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## The Federal Circuit and the Supreme Court

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# The Federal Circuit and the Supreme Court

**Keywords**

Federal Circuit, Supreme Court, Supreme Court Review, Patent law

## FOREWORD

### THE FEDERAL CIRCUIT AND THE SUPREME COURT

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#### INTRODUCTION

In its last two terms, the Supreme Court of the United States (“Supreme Court”) has granted certiorari to the United States Court of Appeals for the Federal Circuit (“Federal Circuit”) in six cases. While this level of review is not atypical, what is striking, however, is

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the fact that four of these cases have involved patent law. This is the same number of patent cases taken on certiorari during the first twelve years of the Federal Circuit's existence. Is this truly a recent upswing or a statistical aberration? And if the latter is true, why is it occurring, will the trend continue, and what are the implications for the development of patent law? We pose these questions because they deserve reflection as we all ponder the trajectory of what is, after all, a relatively young court. That said, we do not profess to have the answers, and even if we did, there would be little hope of relaying them in a short piece such as this. Rather, our goal is to encourage you to think about the evolving relationship between the Federal Circuit, the regional circuits, and the Supreme Court.

Let me start by reciting the facts. Since the inception of the Federal Circuit in 1982, the Supreme Court has granted certiorari to it a total of fifty-two times.<sup>1</sup> Of these, sixteen cases (almost a third) have involved issues of patent law.<sup>2</sup> As we discuss below, the Supreme Court's involvement in reviewing this court's patent law judgments began in 1988, when it granted certiorari in *Christianson v. Colt Industries Operating Corp.*<sup>3</sup> More recently, in *Markman v. Westview Instruments, Inc.*,<sup>4</sup> the Supreme Court started its foray into the real "essentials" of patent law.<sup>5</sup>

Indeed, *Markman* appears to represent a turning point in the history of the Supreme Court's review of Federal Circuit patent cases. *Markman* was decided in 1996, during the Court's October 1995 term, which was the thirteenth term since the creation of the Federal Circuit. In the twelve terms preceding *Markman*, the Supreme Court

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1. Here, we are not including summary dispositions, writs of certiorari that were granted and later withdrawn, or decisions summarily vacated in light of an earlier Supreme Court decision. For example, in the aftermath of the Supreme Court's decision in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722 (2002), the Court vacated a number of Federal Circuit judgments.

We also exclude *Dennison Manufacturing Co. v. Panduit Corp.*, 475 U.S. 809 (1986), in which the Supreme Court vacated our judgment and remanded to us for a better explanation of how we conducted our review of a district court's obviousness determination in light of Federal Rule of Civil Procedure 52(a). *Id.* at 811. In *Panduit*, the Supreme Court held that "[i]n the absence of an opinion clearly setting forth the views of the Court of Appeals on these matters, we are not prepared to give plenary consideration to petitioner's claim that the decision below cannot be squared with Rule 52(a)." *Id.* Following our decision on remand, the Court declined to grant certiorari.

2. We have included in this count cases involving the Plant Variety Protection Act, given that the Act provides protection similar in form to that given by patents, even though technically the case does not involve any "patent."

3. (*Christianson II*), 822 F.2d 1544, 3 U.S.P.Q.2d (BNA) 1241 (Fed. Cir. 1987).

4. 517 U.S. 370 (1996) (unanimously affirming the Federal Circuit's judgment that the construction of a patent is exclusively within the province of the court, not the jury), *aff'g* 52 F.3d 967, 34 U.S.P.Q.2d (BNA) 1321 (Fed. Cir. 1995) (en banc).

5. *Id.* at 372, *aff'g* 52 F.3d at 987, 34 U.S.P.Q.2d (BNA) at 1336.

had heard only four patent cases.<sup>6</sup> In the ten terms that have followed, however, it has heard almost three times as many.<sup>7</sup> Of these, four cases—more than a third—were heard in its last two terms alone.<sup>8</sup> It is notable, moreover, that the total number of this Circuit's cases that have undergone review has remained roughly constant over the years, with pre- and post-*Markman* numbers of twenty-four and twenty-seven, respectively. It appears as if the Supreme Court is indeed showing an increased interest in our patent law jurisprudence specifically, as opposed to our cases more generally.<sup>9</sup>

This Article consists of two parts. In Part I, we discuss *Christianson*, the case that appears to have kick-started Supreme Court review of our patent cases. We then outline, in chronological order, the Supreme Court's subsequent major patent law decisions through the October, 2003 Term, focusing on *Markman* as a turning point in the frequency of review. Then, we briefly examine all of the cases from our court, both patent and non-patent, that the Supreme Court has heard during its 2004 and 2005 terms. In Part II, we offer some thoughts on the future of Supreme Court review of the Federal Circuit.

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6. See Part I.A *infra* (discussing the Supreme Court's involvement in *Christianson*, the first patent law case that the Court had heard since the creation of the Federal Circuit).

7. See Part I.C *infra* (discussing Supreme Court patent law decisions in the wake of *Markman*).

8. See Part II *infra* (discussing the increase in the Supreme Court's review of Federal Circuit patent law decisions).

9. Consider, as a point of reference, the conclusion of two commentators in 1992, who had studied Supreme Court review of Federal Circuit decisions in the first ten years of its existence:

The Court, in its consideration of Federal Circuit substantive law, appears less willing to address substantive patent law than the other areas of Federal Circuit substantive law . . . . The Court has addressed many cases raising issues of substantive merit systems protection, tax and claims law; however, it has only addressed one case raising an issue of substantive patent law.

Mark J. Abate & Edmund J. Fish, *Supreme Court Review of the United States Court of Appeals for the Federal Circuit 1982-1992*, 2 FED. CIR. B.J. 307, 333 (1992). The authors characterized the Court's deference on patent law issues as "not surprising," given that the goal of the Federal Circuit was to "foster uniformity in patent law." *Id.* They concluded by posing the following salient question: "Whether the Court will continue to show deference to Federal Circuit substantive patent law and begin to show deference to *other areas* of Federal Circuit substantive law . . . [?]" *Id.* (emphasis added).

## I. A BRIEF HISTORY OF SUPREME COURT REVIEW

A. Christianson v. Colt: *The Federal Circuit's Virtual Invitation to the Supreme Court*

In 1988, the Supreme Court granted certiorari in *Christianson v. Colt Industries Operating Corp.*,<sup>10</sup> thereby hearing its first patent case since the creation of the Federal Circuit six years earlier.<sup>11</sup> In that case, Christianson had brought an antitrust suit against Colt, and issues of patent law were implicated only by part of Colt's defense against those charges.<sup>12</sup> The issue was whether the Federal Circuit or the United States Court of Appeals for the Seventh Circuit ("Seventh Circuit") had jurisdiction over the appeal.<sup>13</sup>

The Seventh Circuit rejected jurisdiction, based in large part on its expansive view of the relevant Federal Circuit jurisdictional statutes.<sup>14</sup> Specifically, the Seventh Circuit believed that it should interpret the statutes as consolidating patent law appeals in a single, nationwide court, because this would effectuate Congress's goal of achieving uniformity in the patent law.<sup>15</sup> Receiving the case on transfer from the Seventh Circuit, the Federal Circuit was candid about the need for clarification of the scope of its patent law jurisdiction.<sup>16</sup> However, it "[found] no basis or rationale . . . for an expanded, open-ended view that this court has been granted jurisdiction over all appeals in cases that contain patent issues."<sup>17</sup> Thus, the Federal Circuit held that

10. (*Christianson III*), 486 U.S. 800 (1988).

11. *Id.*

12. See *Christianson II*, 822 F.2d 1544, 1159, 3 U.S.P.Q.2d (BNA) 1241, 1252 (Fed. Cir. 1987) (stating that this antitrust action "arose under the patent laws" because of the defendant's use of a trade secret defense).

