of *Warner-Jenkinson*, and similarly had GVR’d *Prometheus* in light of *Bilski*. The Court’s intervention to correct the Federal Circuit’s perceived errors, therefore, might be unsurprising. In particular, at least in the string of subject matter eligibility cases, the Supreme Court’s intervention was quite predictable. On remand after the GVR in both *Prometheus* and in *Association for Molecular Pathology* (colloquially known as the *Myriad* case), the Federal Circuit gave relatively short shrift to the Supreme Court’s decision that triggered the GVR. The Supreme Court
may have reacted to the failure of the Federal Circuit to truly wrestle with the impact of its *Prometheus* decision as a sign that it needed to intercede to correct the Federal Circuit’s handling of the case, even if ultimately it agrees with the Federal Circuit on the merits.

The “bookends” concept of cases may extend beyond review of Federal Circuit decisions. The Supreme Court has now taken a cluster of cases relating to first-sale/exhaustion doctrine. It recently evaluated patent exhaustion in *Quanta Computer, Inc. v. LG Electronics, Inc.*81 In the October 2012 Term, the Court reviewed copyright exhaustion, adopting an international exhaustion regime,82 and is set to review patent exhaustion as it relates to self-replicating technologies.83

3. Concerns with the Federal Circuit as a Specialized Court

Another possible explanation for the Supreme Court’s recent intervention into patent law may relate less to law and more to the institutional design of the patent system. Specifically, the Supreme Court may be concerned about potential biases developing in the semi-specialized Federal Circuit. The Federal Circuit was created as an experiment in specialization.84 Even at the time of its creation, however, there were concerns that a specialized court could result in “substantively inferior law,” could “take patents out of the mainstream of legal thought,” and could “expose the court to a one-sided view of the issues.”85 The Supreme Court appears to find some salience in those concerns in deciding to review the Federal Circuit.

The rhetoric in the more recent Supreme Court cases is in sharp contrast to some of its decisions earlier in the existence of the Federal Circuit, where it noted the Federal Circuit’s expertise favorably and deferentially. For example, in *Warner-Jenkinson*, twice the Supreme Court spoke of deference to the Federal Circuit:

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83. Kirtsaeng v. John Wiley & Sons, Inc., ____ S.Ct. ____ , 2013 WL 1104736 (U.S. March 19, 2013). The Court, in a 6-3 decision, determined that the first-sale doctrine applies to articles lawfully made and purchased overseas. Interestingly, the Supreme Court had already agreed to review the same issue in *Costco Wholesale Corp. v. Omega, S.A.*, but the Court split 4-4 on the issue, with Justice Kagan recused. See 131 S. Ct. 565 (2010) (mem.), aff’g by an equally divided court 541 F.3d 982 (9th Cir. 2008). Yet the decision here was 6-3, meaning that one of the justices changed his or her views. It remains to be seen whether the Supreme Court will grant certiorari, vacate the judgment, and remand a case dealing with international patent exhaustion in light of *Kirtsaeng*. See Ninestar Technology Co., Ltd. v. International Trade Com’n, 667 F.3d 1373 (Fed. Cir. 2012).
• “We leave it to the Federal Circuit how best to implement procedural improvements to promote certainty, consistency, and reviewability to this area of the law.”

• “[W]e see no purpose in going further and micromanaging the Federal Circuit’s particular word choice for analyzing equivalence. We expect that the Federal Circuit will refine the formulation of the test for equivalence in the orderly course of case-by-case determinations, and we leave such refinement to that court’s sound judgment in this area of its special expertise.”

Such language of deference would soon disappear from the Supreme Court’s rhetoric. The change in tone can be seen most dramatically through the juxtaposition of the language in Warner-Jenkinson with that of Festo, where the Supreme Court chastised the Federal Circuit for “ignor[ing] the guidance of Warner-Jenkinson.”

The Supreme Court’s institutional concern with the Federal Circuit became more transparent in subsequent cases. In Holmes Group, Justice Stevens remarked:

Necessarily . . . other circuits will have some role to play in the development of this area of the law. An occasional conflict in decisions may be useful in identifying questions that merit this Court’s attention. Moreover, occasional decisions by courts with broader jurisdiction will provide an antidote to the risk that the specialized court may develop an institutional bias.

Justice Breyer made his similar concerns transparent in his dissent from dismissing Metabolite: “[A] decision from this generalist Court could contribute to the important ongoing debate, among both specialists and generalists, as to whether the patent system, as currently administered and enforced, adequately reflects the ‘careful balance’ that ‘the federal patent laws . . . embod[y].’” Thus, at a broader level, the Supreme Court, or at least a few justices of the Court, have concerns with the specialized nature of the Federal Circuit’s jurisdiction and view the Court’s intervention as necessary to combat some of the downsides to such an appellate structure.

