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Lights, Lights, Lights! Finding Light in the Darkness of the Public/Private Patent Debate

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Lights, Lights, Lights! Finding Light in the Darkness of the Public/Private Patent Debate
LIGHTS, LIGHTS, LIGHTS!
FINDING LIGHT IN THE DARKNESS OF THE
PUBLIC/PRIVATE PATENT DEBATE

Loletta Darden*

ABSTRACT

The current debate over whether patent rights are public or private leaves both the patent and business communities stumbling in the dark, looking for answers. More specifically, the current debate focuses on whether challenges to patent validity fall within the public rights exception to Article III adjudication.

When the Framers drafted Article I, Section 8, Clause 8 (the “IP Clause”) of the U.S. Constitution, they empowered Congress to create a Patent System “securing for limited Times to ... Inventors the exclusive Right to their ... Discoveries.” Two key elements of this constitutional directive are: “securing” and “exclusive right.” The Framers, through the Constitution, gave Congress the ability to create a contractual relationship between the government and the most creative members of society — artists and inventors — which led to the creation of private property rights. In exchange for disclosing their creative endeavors, artists and inventors would be granted an exclusive right to their creations for a limited time. The Framers intended this contract to “secure” these rights privately in inventors in the way one holds rights in other private property. For over a century, the Supreme Court has declared patent rights to be private rights in property identical to those held in real property. Now with the recent passage of the Leahy-Smith America Invents Act, particularly inter partes review (“IPR”), Congress has given the government the ability to strip inventors of their private property rights without a trial before an Article III court.

This paper explores three points: (1) IPR, patent validity and the public-private patent rights debate that has allowed the PTO to break the government-inventor contract; (2) the historical origins of U.S. patent rights supporting private rights in patents, particularly patent validity, as private rights; and (3) an alternative review process for addressing the patent quality objectives of IPR that does not trample on constitutional rights.

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INTRODUCTION

In William Shakespeare’s Hamlet, Claudius murdered Hamlet’s father so that he could assume the throne by marrying Hamlet’s mother. Two months after the King’s murder, Claudius marries the Queen, his murdered brother’s wife. Suspecting Claudius’s guilt in the murder, Prince Hamlet stages a play that reenacts the murder. Hamlet’s reenactment morally stirs King Claudius to the point that he runs from the theater screaming, “Give me some light!” followed by his trusted advisor, Polonius, also screaming, “Lights, lights, lights!” The patent community now calls for lights to illuminate the darkness created by recent Court of Appeals for the Federal Circuit (“CAFC”) decisions declaring patent rights “to be primarily public rights” – the validity of which the United States Patent Office (“PTO”) can adjudicate under the American Invents Act (“AIA”).

OVERVIEW OF THE AIA AND INTER PARTES REVIEW

The AIA represents the most significant patent reform since the 1952 Patent Act. In signing the AIA into law, President Obama maintained that the AIA would “speed up the patent process so that innovators and entrepreneurs can turn a new invention into a business as quickly as possible.” Section 6 of the AIA, permits the United States Patent and Trademark Office to adjudicate patent validity through a process called inter partes review (“IPR”), which

1 WILLIAM SHAKESPEARE, HAMLET, act 1, sc 1.
2 WILLIAM SHAKESPEARE, HAMLET, act 2, sc. 2.
3 This paper does not distinguish between validity decided in the process of determining whether a patent meets the statutory requirements for patentability as established by the PTO or in a court proceeding as part of an infringement action. Validity, whether determined as part of PTO process or a court action, determines whether the patent owner is entitled to a patent. Such validity determinations strip a patent owner of vested rights, and are subject to constitutional protections, as I address in this paper. An issue for another day is the standard by which both the PTO and courts determine validity.
4 The Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011). President Obama signed the bill into law on September 16, 2011. The Act has 60-day, 12-month and 18-month effective dates, with September 16, 2012 and March 16, 2013, having the most significant impact on patent application filing and prosecution. The AIA provides for major patent reform, including amendments to the Patent Act outlined in Chapter 35 of the U.S. Code Section 6 (effective date September 16, 2012) of the AIA, 35 U.S. Code Section 311, is the subject of this paper.
6 See supra note 4, at 299-305.
“allows patent challenges to be resolved in-house [at the PTO] through expedited post-grant processes” before administrative law judges. Section 6, according to Congressional records, was intended to facilitate the public’s ability to challenge improperly issued patents.