13. 28 U.S.C. § 1338(a) vests the district courts with "original jurisdiction of any civil action arising under any Act of Congress relating to patents . . ." In turn, 28 U.S.C. § 1295(a)(1) vests the Federal Circuit with jurisdiction over appeals where "jurisdiction of [the district] court was based, in whole or in part, on section 1338 of this title . . ." Absent a grant of appellate jurisdiction to the Federal Circuit, only the regional circuit may hear the case.

14. See *Christianson v. Colt Indus. Operating Corp. (Christianson I)*, 798 F.2d 1051, 1056-57, 230 U.S.P.Q. (BNA) 840, 845 (7th Cir. 1986).

15. See *id.* at 1058, 230 U.S.P.Q. (BNA) at 846 ("The primary purposes for the creation of the Federal Circuit were to provide greater uniformity in the substantive law of patents and to prevent the inevitable forum shopping that results from conflicting patent decisions in the regional circuits. It is these concerns that animate the jurisdictional grant under § 1295 and inform our analysis of the jurisdiction question." (citing *Atari, Inc. v. JS & A Group, Inc.*, 747 F.2d 1422, 223 U.S.P.Q. (BNA) 1074 (Fed. Cir. 1984) (en banc)).

16. See *Christianson II*, 822 F.2d at 1550, 3 U.S.P.Q.2d (BNA) at 1245 ("With five years of experience under the Act, it may be time for Congress to make its intention even more clear to those willing to look for it in the statute and legislative history. In the meantime, clarity may be advanced by vigorous, straightforward, and complete expression of views by all concerned.").

17. *Id.* at 1553, 3 U.S.P.Q.2d (BNA) at 1247. Indeed, it stated that "Congress was

it lacked jurisdiction over the subject matter. Nevertheless, it decided to hear the case on the grounds of necessity.<sup>18</sup> It reasoned as follows:

If this court were to grant Christianson's motion to dismiss, the district court's judgment, though it is erroneous, *infra*, would stand, unless the Supreme Court were to grant a petition for certiorari, review the jurisdiction question, and remand to the appropriate appellate court for its review on the merits. A dismissal of this appeal would therefore risk leaving the parties with no avenue of appellate review . . . .<sup>19</sup>

In what may have helped to spur Supreme Court intervention, the Federal Circuit then openly presumed the Court's non-interest and consequently decided to reach the merits of a case over which it admittedly lacked subject matter jurisdiction.<sup>20</sup> Specifically, the panel declined to engage in what it perceived to be the futile exercise of certifying the question for review. It also expressed a desire not to burden the Supreme Court with the issue:

Because the Seventh Circuit and this court have each determined that the other has jurisdiction, it would at first appear that certification to the Supreme Court would be warranted, pursuant to 28 U.S.C. § 1254(3). Much as we might welcome a definitive resolution of the present jurisdiction question, we equally *abhor the burden on the Court*, noting that it has accepted only four certified questions since 1946. The relative rarity of the present issue and the added delay to the litigants argue against this court's adding to the already heavy workload of the Supreme Court by certification.<sup>21</sup>

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not concerned that an occasional patent law decision of a regional circuit court, or of a state court, would defeat its goal of increased uniformity in the national law of patents." *Id.* at 1552, 3 U.S.P.Q.2d (BNA) at 1246 (citing *Atari, Inc.*, 747 F.2d 1422, 223 U.S.P.Q. (BNA) 1074); *cf. infra* text accompanying notes 79-80 (discussing a recent case in which the Federal Circuit expressed its concern about the regional circuits developing their own patent law).

18. See *Christianson II*, 822 F.2d at 1560, 3 U.S.P.Q.2d (BNA) at 1253 ("[W]e . . . deny Colt's request that, if this court lacks jurisdiction, we re-re-transfer the appeal to the Seventh Circuit.").

19. *Id.*, 3 U.S.P.Q.2d (BNA) at 1253 (emphasis added).

20. *Id.* at 1559, 3 U.S.P.Q.2d (BNA) at 1252.

21. *Id.*, 3 U.S.P.Q.2d (BNA) at 1252-53 (emphasis added) (citing R. STERN, E. GRESSMAN & S. SHAPIRO, *SUPREME COURT PRACTICE* 460-61 & n.3 (6th ed. 1986)). Indeed, as expressed elsewhere by one member of this court in 1990:

The impetus behind the establishment of the Federal Circuit was the desire to bring about greater uniformity and coherency in federal decisional law in the areas assigned to the court. A complementary objective was to relieve some of the pressure on the Supreme Court caused by the need to monitor intercourt differences in these areas.

S. Jay Plager, *The United States Courts of Appeals, The Federal Circuit, and the Non-regional Subject Matter Concept: Reflections on the Search for a Model*, 39 AM. U. L. REV. 853, 854-855 (1990).

Even notwithstanding whatever spurring effect the above-quoted language may have had, the Supreme Court's interest in *Christianson* was unsurprising, as the case was an ideal candidate for review. Not only did it involve fundamental issues of subject matter jurisdiction, but it also involved a direct conflict between the Federal Circuit and a regional circuit. Indeed, the Supreme Court characterized the state of affairs as "a peculiar jurisdictional battle between the Court of Appeals for the Federal Circuit and the Court of Appeals for the Seventh Circuit [where] . . . [e]ach has transferred the case to the other . . . [a]nd each insists that the other's jurisdictional decision is 'clearly wrong.'"<sup>22</sup> The parties, noted the Court, were condemned to "shuttle their appeal back and forth" between the Circuits in search of relief.<sup>23</sup>

The outcome in *Christianson* was that the Supreme Court agreed with the Federal Circuit that it lacked subject matter jurisdiction. In so doing, the Court confirmed that the standards of the well-pleaded complaint rule, traditionally applied to 28 U.S.C. § 1331, should be adopted for use in the § 1338 context.<sup>24</sup> Consequently, it held that a case "arises under" the patent laws for jurisdictional purposes only where "federal patent law [either] creates the cause of action or . . . the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law."<sup>25</sup> The Court held that the Federal Circuit had erred in reaching the merits of a case in which jurisdiction was absent.<sup>26</sup>

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22. *Christianson III*, 486 U.S. 800, 803 (1988).

23. *Id.* at 804.

24. *Id.* at 809. However, in the subsequent case of *Aeroflex-General Corp. v. Machine Tool Works, Oerlikon-Buehrle Ltd.*, the Federal Circuit held that the well-pleaded complaint rule was not meant to be rigidly applied. 895 F.2d 736, 13 U.S.P.Q.2d (BNA) 1670 (Fed. Cir. 1990) (en banc). This liberal interpretation of the well-pleaded complaint rule continued, with the Federal Circuit assuming jurisdiction in *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*, over an appeal in which the only patent issues had been raised in counterclaims. 13 F.App'x 961 (Fed. Cir. 2001). The Supreme Court vacated the Federal Circuit's order, holding that the case fell outside the limits of the Federal Circuit's appellate jurisdiction. *See Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 832-33 (2002) (stating that § 1295(a)(1) and § 1338(a) do not confer "exclusive appellate jurisdiction" to the Federal Circuit whenever a patent-law counterclaim arises); *see also infra* notes 73-80 and accompanying text.

25. *Christianson III*, 486 U.S. at 808 (citing *Franchise Tax Bd. of Cal. v. Constr. Laborers Vacation Trust*, 463 U.S. 1, 27-28 (1983)).

26. *See id.* at 818 ("Our agreement with the Federal Circuit's conclusion that it lacked jurisdiction compels us to disapprove of its decision to reach the merits anyway 'in the interest of justice.'").