87. Id. at 40 (emphases added).
One colorable explanation for the Supreme Court’s activity is that the Court has acted to combat the Federal Circuit’s pro-patent bias. This view of the Supreme Court, however, is incomplete and ultimately unpersuasive. Undisputedly, some of the Court’s decisions have can be seen as hostile to patents. eBay’s rejection of near automatic permanent injunctions for patent infringement, for example, has reduced the value and power of patents to some extent. By making challenges to patent validity easier, MedImmune also arguably has reduced the value of patents. By raising the standard of non-obviousness, KSR International Co. v. Teleflex Inc. arguably has made obtaining patent protection more difficult and potentially more costly. Quanta’s expansion of exhaustion doctrine arguably reduces the value of patents and complicates licensing strategies.

Nevertheless, the Supreme Court has been pro-patent in a number of its decisions. In Microsoft Corp. v. i4i Ltd. Partnership, the Court preserved the “clear and convincing” standard for invalidating patent claims in litigation, closing the door it had cracked open in KSR. In Warner-Jenkinson, it rejected the petitioner’s call to eliminate the doctrine of equivalents in its entirety, and in Festo, it rejected one of the Federal Circuit’s efforts to kill the doctrine by a thousand cuts. In Global-Tech, it embraced a broadening of the knowledge standard for inducing infringement by rejecting a requirement that an infringer have actual, direct knowledge of the relevant patent in order to be liable. It is an oversimplification, therefore, to simply state the Supreme Court has reacted to potential bias at the Federal Circuit in an entirely anti-patent way.


The Supreme Court may be reacting to a different dynamic at the Federal Circuit. Rather than reacting to a perceived pro-patent bias at the Federal Circuit, the Court may be concerned with the Federal Circuit’s trend towards formalistic, bright-line rules. Many of the Federal Circuit’s efforts at certainty have come at the expense of patent owners, belying any pro-patentee bias at the Federal Circuit. The most obvious, anti-patentee rule advanced by the Federal Circuit was, of course, the absolute bar for prosecution history estoppel as articulated in the court’s en banc decision in Festo. The Federal Circuit’s written description jurisprudence is also anti-patentee, as it creates a preference for narrow claims over broad, generic ones, potentially even if the patentee has enabled the full scope of those claims. The court has demonstrated, perhaps unintentionally, a preference for patents of relatively narrow literal and equivalent scope.

94. See Ariad Pharm., Inc. v. Eli Lilly & Co., 598 F.3d 1336 (Fed. Cir. 2010) (en banc); see also Timothy R. Holbrook, Patents, Presumptions, and Public Notice, 86 Ind. L.J. 779, 803 (2011) (noting Federal Circuit’s disclosure jurisprudence has created a bias against patents).
The Supreme Court has rejected nearly every one of these rules upon review. The below list makes this dynamic quite apparent:

- **Festo**: rejection of the absolute bar rule for prosecution history estoppel.
- **KSR**: rejection of the strict application of the “teaching-suggestion-motivation to combine” test for nonobviousness.
- **eBay**: rejection of the near *per se* rule for grant of permanent injunctions.
- **Quanta**: rejection of the bright-line rule of *Mallinckrodt, Inc. v. Medipart, Inc.*\(^{95}\) that any use restrictions preclude patent exhaustion.
- **MedImmune**: rejection of the “reasonable apprehension of suit” test for declaratory judgment jurisdiction.
- **Bilski**: rejection of the “machine-or-transformation” test for subject matter eligibility.

Of course, many may decry these decisions as greatly reducing certainty and predictability in patent law. The Supreme Court nevertheless is far less receptive to such efforts, preferring instead more nuanced, standard-based approaches to many of these issues.

5. Importance of Patents

A final reason the Supreme Court may be interested in patent law is simply that, in an information- and technology-driven economy, patents are incredibly important. The Supreme Court, therefore, should have a voice in the manner in which the law develops. While undoubtedly there is some truth to this dynamic, it is somewhat unpersuasive because trademark and copyright law also are important in the modern economy. Yet the Supreme Court has taken far less interest in those areas, notwithstanding their economic importance and the existence of numerous circuit splits in those areas.

III. Conclusion

There is no dispute that we are presently in an era of heightened Supreme Court interest in patent law. This Paper attempts to give some explanation for this activity. In reality, no single basis likely explains the Court’s interest entirely, but likely, for a given case, it is the confluence of a number of these considerations. For practitioners, recognizing these dynamics may help predict whether the Supreme Court would take interest in a case and offers possible themes that a petitioner could weave into a cert petition.

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95. 976 F.2d 700 (Fed.Cir.1992).