The AIA also created the Patent Trial and Appeal Board (the “Board”) – previously the Board of Patent Appeals and Interferences – which hears all IPR hearings. These hearings are trial-like proceedings between private parties. Under IPR procedures, anyone other than the patent owner may petition the Board to review the claims of an issued patent to assess whether the invention described in the claims qualifies for patent protection. In other words, the PTO takes a second look at the patent claims to determine whether the claimed invention is indeed patentable, i.e., novel and nonobvious.

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7 This paper addresses utility patents, which apply to processes, machines, articles of manufacture, compositions of matter, or any new and useful improvements thereof. Other types of patent protection exist for designs (the look of a non-functional 2 or 3-dimensional object) and asexually reproduced plants.

8 See supra note 5; see also 35 U.S.C. § 316(c) (2012). IPR is a patent post-grant review that reexamines the claims of a patent for issues of patentability. Post-grant patent review is not new. Congress passed the first post-grant review statute in 1981, permitting ex parte reexamination of an issued patent when there is “a substantial new question of patentability” based on issues of novelty and obviousness. Act of Dec. 12, 1980, Pub. L. No. 96-517, § 1, 94 Stat. 3015, 3015 (codified at 35 U.S.C. §§ 301-307)... Ex parte reexamination is a proceeding between a patent examiner and the patent applicant. In 1999, Congress passed the second post-grant review statute, permitting inter partes reexamination. Act of Nov. 29, 1999, Pub. L. No. 106-113, § 4604, 113 Stat. 1501, 570. The difference between ex parte and inter partes reexamination is that third parties are allowed limited participation in the proceeding. In 2011, the AIA IPR replaced inter partes reexaminations.

9 See H.R. Rep. No. 112-98, at 39 (2011) (noting “a growing sense that questionable patents are too easily obtained and are too difficult to challenge”); Id. at 48 (explaining that the statute seeks to “improve patent quality and restore confidence in the presumption of validity that comes with issued patents”).


11 Id. § 311(a). “Anyone” as expressed in the statute, truly means anyone, as there is no standing requirement. And “according to some observers, experience ‘from only the first few years of IPR proceedings shows that they are frequently utilized by larger competitors to weaken smaller, more innovative ones, as well as by vultures seeking to extract nuisance settlements.’” See Inter Partes Review of Patents: Innovation Issues (July 26, 2017), https://www.everycrsreport.com/reports/R44905.html (citing and quoting Robert N. Schmidt and J. Carl Cecere, MCM Portfolio, LLC v. Hewlett-Packard Co., Brief of Amici Curiae Gary Lauder et al. in Support of Petitioner at 7, MCM Portfolio, LLC v. Hewlett-Packard, Co. 137 S.Ct. 292 (mem.) (2016) (No. 15-1330), http://www.scotusblog.com/wp-content/uploads/2016/06/15-1330-Revised-Amici-Brief-G-Lauder-and-inventors-1.pdf; Id. at 8 (“absence of a discrete set of potential petitioners” reportedly “makes it difficult for inventors and potential investors to adjust their behavior to avoid a potential IPR, as they might do to avoid litigation.”).

must file a petition for IPR review “9 months (sic) after the grant of a patent or issuance of a reissue patent” or if the PTO grants another type of post-grant review, by the termination date of that other post-grant review.\textsuperscript{13} However, where a patent owner has sued a party in federal court for patent infringement, that party must file an IPR petition within one year of the service date of the complaint.\textsuperscript{14}

A finding by the Board in favor of a Petitioner in an IPR results in the cancellation of the challenged patent claims, which effectively revokes any patent rights in those canceled claims and makes the patent invalid and unenforceable as to those canceled claims. Since March 2016, the Board has invalidated nearly 80 percent of the patent claims it has adjudicated through IPR\textsuperscript{15} compared with the federal court invalidation rate of only approximately 29 percent. The high invalidation rate in IPRs points to a need to improve the quality of PTO patent application examination and allowance. The remedy for improving quality is not to trample on patent owners’ constitutional rights by subjecting them to unconstitutional administrative adjudications where the PTO sits as judge, jury, and executioner. Rather, Congress must implement steps, as discussed in Part III, to improve the quality of allowed patent applications by moving administrative challenges to validity (i.e., patentability) to a time before rights vest in the patent owner.