B. *From Christianson through Markman*

During this period, from 1989 through 1996, the Supreme Court heard an additional four Federal Circuit patent cases, ending with *Markman*.<sup>27</sup>

In 1990, the Court decided *Eli Lilly & Co. v. Medtronic, Inc.*,<sup>28</sup> where it affirmed the Federal Circuit's construction of ambiguous language in 35 U.S.C. § 271(e)(1).<sup>29</sup> That section rendered noninfringing the testing and marketing of "a patented *invention* . . . solely for uses reasonably related to the development and submission of information under a *Federal law* which regulates the manufacture, use, or sale of *drugs* . . ."<sup>30</sup> The issue was whether the safe harbor provision could apply to a non-drug invention if the "Federal law" contained (1) some provisions that "relate[d] to the development and submission of information" regarding the non-drug invention and (2) other provisions that "regulate[] the manufacture, use, or sale of *drugs*."<sup>31</sup> The Supreme Court agreed with the Federal Circuit that § 271(e)(1) could apply. Fifteen years later, the Supreme Court would revisit § 271(e)(1), in *Merck KGaA v. Integra Lifesciences I, Ltd.*,<sup>32</sup> which is discussed below.

In 1993, in *Cardinal Chemical Co. v. Morton International*,<sup>33</sup> the Supreme Court vacated the judgment of the Federal Circuit and held that where we affirm a judgment of non-infringement, we retain jurisdiction to review district courts' declaratory judgments on patent invalidity *vel non*.<sup>34</sup> Moreover, it held that we cannot routinely refuse, as a matter of policy, to exercise this jurisdiction.<sup>35</sup> In 1995, the Supreme Court decided *Asgrow Seed Co. v. Winterboer*,<sup>36</sup> once again reversing the Federal Circuit and construing an ambiguous provision of the Plant Variety Protection Act to limit the sale of protected seed for reproductive purposes to what farmers would have needed to use to replant their own acreage.<sup>37</sup> Then in 1996, the Court decided

27. See *infra* notes 28-39 and accompanying text (discussing cases).

28. 496 U.S. 661 (1990), *aff'g* 872 F.2d 402, 10 U.S.P.Q.2d (BNA) 1304 (Fed. Cir. 1989).

29. *Id.* at 661-62.

30. Drug Price Competition and Patent Term Restoration Act of 1984, Pub. L. No. 98-417, § 202, 98 Stat. 1585 (emphasis added) (codified as amended at 35 U.S.C. § 271(e)(1) (2000)).

31. *Id.* (emphasis added).

32. 125 S. Ct. 2372, 2384 (2005); see *infra* text accompanying notes 121-129.

33. 508 U.S. 83 (1993), *vacating* 959 F.2d 948, 22 U.S.P.Q.2d (BNA) 1231 (Fed. Cir. 1992).

34. *Id.* at 83-85.

35. *Id.* at 97.

36. 513 U.S. 179 (1995), *rev'g* 982 F.2d 486, 25 U.S.P.Q.2d (BNA) 1202 (Fed. Cir. 1992).

37. *Id.* at 190-91.

*Markman*, in which it affirmed the judgment of the Federal Circuit and held that claim construction was a matter for the court and not for the jury.<sup>38</sup> Taking the matter from the jury, moreover, did not violate the Seventh Amendment.<sup>39</sup>

At around the time of *Markman*, the Supreme Court appears to have begun to review Federal Circuit patent cases with increasing frequency, hearing almost three times as many patent cases after *Markman* than before.<sup>40</sup> The following section outlines this period of increasing Supreme Court interest in our patent law jurisprudence, including the Supreme Court's increasing involvement with the "mechanics" of the patent law.

C. *Post-Markman, through the Supreme Court's 2003 Term*

In the years that followed *Markman*, the Supreme Court became increasingly engaged in the "nuts and bolts" of Title 35. Moreover, its involvement in one case often gave rise to its later involvement in another. For example, the Court's decision in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*<sup>41</sup> led to its involvement in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*<sup>42</sup> We discuss both of these cases below.

In *Warner-Jenkinson*, decided in 1997, the Supreme Court tackled the issue of how and when claim amendments made during prosecution can give rise to prosecution history estoppel in the application of the doctrine of equivalents.<sup>43</sup> In explaining its interest in the case, the Supreme Court noted "significant disagreement" within the Federal Circuit regarding the proper application of the doctrine of equivalents,<sup>44</sup> which the Supreme Court had last visited in 1950 in *Graver Tank & Manufacturing Co. v. Linde Air Products Co.*<sup>45</sup>

Reversing the Federal Circuit, the *Warner-Jenkinson* Court held that the addition of a claim limitation during patent prosecution did not

38. 517 U.S. 370 (1996), *aff'g* 52 F.3d 967, 34 U.S.P.Q.2d (BNA) 1321 (Fed. Cir. 1995).

39. *Id.* at 384.

40. Compare cases cited in Part I.A-B *supra* (excluding *Markman*), with cases cited in Part I.C *infra*.

41. 520 U.S. 17 (1997), *rev'g* 62 F.3d 1512, 35 U.S.P.Q.2d (BNA) 1641 (Fed. Cir. 1995).

42. 535 U.S. 722 (2002), *rev'g* 234 F.3d 558, 56 U.S.P.Q.2d (BNA) 1865 (Fed. Cir. 2000) (en banc).

43. See generally *Warner-Jenkinson v. Hilton Davis Chem. Co.*, 520 U.S. 17 (1997) (holding that the doctrine of equivalents is not inconsistent with Congress's 1952 revision of the Patent Act and is therefore still applicable).

44. *Id.* at 21; see also *infra* note 159 (discussing the need for consistency in the application of judicial doctrines in order to promote uniformity and avoid confusion).

45. 339 U.S. 605 (1950).

necessarily preclude application of the doctrine of equivalents.<sup>46</sup> However, such an amendment, made for an unknown reason, would give rise to a presumption that the amendment was made for a “substantial reason related to patentability.”<sup>47</sup> It also held that the determination of equivalence is an objective inquiry that is to be determined on an element by element basis,<sup>48</sup> although there is some flexibility in the particular linguistic framework that is used.<sup>49</sup>

The Supreme Court remanded *Warner-Jenkinson* to us for further proceedings consistent with its opinion. It also remanded three additional cases in view of *Warner-Jenkinson*. One of those cases was *Festo Corp. v. SMC Corp.*<sup>50</sup> After we heard the remanded *Festo* case en banc, the Supreme Court then granted certiorari.<sup>51</sup> *Festo* is described below in greater detail.<sup>52</sup>

In 1998, the Supreme Court decided *Pfaff v. Wells Electronics*,<sup>53</sup> where it once again dealt with the essentials of patent law, here an interpretation of the on-sale bar.<sup>54</sup> The Court explained that it was granting certiorari in part because of a split between the Federal Circuit and the regional circuits.<sup>55</sup> (As an aside, this regional circuit law happened to pre-date the creation of the Federal Circuit.) The Court affirmed the judgment of the Federal Circuit, holding that in order for the sale (or an offer of sale) of an invention to trigger the on-sale patentability bar, the invention needs either to be reduced to practice or described with enabling specificity.<sup>56</sup>

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46. *Warner-Jenkinson*, 520 U.S. at 40-41.

47. *Id.* at 33 (“[I]f the patent-holder demonstrates that an amendment required during prosecution had a purpose unrelated to patentability, a court must consider that purpose in order to decide whether an estoppel is precluded. Where the patent-holder is unable to establish such a purpose, a court should presume that the purpose behind the required amendment is such that prosecution history estoppel would apply.”).

48. *Id.* at 40.

49. *Id.* at 39-40.

50. *Shoketsu Kinzoku Kogyo Kabushiki Co. v. Festo Corp.*, 520 U.S. 1111 (1997). The other two cases were *Honeywell, Inc. v. Litton Systems*, 520 U.S. 1111 (1997), and *United States v. Hughes Aircraft Co.*, 520 U.S. 1183 (1997).

51. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558, 56 U.S.P.Q.2d (BNA) 1865 (Fed. Cir. 2000) (en banc), *cert. granted*, 533 U.S. 915 (2001).

52. See *infra* text accompanying notes 83-93.

53. 525 U.S. 55 (1998), *aff'g* 124 F.3d 1429, 43 U.S.P.Q.2d (BNA) 1928 (Fed. Cir. 1997).