**OVERVIEW OF THE PUBLIC/PRIVATE RIGHTS CONTROVERSY**

The current public versus private patent rights debate centers on whether patent rights are public rights, i.e. rights created by government decree, or fundamental private property rights with their genesis in a constitutional mandate. The current debate distinguishes two key patent rights: infringement and validity. There is no question that a patent owner has a private right of enforcement through an infringement action. The current debate focuses on, instead, whether the patent owner has a private right to a patent’s validity. This paper first addresses where patent validity falls on the spectrum of private versus public right in Part I.

Proponents of the public rights philosophy argue that rights in patent validity (hereinafter “patent rights”) are public rights because federal law creates the right.\textsuperscript{16} That is, the right is “integral to a particular federal government action” -- the passage and enforcement of the Patent

\textsuperscript{13} Id. § 311(c)(1)(2).
\textsuperscript{14} Id. § 315(b).
Act.\textsuperscript{17} According to the brief filed on behalf of the federal respondent in \textit{Oil States Energy Services v. Greene’s Energy Group, LLC}\textsuperscript{18} before the CAFC:

Patents are quintessential public rights. Pursuant to its constitutional authority to “promote the Progress of Science and useful Arts” by establishing a patent system, U.S. Const. Art. I, § 8, Cl. 8, Congress created the USPTO, an agency with “special expertise in evaluating patent applications.” \textit{Kappos v. Hyatt}, 566 U.S. 431, 445 (2012). Congress directed that agency to issue a patent if “it appears that the applicant is entitled to a patent” under standards set by federal law, 35 U.S.C. 131. Patents accordingly confer rights that “exist only by virtue of statute.” \textit{Sears, Roebuck & Co. v. Stiffel Co.}, 376 U.S. 225, 229 n.5 (1964).\textsuperscript{19}

By contrast, a private property right concerns “any matter which, from its nature, is the subject of a suit at the common law or in equity.”\textsuperscript{20} For at least a century, courts have adjudicated patents at common law as forms of property.\textsuperscript{21} Ever since 1856, the Supreme Court has confirmed the status of patent rights as private rights stating that “by the laws of the United States, the rights of a party under a patent are his private property [rights].”\textsuperscript{22} Twenty years later the Supreme Court in \textit{Consolidated Fruit Jar Co. v. Wright} affirmed patent rights status, declaring “a patent for an invention is as much property as a patent for land” because “[t]he right rests on the same foundation

\textsuperscript{17} \textit{Id.} at 490.
\textsuperscript{18} \textit{Oil States Energy Serv. v. Greene’s Energy Grp.} 639 Fed. App’x. 639 (mem.) (Fed. Cir. 2016). The publishers accepted this paper for publication prior to the Supreme Court’s April 24, 2018, decision in \textit{Oil States Energy Services} finding patent rights to be public franchise rights. In a follow-up paper, I will address the practical ramifications of the Court’s decision, including the possible impact on the U.S. Patent system and start-up company financing. In my view, the majority in Oil States missed the mark on several points -- one of which I address here. While “the determination to grant a patent is a ‘matter involving public rights’” as the majority opined, once that patent issues, private rights attach; \textit{See} Evans v. Jordan, 8 F. Cas. 197, 199 (C.C.D. Mass. 1845). Once rights attach, those rights have constitutional significance. For over a century, courts, including the Supreme Court, have held "a patent for an invention [to be] as much property as a patent for land" because "[t]he right rests on the same foundation and is surrounded and protected by the same sanctions." \textit{Consolidated Fruit Jar v. Wright}, 94 U.S. 92, 96 (1876). While patent rights are classified as "personal property" under the Patent Statute (35 U.S.C. §261), not real property, the majority’s decision allows the PTO to strip patentees of their private property rights without a trial before an Article III court.

\textsuperscript{20} \textit{Murray’s Lessee v. Hoboken Land & Improvement Co.}, 59 U.S. 272, 284 (1855).
\textsuperscript{21} \textit{See Davoll v. Brown}, 7 F. Cas. 197, 199 (C.C.D. Mass. 1845).
\textsuperscript{22} \textit{Brown v. Duchesne}, 60 U.S. 183, 197 (1856) (emphasis added).
and is surrounded and protected by the same sanctions.”23 Prior to both Consolidated Fruit Jar and Brown, Chief Justice Marshall writing as a Circuit Judge in Evans v. Jordan24 opined in 1815 that when taken together the patent law and the “[C]onstitution ... give[s] to the inventor, from the moment of invention, an inchoate property right,” which is perfected upon the issuance of the patent.25 Another renowned jurist, Justice Joseph Story, also viewed patent rights as private rights, stating in his opinion in Ex Parte Wood & Brundage26 that:

[t]he securing to inventors of an exclusive right to their inventions, was deemed of so much importance, as a means of promoting the progress of science and the useful arts, that the constitution has expressly delegated to Congress the power to secure such rights to them for a limited period. The inventor has, during this period, a property in his inventions; a property which is often of very great value, and of which the law intended to give him the absolute enjoyment and possession.27

U.S. legal and historical precedent has elevated the patent right to common law status, despite the fact of its statutory origins. Thus, the patent right is entitled to the same protections afforded real property. However, the CAFC in a slew of recent decisions28 declared patent rights to be public rights that the PTO may properly adjudicate instead of an Article III court.29 Although Supreme Court precedent on the issue of what constitutes a public or private right generally is not at all clear,30 historical and legal precedent lean in favor of categorizing patents as private property rights as demonstrated in this paper.

23 Consolidated Fruit Jar v. Wright, 94 U.S. 92, 96 (1876); See supra note 21 (stating “we protect intellectual property, the labors of the mind, ... as much a man’s own, and as much the fruit of his honest industry, as the wheat he cultivates, or the flocks he rears”).
25 Id.
26 Ex Parte Wood & Brundage, 22 U.S. 603 (1824).
27 Id. at 608 (emphasis added).
28 MCM Portfolio v. Hewlett-Packard, 812 F.3d 1284, 1293 (Fed. Cir. 2015), cert. denied, 137 S. Ct. 292 (2016); Cascades Projection v. Epson Am., 864 F.3d 1309 (Fed. Cir. 2017); Oil States Energy Serv. v. Greene’s Energy Grp., 639 Fed. App’x. 639 (mem.) (Fed. Cir. 2016), cert granted, 137 S. Ct. 2239 (mem.) (2017) (the Supreme Court heard arguments on November 27, 2017. In addition to the cases above, this paper will provide an overview of the precedential CAFC case addressing the public rights issue, which is Patlex v. Mosingoff, 758 F.2d 595, 604 (1985)).
29 Id.
30 See supra note 16 at 488.
This paper explores the patent public versus private rights debate in three parts: Part I explores recent CAFC cases finding patent rights to be public rights; Part II explores the history of patent rights protection in the United States beginning with its British antecedents and explores the Founding Fathers’ purpose for including the IP Clause in the Constitution; and Part III explores alternatives for achieving the expressed quality review objectives of the AIA without violating a patent owner’s private rights. This paper does not address the constitutionality of administrative law in allowing administrative adjudications.31

PART I – THE PRIVATE-PUBLIC PATENT RIGHTS DEBATE

A. From the PTO to the CAFC

1. Background on the Patent Application Process

The process of obtaining a patent informs how a patent owner obtains rights in enforcement and validity. To obtain patent protection in the United States, one must submit an application to the PTO describing how to make and use the invention as well as providing a set of claims that distinctly and specifically describe the invention for which the applicant seeks protection.32 Once the inventor has filed the application, the inventor or his/her assignee may label products and things that embody the invention claimed in the patent application with the notation “patent pending.”33 The label places the public on notice of the inventor/assignee’s pending patent rights.34