54. See 35 U.S.C. § 102(b) (2000) (on-sale bar).

55. See *Pfaff*, 525 U.S. at 60 (citing *Timely Prods. Corp. v. Arron*, 523 F.2d 288, 299-302 (2d Cir. 1975); *Dart Indus., Inc. v. E.I. Du Pont de Nemours & Co.*, 489 F.2d 1359, 1365 n.11, 585 U.S.P.Q.2d (BNA) 392, 397 n.11 (7th Cir. 1973)) (granting certiorari because of a conflict with the regional circuits’ pre-Federal Circuit case law).

56. *Id.* at 67-69.

In 1999, in *Dickinson v. Zurko*,<sup>57</sup> the Supreme Court reversed an en banc decision of the Federal Circuit, which had held that the standards of the Administrative Procedure Act did not apply to its review of Patent and Trademark Office (“PTO”) decisions.<sup>58</sup> The Supreme Court noted that there had been considerable controversy about the issue within the Federal Circuit, as well as between the Federal Circuit and the Commissioner of the PTO, and that the Federal Circuit had decided to hear the case en banc “hoping definitively to resolve” the controversy.<sup>59</sup>

Decided at almost the same time as *Zurko* was *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*.<sup>60</sup> While *Florida Prepaid*, like *Zurko*, did not address the “essentials” of the patent law, it did address the fundamentals of state sovereign immunity and states’ vulnerability to suit for the infringement of intellectual property rights.<sup>61</sup> The Court reversed the Federal Circuit, holding that because the involved patent statute was not passed pursuant to the remedial powers clause of the Fourteenth Amendment, the legislation had not abrogated the state’s sovereign immunity from suit.<sup>62</sup>

In reaching that conclusion, the Court reasoned that Congress could not abrogate state sovereign immunity unless state infringement remedies were inadequate to protect patentees, who would therefore suffer a deprivation of property without due process of law.<sup>63</sup> The Court observed, that “Congress, however, barely considered the availability of state remedies . . . .”<sup>64</sup>

The majority in *Florida Prepaid* noted that “[t]he need for uniformity in the construction of patent law is undoubtedly important,” but considered it to be an irrelevant “factor which belongs to the Article I patent-power calculus, rather than to any determination of whether a state plea of sovereign immunity deprives a patentee of property without due process of law.”<sup>65</sup> The dissent vigorously disagreed, characterizing the “Article I patent-power

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57. 527 U.S. 150 (1999), *rev’g* 142 F.3d 1447, 46 U.S.P.Q.2d (BNA) 1691 (Fed. Cir. 1998) (en banc).

58. *Id.* at 153.

59. *Id.*

60. 527 U.S. 627 (1999), *rev’g* 148 F.3d 1343, 47 U.S.P.Q.2d (BNA) 1161 (Fed. Cir. 1998).

61. *Id.* at 627-28.

62. *Id.* at 647.

63. *See id.* at 643 (“[O]nly where the State provides no remedy, or only inadequate remedies, to injured patent owners for its infringement of their patent could a deprivation of property without due process result.”).

64. *Id.*

65. *Id.* at 645.

calculus” as “directly relevant to this case because it establishes the constitutionality of the congressional decision to vest exclusive jurisdiction over patent infringement cases in the federal courts[,] . . . [a] decision [that] was unquestionably appropriate.”<sup>66</sup> The dissent reasoned that “it was equally appropriate for Congress to abrogate state sovereign immunity in patent infringement cases in order to close a potential loophole in the uniform federal scheme . . . .”<sup>67</sup> Of course, when patentees seek remedies in the state courts, rather than in the federal district courts, we do not have jurisdiction over their appeals. Therefore, the Supreme Court would bear the direct burden of policing the consistency of state courts’ application of the patent laws.

In 2001, the Supreme Court took the opportunity to review the scope of 35 U.S.C. § 101, specifically with regard to whether or not plant life is patentable under the Patent Act. In *J.E.M. AG Supply v. Pioneer Hi-Bred International*,<sup>68</sup> the central issue was whether Congress, in passing the Plant Patent Act and the Plant Variety Protection Act was providing an exclusive means of plant protection.<sup>69</sup> Affirming the judgment of the Federal Circuit, the Court held that developed plant breeds were still covered by section 101.<sup>70</sup> This conclusion, stated the Court, was consistent with its 1980 decision in *Diamond v. Chakrabarty*,<sup>71</sup> in which it had broadly interpreted section 101.<sup>72</sup>

In *Holmes Group, Inc. v. Vornado Air Circulation Systems*,<sup>73</sup> the Supreme Court vacated an order issued by the Federal Circuit in a case where the patent law issues appeared only in counterclaims.<sup>74</sup> In so doing, the Court applied the well-pleaded complaint rule, as articulated in *Christianson v. Colt Operating Industries*<sup>75</sup> to deny Federal Circuit jurisdiction based solely on patent law counterclaims.<sup>76</sup> It

66. *Id.* at 652 (Stevens, J., dissenting).

67. *Id.*

68. 534 U.S. 124 (2001), *aff'g* 200 F.3d 1374, 53 U.S.P.Q.2d (BNA) 1440 (Fed. Cir. 2000) (involving the infringement of rights granted pursuant to the Patent and Plant Protection Remedy Clarification Act, Pub. L. No. 102-560, 106 Stat. 4230 (1992)).

69. *Id.*

70. *Id.* at 127.

71. 447 U.S. 303 (1980).

72. *Pioneer Hi-Bred Int'l*, 534 U.S. at 131 (“[I]n approaching the question presented by this case, we are mindful that this Court has already spoken clearly concerning the broad scope and applicability of § 101.” (citing *Chakrabarty*, 447 U.S. 303)).

73. 535 U.S. 826 (2002).

74. *Id.* at 834.

75. 486 U.S. 800 (1988); *see supra* Part I.A.

76. *Vornado*, 535 U.S. at 831. The Court acknowledged that *Christianson III* had not directly decided the issue, as that case had dealt with jurisdiction based on patent law defenses, rather than counterclaims. *Id.* at 830-31.

opined that it “declined to transform the longstanding well-pleaded-complaint rule into the ‘well-pleaded-complaint-or-counterclaim rule’ . . . .”<sup>77</sup> Concurring, Justice Stevens commented on the potential benefits of having the regional circuits decide some patent cases, thereby competing with the Federal Circuit in its development of the patent law:

But we have already decided that the Federal Circuit does not have exclusive jurisdiction over all cases raising patent issues. *Christianson*, 486 U.S. at 811-812. Necessarily, therefore, 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.<sup>78</sup>

The Court in *Vornado*, however, did not decide whether or not the regional circuits should apply Federal Circuit law when they hear patent cases.<sup>79</sup> Some commentators have expressed concern that if the regional circuits do not defer to the Federal Circuit’s interpretation of the patent laws, then this will jeopardize the nationwide uniformity that Congress sought to achieve in creating the Federal Circuit.<sup>80</sup> Additionally, in a footnote to *Unitherm Food Systems v. Swift-Eckrich, Inc.*,<sup>81</sup> the Federal Circuit offered the following assessment in an antitrust case that included patent law counterclaims:

[A]ntitrust claims met with counterclaims of infringement may not come before the United States Court of Appeals for the Federal Circuit. If the resolution of the dispute rests, in part, upon a determination of whether or not a patentee’s behavior stripped it of its antitrust exemption, the appellate court hearing the matter will have to decide whether to apply Federal Circuit law or risk disturbing Congress’s goal of ensuring patent-law uniformity, by applying its own law.<sup>82</sup>

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77. *Id.* at 832.

78. *Id.* at 838-39 (Stevens, J., concurring) (emphasis added).

79. See Larry D. Thompson, Jr., *Adrift on a Sea of Uncertainty: Preserving Uniformity in Patent Law Post-Vornado Through Deference to the Federal Circuit*, 92 GEO. L.J. 523, 572 (2004) (arguing that while “*Vornado* did not, . . . resolve the second question—what law [the regional circuits] should apply to patent claims” the rule of no deference potentially does).

80. See, e.g., *id.* at 569 (articulating that lack of deference to the Federal Circuit could lead to intercircuit conflicts and forum shopping).