To assess whether the claimed invention is entitled to patent protection, the PTO assigns the application to an examiner who conducts a search of the prior art.35 The examiner makes a careful assessment of the invention in view

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34 No rights vest in the inventor/patent applicant at this time. At this point, the label simply places the public on notice of rights that may vest if the application matures into an issued patent. See 35 U.S.C. §§ 287 and 292.
35 35 U.S.C. § 102(a)(1) (defining prior art as any document or activity that publicly discloses the claimed invention before the effective filing date of the patent application.
of the prior art to determine if the claimed invention is indeed novel (new) and not obvious (e.g., would not have been readily apparent to a skilled inventor or designer in the field).\textsuperscript{36} If the application and claims meet the statutory requirements for patentability, the PTO issues a Notice of Allowance, which includes a request to pay the patent issue fee and any publication fees before the PTO issues the patent.\textsuperscript{37} When the patent issues, private rights vest in the patent owner.

Now the question is what rights vest in the patent owner as private rights: both the right of enforcement and rights in validity? Clearly, the right of enforcement vests – the right to exclude others from making, selling, using or importing the patented invention – under both the common law and positive law.\textsuperscript{38} The other key right, patent validity, also has positive law authorization in the language of 35 U.S.C. §282, which declares that “[a] patent shall be presumed valid.”\textsuperscript{39} However, the common law origins of this right are not so apparent. Yet close examination of precedent, both legal and historical, demonstrates that a patent owner has private property rights in patent validity as well. The Supreme Court addressed this issue in\textit{McCormick}, holding that the PTO did not have the right to revoke a patent, e.g., cancel claims based on invalidity.

Patent rights have two points of interest: (1) the public interest in validly issued patents and (2) the private rights interest of the patent owner. Before the vesting of rights, the patent owner has inchoate rights that mature into “property” rights once the patent issues. This vesting of rights theory has been the Supreme Court’s position since as far back as 1898 when it expressly articulated in\textit{McCormick} that rights vest upon patent issuance.\textsuperscript{40} Yet, recent CAFC decisions contradict this view, specifically holding that patent rights are primarily public rights the validity of which may be determined by an

\begin{itemize}
    \item claiming the invention. Exceptions to this definition of prior art are disclosures made 1-year or less before the effective filing date of the claimed invention if (1) the inventor, a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor made the disclosure, or (2) the inventor, joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor had before the disclosure publicly disclosed the subject matter. See 102(b)(1)(A)-(B).
    \item Id.; 35 U.S.C. § 103.
    \item See 35 U.S.C. §271.
    \item See 35 U.S.C. §282.
\end{itemize}

administrative agency after rights have attached.\textsuperscript{41}

How did the CAFC reach this conclusion given Supreme Court precedent going as far back as 1856 holding patent rights to be private rights?\textsuperscript{42} The next section explores the CAFC’s reasoning.

2. \textit{CAFC Precedent Establishing Patent Rights as Public Rights}

The CAFC’s decision in \textit{Patlex Corp. v. Mossingoff}\textsuperscript{43} sets the framework for finding patent rights to be public rights. \textit{Patlex} involved the retroactive application of a patent reexamination statute and accompanying rules to a patent application that issued before enactment of the statute.\textsuperscript{44} Specifically, Appellants argued that the application of the patent reexamination statute to their prior issued patents deprived them of their rights under Article III. The most relevant question raised in \textit{Patlex} relating to the topic of this paper was

Did Gould have vested property or other interests which are protected by the Fifth Amendment, the Seventh Amendment, or Article III, against the retrospective effect of patent reexamination?\textsuperscript{45}

On appeal, the CAFC reasoned that “[t]he legislative history of the reexamination statute makes clear that its purpose is to cure defects in administrative agency action with regard to particular patents and to remedy perceived shortcomings in the system by which patents are issued.”\textsuperscript{46} In other words, the statute allows the PTO to reexamine issued patents that it has reason to believe should have never issued. The CAFC further reasoned that the overriding Congressional purpose in enacting the reexamination statute was entitled to significant weight, and that “Congress did not act in an arbitrary and irrational way to achieve its desired purposes.”\textsuperscript{47} The court, thus, decided that application of the reexamination statute retroactively to the ‘845 patent did not deprive Gould of rights under the Seventh Amendment or Article III of the U.S. Constitution.