81. 375 F.3d 1341, 71 U.S.P.Q.2d (BNA) 1705 (Fed. Cir. 2004), *rev’d on other grounds*, 126 S. Ct. 980 (2006).

82. *Id.* at 1355-56 n.3, 71 U.S.P.Q.2d (BNA) at 1724 n.3.

In 2002, the Supreme Court decided *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*,<sup>83</sup> again delving into the issue of the appropriate scope of prosecution history estoppel. This time it had to deal with uncertainties created by its *Warner-Jenkinson* decision,<sup>84</sup> namely regarding what kinds of amendments could give rise to prosecution history estoppel,<sup>85</sup> and if there was estoppel, whether it completely, or only partially, barred the application of the doctrine of equivalents.<sup>86</sup> Hearing *Festo* en banc in 2000, the Federal Circuit had held (1) that any kind of narrowing amendment related to patentability, and not just those made to overcome prior art, could serve as a bar<sup>87</sup> and (2) that such a bar was complete, thus altogether preventing the application of the doctrine of equivalents to that element.<sup>88</sup> The Supreme Court affirmed on the first holding.<sup>89</sup> The Court, however, noted the considerable dissent amongst the Federal Circuit judges on the second holding.<sup>90</sup> It also noted that the Federal Circuit was making a break from its own prior case law.<sup>91</sup> The Supreme Court

83. 535 U.S. 722 (2002), *vacating* 234 F.3d 558, 56 U.S.P.Q.2d (BNA) 1865 (Fed. Cir. 2000) (en banc).

84. *Warner-Jenkinson v. Hilton Davis Chem. Co.*, 520 U.S. 17, 40-41 (1997); *see supra* notes 43-52 and accompanying text (discussing the application of a flexible-bar rule).

85. *See Warner-Jenkinson*, 520 U.S. at 17 (holding that “if the patent-holder demonstrates that an amendment required during prosecution had a purpose unrelated to patentability, a court must consider that purpose in order to decide whether an estoppel is precluded”).

86. *See Festo*, 535 U.S. at 738 (Ginsberg, J. and Kennedy, J., concurring) (“[W]e have consistently applied the doctrine in a flexible way, not a rigid one. We have considered what equivalents were surrendered during the prosecution of the patent, rather than imposing a complete bar that resorts to the very literalism the equivalents rule is designed to overcome.”).

The Court of Appeals ignored the guidance of *Warner-Jenkinson*, which instructed that courts must be cautious before adopting changes that disrupt the settled expectations of the inventing community. *See id.* at 737-40 (stating that *Warner-Jenkinson* did not provide a basis for the Court of Appeals’ adoption of a complete bar rule).

87. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558, 566, 56 U.S.P.Q.2d (BNA) 1865, 1870 (Fed. Cir. 2000) (en banc).

88. *See id.* at 569, 56 U.S.P.Q.2d (BNA) at 1872 (“When a claim amendment creates prosecution history estoppel with regard to a claim element, there is no range of equivalents available for the amended claim element. Application of the doctrine of equivalents to the claim element is completely barred (a ‘complete bar’).”). Similarly, the Federal Circuit held that when no explanation for a claim amendment is established, thereby giving rise to the *Warner-Jenkinson* presumption of prosecution history estoppel “no range of equivalents is available for the claim element so amended.” *Id.* at 578, 56 U.S.P.Q.2d (BNA) at 1880.

89. *See Festo*, 535 U.S. at 736 (“We agree with the Court of Appeals that a narrowing amendment made to satisfy any requirement of the Patent Act may give rise to an estoppel.”).

90. *Id.* at 723.

91. *Id.* at 730 (

[C]ontroversial in the Court of Appeals was its . . . holding [that w]hen estoppel applies, it stands as a complete bar against any claim of equivalence

therefore vacated the judgment of the Federal Circuit, and imposed a flexible-bar rule.<sup>92</sup> The Court explained that just because an inventor amends an application, and thereby constructively “concede[s] that the patent does not extend as far as the original claim[, i]t does not follow . . . that the amended claim becomes so perfect in its description that no one could devise an equivalent.”<sup>93</sup>

*D. Review of the Supreme Court’s October 2004 and 2005 Terms:  
All Federal Circuit Cases*

As we mentioned in the introduction, in the last two years alone, we have seen the Supreme Court hear a total of six of our cases, four of which were patent-related. We wish to describe those cases here, in varying levels of detail. We start with the non-patent cases, as in number, if not also in importance, they dominate the Federal Circuit docket.<sup>94</sup> We then discuss two patent cases that the Supreme Court has recently decided,<sup>95</sup> and conclude with another two that the Court recently heard but has not yet decided as of this writing.<sup>96</sup>

*1. Recent non-patent cases from the Federal Circuit: Indian rights and motions practice*

The majority of the Federal Circuit’s docket is not patent-related. Moreover, as we mentioned above, the total number of cases from this Circuit in which the Supreme Court has granted certiorari has remained relatively constant over the years.<sup>97</sup> While in this Article we have focused on tracing the history of, and outlining a possible trend in, the Supreme Court’s review of our patent cases, we do not wish to

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for the element that was amended. The court acknowledged that its own prior case law did not go so far. Previous decisions had held that prosecution history estoppel constituted a flexible bar . . . [t]he court concluded, however, that the . . . flexible-bar rule should be overruled because this case-by-case approach has proved unworkable.

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92. *See id.* at 737 (indicating that flexibility provided the proper balance for the needs of the patentee).

93. *Id.* at 738. More specifically, the Court created three exceptions:

There is no reason why a narrowing amendment should be deemed to relinquish equivalents unforeseeable at the time of the amendment . . . [or] that have only a peripheral relation to the reason the amendment was submitted . . . or there may be some other reason suggesting that the patentee could not reasonably be expected to have described the insubstantial substitute in question.

*Id.* at 738-41.

94. *See infra* Part I.D.1.

95. *See infra* Part I.D.2.

96. *See infra* Part I.D.3.

97. *See supra* text accompanying note 1 (indicating that the Supreme Court has granted certiorari over a mere fifty-two Federal Circuit cases since 1982).

ignore the enduring consistency with which the rest of our docket has been reviewed on certiorari. Here, to illustrate the breadth of issues that the Supreme Court hears on certiorari to our court, we briefly discuss the Supreme Court's decisions in its last two non-patent cases from our court.

*a. Indian rights*

In *Cherokee Nation of Oklahoma v. Leavitt*,<sup>98</sup> the Supreme Court resolved a split between the Federal Circuit and the Tenth Circuit<sup>99</sup> on the extent of the federal government's responsibility to honor contracts with Native American Nations, entered into pursuant to the Indian Self-Determination and Education Assistance Act.<sup>100</sup> In *Thompson v. Cherokee Nation of Oklahoma*,<sup>101</sup> the Federal Circuit had held the federal government accountable for its contractual obligations,<sup>102</sup> but in a related case, the Tenth Circuit had held otherwise.<sup>103</sup> The Supreme Court unanimously<sup>104</sup> affirmed our judgment in *Cherokee Nation*, reversing the contrary decision of the Tenth Circuit and holding that the Secretary of Health and Human Services had breached its contract with Cherokee Nation.<sup>105</sup>

The facts were as follows. Pursuant to the Indian Self-Determination Amendments of 1988,<sup>106</sup> Cherokee Nation had entered into a contract with the government, wherein the government had promised to fund, and the Nation had promised to

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98. 543 U.S. 631 (2005).

99. In fact, the Supreme Court granted certiorari "[i]n light of the identical nature of the claims in the two cases and the opposite results that the two Courts of Appeals have reached . . ." *Id.* at 636.

100. This case came to us as an appeal from the Department of Interior, Board of Contract Appeals. We had jurisdiction pursuant to 28 U.S.C. § 1295(a)(10) (2000), which grants jurisdiction "of an appeal from a final decision of an agency board of contract appeals pursuant to section 8(g)(1) of the Contract Disputes Act of 1978 . . ." In contrast, the related action was brought in district court pursuant to 25 U.S.C. § 450m-1(a) (2000), which authorizes district courts to exercise jurisdiction over civil actions brought under the Indian Self-Determination Act and to order appropriate relief. *See Cherokee Nation of Okla. v. United States*, 190 F. Supp. 2d 1248, 1254 (E.D. Okla. 2001).

101. 334 F.3d 1075 (Fed. Cir. 2003).

102. *See id.* at 1079 (concluding that since there were available appropriations, the Secretary of Health and Human Services had a statutory obligation to make the payments).

103. *See Cherokee Nation of Okla. v. Thompson*, 311 F.3d 1054, 1064-65 (10th Cir. 2002) (holding that insufficient congressional appropriations did not amount to a contractual breach).

104. *Cherokee Nation of Okla. v. Leavitt*, 543 U.S. 631, 647 (2005) (Rehnquist, C.J., did not participate).

105. *Id.*

106. Indian Self-Determination Amendments of 1988, Pub. L. No. 100-472, 102 Stat. 2285 (codified as amended at 25 U.S.C. §§ 450-450n (1988)).

supply, various services, namely tribal health services.<sup>107</sup> These were services that the government would have otherwise both funded and supplied; and the purpose of the Act was to foster Indian self-determination through the tribal administration of federally funded programs.<sup>108</sup> As with other contracts entered into pursuant to the Act, Cherokee Nation's contract contained government promises to pay not only for the direct costs of the program, but also for the indirect costs, such as administrative expenses and other "contract support costs."<sup>109</sup> The government, however, failed to provide funding for these indirect costs.<sup>110</sup>

In its defense, the government advanced several arguments, each of which the Supreme Court found to be unconvincing. The Court rejected, for example, its argument that government contracts made with Indian Nations pursuant to the Act were of a "unique, government-to-government nature" and were therefore not as legally binding as a "standard government procurement contract[]." <sup>111</sup>

Next, the government argued that it was excused from its obligations to Cherokee Nation because deficient appropriations had left it with insufficient funds to immediately and simultaneously satisfy all of its obligations to all of the Indian tribes. It pointed to a contract proviso, stating that "[n]otwithstanding any other provision in this subchapter, the provision of funds . . . is [1] subject to the availability of appropriations and the Secretary [2] is not required to reduce funding [to one] tribe to make funds available to another . . ." <sup>112</sup> The Court rejected this argument, however, observing that the agency possessed sufficient unrestricted funds to satisfy its obligations to Cherokee Nation, even though it may have earmarked those funds for other uses. <sup>113</sup>

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107. See *Cherokee Nation of Okla.*, 543 U.S. at 634-35 (citing 25 U.S.C. §§ 450f(a), 450a(b)).

108. *Id.* at 639.

109. *Id.* at 635 (citing § 450j-1).

110. *Id.* at 631.

111. According to the government, if a tribe chooses to "ste[p] into the shoes of a federal agency, the law should treat it like an agency; and an agency enjoys no legal entitlement to receive promised amounts from Congress." *Id.* at 638 (internal quotations omitted). The Court explained that the Act characterized such agreements as not being procurement contracts solely to circumvent formal procurement burdens and not to imply that they were not legally binding. See *id.* at 640.

112. *Id.* at 640-41 (quoting § 450j-1(b)).

113. *Id.* at 641.

*b. Motions practice*

The other non-patent case to which the Supreme Court granted certiorari in its last two terms was *Unitherm Food Systems v. Swift-Eckrich, Inc.*,<sup>114</sup> a case involving pre-verdict motions.<sup>115</sup> The respondent in that case had filed a Rule 50(a) motion for (pre-verdict) judgment as a matter of law but had failed to renew the motion after the verdict, pursuant to Rule 50(b).<sup>116</sup>

The Federal Circuit was bound to apply Tenth Circuit law, under which a failure to file a post-verdict motion did not prevent a party from appealing the sufficiency of the evidence as long as it had properly filed a pre-verdict motion.<sup>117</sup> A failure to file a post-verdict motion did, however, bar an outright reversal on appeal, so that a new trial was the only potentially-available remedy.<sup>118</sup> Finding the evidence to be insufficient to support the verdict, the Federal Circuit therefore remanded the case for a new trial.<sup>119</sup> The Supreme Court reversed, holding that where a party fails to file a post-verdict (Rule 50(b)) motion, appellate courts lack the authority to consider the sufficiency of the evidence.<sup>120</sup>

2. *Recent patent cases*

In *Merck KGaA v. Integra Lifesciences I*,<sup>121</sup> decided June 13, 2005, the Supreme Court unanimously held that the “safe harbor” provisions of 35 U.S.C. § 271(e)(1) permit the use of patented compounds in preclinical studies, where the studies are reasonably expected to produce information relevant to filing for FDA approval.<sup>122</sup> Section 271(e)(1) provides an experimental use and testing exemption that is applicable when use of the patented compound is “reasonably related to the development and submission of information under a Federal law which regulates the . . . use . . . of drugs.”<sup>123</sup> The issue in *Merck* was how broadly to construe this safe harbor provision.<sup>124</sup> The patentee, Integra, had argued that it should not protect Merck’s otherwise

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114. 126 S. Ct. 980 (2006), *rev'g* 375 F.3d 1341, 1365, 71 U.S.P.Q.2d (BNA) 1705 (Fed. Cir. 2004).

115. *Id.* at 988.

116. FED. R. CIV. P. 50(a)-(b).

117. *Unitherm Food Sys. v. Swift-Eckrich, Inc.*, 375 F.3d 1341, 1365, 71 U.S.P.Q.2d (BNA) 1705, 1723 (Fed. Cir. 2004).

118. *Id.*, 71 U.S.P.Q.2d (BNA) at 1723.

119. *Id.* at 1366-67, 71 U.S.P.Q.2d (BNA) at 1724.

120. *Unitherm Food Sys.*, 126 S. Ct. at 988.

121. 125 S. Ct. 2372 (2005), *vacating* 331 F.3d 860, 66 U.S.P.Q.2d (BNA) 1865 (Fed. Cir. 2003).

122. *Id.* at 2376.

123. 35 U.S.C.A. § 27(e)(1) (2003).

124. *Merck KGaA*, 125 S. Ct. at 2376.

infringing activities because not all of Merck's experiments had culminated in its seeking regulatory approval for a product.<sup>125</sup>

The Federal Circuit agreed with Integra, holding that the statute applied to the use of patented compounds only in late-stage, and not in early-stage, drug development.<sup>126</sup> It reached its decision by considering the goal of § 271(e)(1), namely to "facilitat[e] expedited approval of patented pioneer drugs already on the market."<sup>127</sup> The Federal Circuit opined that:

Extending § 271(e)(1) to embrace all aspects of new drug development activities would ignore its language and context with respect to the 1984 Act in an attempt to exonerate infringing uses only potentially related to information for FDA approval. Moreover, such an extension would not confine the scope of § 271(e)(1) to *de minimis* encroachment on the rights of the patentee. For example, expansion of § 271(e)(1) to include the Scripps-Merck activities would effectively vitiate the exclusive rights of patentees owning biotechnology tool patents.<sup>128</sup>

The Supreme Court reversed:

We decline to read the "reasonable relation" requirement so narrowly as to render § 271(e)(1)'s stated protection of activities leading to FDA approval for all drugs illusory. Properly construed, § 271(e)(1) leaves adequate space for experimentation and failure on the road to regulatory approval: At least where a drugmaker has a reasonable basis for believing that a patented compound may work, through a particular biological process, to produce a particular physiological effect, and uses the compound in research that, if successful, would be appropriate to include in a submission to the FDA, that use is "reasonably related" to the "development and submission of information under . . . Federal law."<sup>129</sup>

It will be interesting to see the impact of the Supreme Court's broad reading of § 271(e)(1).

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125. *Id.* at 2381.