\textsuperscript{41} \textit{Id.}; \textit{Oil States Energy Servs. v. Greene’s Energy Grp.}, 639 Fed. App’x. 639 (Fed. Cir. 2016); \textit{see also infra} notes 60, 76 and accompanying text.

\textsuperscript{42} \textit{See supra} note 40 (McCormick Harvesting Mach.).

\textsuperscript{43} \textit{Patlex, Corp. v. Mossinghoff}, 758 F.2d 594, 595 (Fed. Cir. 1985).


\textsuperscript{45} \textit{See supra} note 43 at 598.

\textsuperscript{46} \textit{Id.} at 603.

\textsuperscript{47} \textit{Id.}
Gould argued that the right to jury trial in an Article III court to determine the validity of his patent claims was "part of the bundle of property rights that accompanied the grant of his patents, and thus that the retroactive scope of reexamination worked a prohibited deprivation." Gould also argued that under McCormick Harvesting Machine Co. v. Aultman, he was entitled to an Article III jury trial to assess the validity of his patent claims.

In McCormick, the Supreme Court held that only an Article III court had the power to revoke, cancel, or annul a patent. McCormick involved an issue of patent validity raised as part of a Reissue proceeding. In deciding the case, the Supreme Court found that the original patent claims were not invalid because the reissue statute provided that the surrender [of the original patent] shall take effect upon the issue of the amended patent, ... [and that] until the amended patent shall have been issued the original stand[s] precisely as if a reissue had never been applied for ... and must be returned to the owner upon demand.... If the patentee abandoned his application for reissue, he is entitled to a return of his original patent precisely as it stood when such application was made.

With regard to setting aside vested patent rights, the Supreme Court went on to state, without limiting its reasoning to reissue cases, that --

It has been settled by repeated decisions of this Court that when a patent has received the signature of the Secretary of the Interior, countersigned by the Commissioner of Patents, and has had affixed to it the seal of the Patent Office, it has passed beyond the control and jurisdiction of that office, and is not subject to be revoked or cancelled by the President or any other officer of the government. [internal citations omitted]. It has become the property of the patentee, and as such is entitled to the same legal protection as other property.

The only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever, is vested in the courts of the United States, and not in the department which issued the patent. And in this respect a

48 Id.
50 A Reissue proceeding is one where the patent owner submits the original patent to the PTO to correct errors that occurred during the prosecution.
51 See supra note 49 at 611.
52 See supra note 49 at 610.
patent for an invention stands in the same position and is subject to the same limitations as a patent for a grant of lands. The power to issue either one of these patents comes from Congress, and is vested in the same department.\textsuperscript{55}

In addition to \textit{McCormick}, Gould argued that the Supreme Court’s decision in \textit{Northern Pipeline Construction Co. v. Marathon Pipe Line Co.},\textsuperscript{56} prohibited the assignment of issues traditionally adjudicated by Article III courts to administrative tribunals.\textsuperscript{57} The CAFC reasoned, however, that the rights at issue in \textit{Northern Pipeline} were private rights, as opposed to the public rights at issue in the instant case.\textsuperscript{58} The CFAC so reasoned even though the application of the statute could result in the invalidity of the patent claims — a result that would be inapposite to Supreme Court precedent in \textit{McCormick}.\textsuperscript{59} However, the CAFC went on to distinguish \textit{McCormick}, stating—

We do not read \textit{McCormick Harvesting} as forbidding Congress to authorize reexamination to correct governmental mistakes, even against the will of the patent owner. A defectively examined and therefore erroneously granted patent must yield to the reasonable Congressional purpose of facilitating the correction of governmental mistakes. This Congressional purpose is presumptively correct, and we find that it carries no insult to the Seventh Amendment and Article III.\textsuperscript{60}

The CAFC’s interpretation of \textit{McCormick} in view of \textit{Northern Pipeline} forms the cornerstone of its argument that patent rights are public rights, the adjudication of which Congress may shift to administrative courts.