126. *Integra Lifesciences I, Ltd. v. Merck KGaA*, 331 F.3d 860, 866, 66 U.S.P.Q.2d (BNA) 1865, 1869 (Fed. Cir. 2003) (

The focus of the entire exemption is the provision of information to the FDA. Activities that do not directly produce information for the FDA are already straining the relationship to the central purpose of the safe harbor. The term "reasonably" permits some activities that are not themselves the experiments that produce FDA information to qualify as "solely for uses reasonably related" to clinical tests for the FDA.

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127. *Id.* at 867, 66 U.S.P.Q.2d (BNA) at 1870.

128. *Id.*, 66 U.S.P.Q.2d (BNA) at 1870.

129. *Merck KGaA*, 125 S. Ct. at 2383.

The most recent patent case decided by the Supreme Court was *Illinois Tool Works, Inc. v. Independent Ink, Inc.*,<sup>130</sup> a case involving issues of patent misuse and antitrust law.<sup>131</sup> A subsidiary of Illinois Tool Works had required purchasers of its patented printheads to also buy its unpatented ink.<sup>132</sup> The subsidiary's competitor, Independent Ink, alleged that this tying arrangement constituted an antitrust violation.<sup>133</sup> The district court found for Illinois Tool Works, on the grounds that Independent Ink had failed to demonstrate that the tying arrangement had enabled the printhead patentee to raise ink prices above the prevailing market rate.<sup>134</sup>

The Federal Circuit reversed, holding that patents are presumed to convey market power, and the defendant bears the burden of proving otherwise.<sup>135</sup> In so doing it needed to parse several apparently contradictory Supreme Court opinions on the subject. First, the appeals court observed that "[e]arlier Supreme Court cases dealing with tying agreements were extremely hostile to them, whether the case involved intellectual property or other tying products."<sup>136</sup> Second, it acknowledged that later Supreme Court cases, which do not involve statutory intellectual property, did require a showing of market power.<sup>137</sup> Ultimately, however, the Federal Circuit decided the case based on the Supreme Court's intellectual property tying cases—precedent that had never been overruled:

In sum, the Supreme Court cases in this area squarely establish that patent and copyright tying, unlike other tying cases, do not require an affirmative demonstration of market power. Rather, *International Salt* and *Loew's* make clear that the necessary market power to establish a section 1 violation [of the Sherman Act] is presumed. The continued validity of *International Salt* and *Loew's* as binding authority, and the distinction between patent tying and other tying cases that was articulated in *Loew's*, have been consistently reaffirmed by the Court ever since.<sup>138</sup>

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130. 126 S. Ct. 1281 (2006), *vacating* 396 F.3d 1342, 73 U.S.P.Q.2d (BNA) 1705 (Fed. Cir. 2005).

131. *Id.* at 1284.

132. *Id.* at 1285.

133. *Id.*

134. *Indep. Ink, Inc. v. Ill. Tool Works, Inc.*, 396 F.3d 1342, 1344-45, 73 U.S.P.Q.2d (BNA) 1705, 1707 (Fed. Cir. 2005).

135. *Id.* at 1348-49, 73 U.S.P.Q.2d (BNA) at 1709.

136. *Id.* at 1346, 73 U.S.P.Q.2d (BNA) at 1708 (citing *N. Pac. Ry. Co. v. United States*, 356 U.S. 1 (1958); *Standard Oil Co. v. United States*, 337 U.S. 293, 305 (1949); *Int'l Salt Co. v. United States*, 332 U.S. 392 (1947)).

137. *See id.* at 1347, 73 U.S.P.Q.2d (BNA) at 1708 (citing *U.S. Steel Corp. v. Fortner Enter., Inc.*, 429 U.S. 610, 620 (1977)).

138. *Id.* at 1348-49, 73 U.S.P.Q.2d (BNA) at 1709 (citing *United States v. Loew's, Inc.*, 371 U.S. 38 (1962); *Int'l Salt Co.*, 332 U.S. 392).

The Federal Circuit acknowledged the heavy academic criticism of those early cases, but it explained that it was bound to apply them, as “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.”<sup>139</sup>

The Supreme granted certiorari, noting in its opinion the principled analysis of the Federal Circuit, and explaining that it “granted *certiorari* to undertake a fresh examination of the history of both the judicial and legislative appraisals of tying arrangements.”<sup>140</sup> The Supreme Court ultimately vacated the judgment of the Federal Circuit, concluding that:

Congress, the antitrust enforcement agencies, and most economists have all reached the conclusion that a patent does not necessarily confer market power upon the patentee. Today, we reach the same conclusion, and therefore hold that, in all cases involving a tying arrangement, the plaintiff must prove that the defendant has market power in the tying product.<sup>141</sup>

### 3. *Patent cases pending before the Supreme Court*

The Supreme Court recently heard two patent cases in which it had granted certiorari to this Circuit. They are *Metabolite Laboratories, Inc. v. Laboratory Corporation of America Holdings*,<sup>142</sup> argued March 21, 2006, and *MercExchange, L.L.C. v. eBay, Inc.*,<sup>143</sup> argued March 29, 2006. As of this writing, neither of these cases has been decided.

In *Metabolite Labs*, the Supreme Court granted certiorari to determine:

[w]hether a method patent setting forth an indefinite, undescribed, and non-enabling step directing a party simply to “correlat[e]” test results can validly claim a monopoly over a basic scientific relationship used in medical treatment such that any doctor necessarily infringes the patent merely by thinking about the relationship after looking at a test result.<sup>144</sup>

The case involved the construction of a claim to:

[a] method for detecting a deficiency of cobalamin or folate in warm-blooded animals comprising the steps of: [1] assaying a body

139. *Id.* at 1351, 73 U.S.P.Q.2d (BNA) at 1711.

140. Ill. Tool Works Inc. v. Indep. Ink, Inc., 126 S. Ct. 1281, 1285 (2006).

141. *Id.*

142. 70 F.3d 1354, 71 U.S.P.Q.2d (BNA) 1081 (Fed. Cir. 2004), *cert. granted*, 126 S. Ct. 601 (2005) (mem.).

143. 401 F.3d 1323, 74 U.S.P.Q.2d (BNA) 1225 (Fed. Cir. 2005), *cert. granted*, 126 S. Ct. 733 (2005) (mem.).

144. Brief of Petitioner at i, Lab. Corp. of Am. Holdings v. Metabolite Labs., Inc., 126 S. Ct. 601 (2005) (mem.) (No. 04-607).

fluid for an elevated level of total homocysteine; and [2] correlating an elevated level of total homocysteine in said body fluid with a deficiency of cobalamin or folate.<sup>145</sup>

The Federal Circuit adopted the district court's construction of the word "correlating" to mean "to establish a mutual or reciprocal relationship between."<sup>146</sup> The Supreme Court will probably need to determine whether a correlation between two observed natural phenomena can qualify for patent protection, or whether such subject matter is unpatentable.

In *MercExchange*, the Supreme Court granted certiorari to examine "[w]hether th[e] Court should reconsider its precedents, including *Continental Paper Bag Co. v. Eastern Paper Bag Co.*,<sup>147</sup> on when it is appropriate to grant an injunction against a patent infringer."<sup>148</sup> In that case, the Federal Circuit reversed the district court's denial of MercExchange's motion for a permanent injunction against infringement of its patents.<sup>149</sup> The Federal Circuit explained that the routine grant of such injunctions was "longstanding practice"<sup>150</sup> and that it could "see no reason to depart from the general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances."<sup>151</sup> The Supreme Court's decision may help to shape the extent to which patents continue to be viewed as property rights, against the invasion of which injunctive relief is routinely available, as opposed to as contracts, the breach of which leads to mere damages. Deeply embedded in this case is the underlying issue of the extent to which patent incentives and/or economic efficiency will be served by adhering to one remedial regime, the other, or possibly by blending both.

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145. See *Metabolite Labs., Inc. v. Lab. Corp. of Am. Holdings*, 370 F.3d 1354, 1358-59, 71 U.S.P.Q.2d (BNA) 1081, 1084 (Fed. Cir. 2004) (citing U.S. Patent No. 4,940,658, col.11 1:58-65 (filed Nov. 20, 1986)).