3. \textit{The CAFC Missed the Point in Interpreting McCormick}

\textsuperscript{55} McCormick Harvesting Machine, Co. v. Aultman, 169 U.S. 606, 609-10 (1898).
\textsuperscript{57} See Patlex Corp. v. Mossinghoff, 758 F.2d 594, 604 (Fed. Cir. 1985) (citing \textit{Northern Pipeline} stating that the Court “refused to uphold the legislative assignment to bankruptcy courts of common law disputes historically adjudicated by Article III courts).
\textsuperscript{58} \textit{Id.} at 604 (explaining that the CAFC reasoned that since the issue in \textit{Patlex} involved a right that could “only be conferred by the government,” making it a public right, so no constitutional violation resulted from the application of the reexamination statute to the ‘845 patent).
\textsuperscript{59} \textit{See id.}
\textsuperscript{60} \textit{Id.} at 604 (Although the CAFC distinguished \textit{McCormick}, it did acknowledge the right to jury trial on validity as part of an infringement action.); \textit{Id.} (A “right to a jury trial on issues of patent validity that may arise in a suit for patent infringement is protected by the Seventh Amendment.” (quoting \textit{Swofford v. B & W, Inc.}, 336 F.2d 406, 409 (5th Cir. 1964), cert. denied, 379 U.S. 962 (1965)). Additionally, although the CAFC approved reexamination in this instance, it is more likely than not that if AIA IPR violates the Constitution, reexamination procedures should also be given a second look.
In reaching the Patlex decision, the CAFC ignores the constitutional issue at play in the case: private property rights. Private rights attached once the patent “received the signature of the Secretary of the Interior, [was] countersigned by the Commissioner of Patents,” and had the seal of the Patent Office affixed to it. What starts out a nascent right ripens into a full-fledged property right upon issuance of the patent, and jurisdiction over the patent’s validity passes “beyond the control and jurisdiction of [the PTO],” leaving the PTO without the right to revoke or cancel it.

Two important principles strip the PTO of jurisdiction once the patent issues. First, Supreme Court precedent dictates that patent rights are analogous to private property rights, deserving of all the protections afforded rights in real property. Second, patent rights have common law antecedents, which move them into the class of things constituting private rights. Since patent rights are subject to suit at common law, they must be treated like other private property, making a determination of their validity subject to only those courts empowered under Article III of the Constitution. So in McCormick, the Supreme Court correctly held that the PTO did not have the power to invalidate a patent, and this would be true even if the PTO had statutory authority to do so as the CAFC later argued in MCM Portfolio.

B. Enter AIA Inter Partes Review

1. MCM Portfolio LLC. v. Hewlett Packard Co.

a. CAFC Analysis

In MCM Portfolio LLC. v. Hewlett Packard Co., the CAFC continued to distinguish McCormick and re-affirmed its Patlex decision. In MCM, Appellant MCM owned U.S. Pat. No. 7,162,549 (“the ‘549 Patent”). The PTAB found the claims of the ‘549 Patent invalid. On appeal, Appellant MCM argued “that inter partes review is unconstitutional because any action

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64 John William Smith, A Compendium of Mercantile Law, 21 Jac. 1 c. 3 (George Morley Dowdeswell 4th ed. 1623); see also infra note 133 and accompanying text.
65 See id.
67 See supra note 62 at 609, 612.
69 Id.
revoking a patent must be tried in an Article III court with the protections of the Seventh Amendment.” Appellant MCM asserted that the “Supreme Court’s decision in McCormick, [citation omitted], bars the PTO from invalidating patents in inter partes review proceedings and that only an Article III court can exercise that authority.” In response, the CAFC reasoned that McCormick involved a case in which the PTO lacked Congressional authority to institute the reissue proceeding, whereas, in Patlex and the instant case (MCM), statutory authority existed for both reexamination and IPR. Specifically, the CAFC stated that --