146. *Id.* at 1361, 71 U.S.P.Q.2d (BNA) at 1086.

147. 210 U.S. 405 (1908).

148. *eBay Inc. v. MercExchange, L.L.C.*, 126 S. Ct. 733 (2005) (mem.) (citing *Cont'l Paper Bag Co.*, 210 U.S. 405).

149. *MercExchange, L.L.C. v. eBay, Inc.*, 401 F.3d 1323, 1336, 74 U.S.P.Q.2d (BNA) 1225, 1236 (Fed. Cir. 2005).

150. See *id.* at 1338, 74 U.S.P.Q.2d (BNA) at 1237 (quoting *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1246-47, 9 U.S.P.Q.2d (BNA) 1913, 1929 (Fed. Cir. 1989)) ("Because the 'right to exclude recognized in a patent is but the essence of the concept of property,' the general rule is that a permanent injunction will issue once infringement and validity have been adjudged.")

151. *Id.* at 1339, 74 U.S.P.Q.2d (BNA) at 1238.

## II. ARE WE BECOMING THE “NINTH CIRCUIT” OF THE TWENTY-FIRST CENTURY?

The role of the Federal Circuit has always been, of course, somewhat unique. As a national appeals court for various areas of the law, it has served to promote uniformity, principally in patent law, as had been the goal of Congress. One might imagine that the existence of a national intermediate appellate tribunal would, in several ways, reduce the incentive for the Supreme Court to hear patent cases. For example, circuit splits involving the Federal Circuit have traditionally been rare in patent cases,<sup>152</sup> given that the Federal Circuit is by far the principal expounder of the patent law.<sup>153</sup> Because circuit splits draw attention to unsettled areas of the law, we might expect a lower rate of review of this court’s judgments than those of the regional circuits.<sup>154</sup>

Of course, even in the absence of a circuit split, the Supreme Court’s attention might be drawn to a case in which Federal Circuit judges express sharply diverging views on a particular issue.<sup>155</sup> Nevertheless, the Supreme Court might still be relatively less likely to grant certiorari, at least to the extent that the social and economic costs of a substantively “wrong” Federal Circuit decision are not accompanied by costs attendant to a lack of national uniformity per se.<sup>156</sup> Similarly, one might speculate that the Supreme Court might

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152. Note, however, that in *Festo* the Supreme Court granted certiorari to resolve a split between the patent law of the Federal Circuit and that expounded by two regional circuits before the Federal Circuit came into existence. See *supra* note 53 and accompanying text.

153. We say “principal,” rather than “sole” expounder, because our patent jurisdiction has never been entirely exclusive of that of the Circuit Courts. See, e.g., *Christianson III*, 822 F.2d 1544, 1551, 3 U.S.P.Q.2d (BNA) 1241, 1245 (Fed. Cir. 1987). In addition, because of the Supreme Court’s decision in *Vornado*, there is likely to be a significant increase in the number of patent appeals heard in the regional circuits. See *supra* notes 73-80 and accompanying text.

154. See Helen Wilson Nies, *Dissents at the Federal Circuit and Supreme Court Review*, 45 AM. U. L. REV. 1519, 1519 (1996) (

These ‘intercircuit conflicts’ are a frequent trigger for Supreme Court review. When the Supreme Court grants certiorari to resolve an intercircuit conflict, the Court has the benefit of a thoughtful discourse on the conflict in majority opinions. In the areas in which this court exercises exclusive jurisdiction, this traditional type of intercircuit debate cannot arise.

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155. See, e.g., *id.*

156. Conversely, the absence of these “non-uniformity” costs may be more than offset by the fact that the “substantive” costs of a “wrong” decision are felt across the entire country, and not in just one region thereof. See, e.g., *Cardinal Chem. Co. v. Morton Int’l*, 508 U.S. 83, 89 (1993) (“Because the Federal Circuit has exclusive jurisdiction over appeals from all United States District Courts in patent litigation, the rule that it applied in this case, and has been applying regularly . . . is a matter of special importance to the entire Nation. We therefore granted certiorari.” (emphasis added)).

be somewhat more likely to presume the substantive correctness of judgments of a circuit court that is “expert” in a particular area of specialization.<sup>157</sup>

There appears to have been a recent increase, however, in the frequency of Supreme Court review of our decisions, and the explanation for this is not clear. Perhaps the Federal Circuit is, after almost a quarter of a century, reaching the end of its “honeymoon period.”<sup>158</sup> Perhaps the Supreme Court is simply responding to the ever-increasing importance of intellectual property rights by more carefully scrutinizing the substantive patent law, as expounded by the Federal Circuit. Perhaps the Supreme Court perceives that there is more disagreement among the judges on this Circuit than there was in the earlier years of this court.<sup>159</sup> Although only time will tell,

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157. It is not at all clear, however, that this has been the case, particularly not recently. *See, e.g., Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 737-38 (2002) (noting that the Federal Circuit had adopted the flexible-bar rule “[b]ased upon its experience” but disagreeing with its decision for reasons that included, *inter alia*, “respect[] of the real practice before the PTO”).

158. Former Chief Judge of the United States Court of Appeals for the Federal Circuit, Howard T. Markey, once referred to the Federal Circuit, in its early years, as “the probable court of last resort in most of its cases.” Howard T. Markey, *The Federal Circuit and Congressional Intent*, 2 FED. CIR. B.J. 303, 304 (1992).

Similarly, while Congress was debating the creation of the Federal Circuit “former-Solicitor General Erwin Griswold [had] predicted that ‘the Supreme Court would rarely exercise its discretion to review these decisions, since there would be no conflicts, and most of the questions decided . . . would not be worthy of Supreme Court review.’” Richard H. Seamon, *The Provenance of the Federal Courts Improvement Act of 1982*, 71 GEO. WASH. L. REV. 543, 570 (2003) (quoting the *Federal Courts Improvement Act of 1979: Hearings on S. 677 and S. 678 before the Subcomm. on Improvements in Judicial Machinery of the S. Comm. on the Judiciary*, 96th Cong. 48 (1979) (statement of Erwin Griswold, former-Solicitor General)).

159. In characterizing the early years of our court, former Chief Judge Markey wrote that:

[t]he Federal Circuit . . . recognized at the outset that assurance of reliability required the maintenance of a maximum level of uniformity among its own statements of the law. Simply put, a court created to reduce existing conflicts would fail in its mission if its opinion were to create new jurisprudential conflicts.

Markey, *supra* note 158, at 303-04.

However, in 1996, former Chief Judge Nies suggested that judges’ strong dissenting views in several cases—*In re Lockwood*, *Markman*, and *Warner-Jenkinson*—had contributed to their review by the Supreme Court and that dissents were beneficial because they spurred the Supreme Court to settle “intra-circuit” splits that would otherwise be prone to ineffective resolution through rehearings *en banc*. *See* Nies, *supra* note 154, at 1519-20 (explaining that “[j]udges disputing a point more likely will pique the Court’s interest than lawyers disputing a point”). *Id.* at 1520. For example, in *Festo*, the Supreme Court noted:

In four separate opinions, the dissenters argued that the majority’s decision to overrule precedent was contrary to *Warner-Jenkinson* and would unsettle the expectations of many existing patentees. Judge Michel, in his dissent, described in detail how the complete bar required the Court of Appeals to disregard 8 older decisions of this Court, as well as more than 50 of its own cases.

perhaps we are witnessing the beginning of what will become a comprehensive Supreme Court “reform” of this country’s patent law jurisprudence. If so, we can expect the reversal rate of the Federal Circuit to soar. Quite possibly, the Federal Circuit is poised to become the “Ninth Circuit” of the twenty-first century.

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We granted certiorari.  
535 U.S. at 730, *rev'g* 234 F.3d 558, 56 U.S.P.Q.2d (BNA) 1865 (Fed. Cir. 2000) (en banc).