The CAFC went on to state that --

[t]he patent right "derives from an extensive federal regulatory scheme," Stern, 131 S.Ct. at 2613, and is created by federal law. Congress created the PTO, "an executive agency with specific authority and expertise" in the patent law, Kappos v. Hyatt, * 132 S.Ct. 1690, 1696, 182 L.Ed.2d 704 (2012), and saw powerful reasons to utilize the expertise of the PTO for an important public purpose — to correct the agency's own errors in issuing patents in the first place. Reacting to "a growing sense that questionable patents are too easily obtained and are too difficult to challenge," Congress sought to "provide a more efficient system for challenging patents that should not have issued" and to "establish a more efficient and streamlined

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70 Id. at 1288. (MCM raised virtually the same question that the Supreme Court recently granted cert to hear in Oil States Energy Services. Thus, the reasoning applied here to MCM should also be applied in deciding the question in Oil States Energy Services).
71 See id.
72 Id. at 1288.
73 See id. at 1285, 1289, 1291.
74 Id. at 1289.
75 See id. at 1290-91.
patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs." H.R.Rep. No. 112-98, 2011 U.S.C.C.A.N. 67, 69, at 39-40. There is notably no suggestion that Congress lacked authority to delegate to the PTO the power to issue patents in the first instance. It would be odd indeed if Congress could not authorize the PTO to reconsider its own decisions.

The CAFC went on to hold, based on the preceding reasoning and other reasoning stated in the opinion, that "the inter partes review provisions do not violate Article III."76

b. Comment on CAFC Reasoning in MCM

The CAFC completely ignored the constitutional issue raised in MCM. The court chose to focus instead on the existence of statutory authorization allowing the PTO to conduct IRP adjudications. This, in my view, was erroneous. By focusing on statutory authorization, the CAFC could easily dismiss the constitutional question as a non-issue, which it did. The CAFC’s choice to ignore the constitutional question is a curious one since in Patlex, the court acknowledged the constitutional issue.

2. Cascades Projection LLC v. Epson

The next case to significantly address the public/private debate was Cascades Projection LLC v. Epson.77 Cascades Projection owns U.S. Pat. No. 7,688,347 ("the '347 Patent"). In 2015, Epson America, Inc. ("Epson") and Sony Corp. ("Sony") each separately petitioned the PTO requesting institution of an IPR of the "347 Patent. The Board subsequently instituted both proceedings.

In the Sony proceeding, Cascades Projection argued that Article III prohibited the Board from canceling patents. The Board, in a final written decision in both cases, found certain claims of the '347 Patent to be invalid, and acknowledged that it lacked the authority to rule on constitutional issues.78 Cascades Projection appealed the constitutional question to the CAFC, requesting an initial en banc hearing.79 The court referred the question to the active judges of the CAFC; a plurality of which voted to deny the en banc hearing. Cascades sought a grant of certiorari to the Supreme Court.

76 Id. at 1291.
79 See supra note 77.
which the Court denied. So I will focus on the CAFC denial of the en banc hearing.

In her concurrence in the denial of the en banc hearing before the CAFC, Judge Newman said,

There is, of course, a public interest in the innovation incentive of the patent law, see, e.g., Patlex Corp. v. Mossinghoff, 758 F.2d 594, 604 (Fed. Cir. 1985), but that does not convert a private right into a public right. That is not the question presented by the current debate concerning the America Invents Act.80

Judge Newman’s statement raises two noteworthy points:

(1) She acknowledged that there is a “public interest” in the innovation incentive of the patent law.81 And, in her own words confirmed, that the mere presence of a public interest “does not convert a private right into a public right.”82 I agree 100%. But this conversion of private rights into public rights seems to be the position taken by the CAFC decisions in both Patlex and MCM. Based on previous CAFC decisions, one can only reasonably conclude that the decisions stand for the proposition that patent rights are public rights, at least with respect to the issuance of patents, which means it is perfectly appropriate to have the PTO adjudicate and potentially cancel, revoke or annul vested private property rights in patents.

(2) Judge Newman refers to the issue in Cascades Projection as an Article III issue, not a private/public issue as addressed in Patlex and MCM Portfolio. With all due respect to Judge Newman, although Cascades’ appeal requested review of the PTO’s authority to cancel or annul patents under Article III, implicit in the question raised by Cascades Projection is whether patent rights are private or public. If patents are indeed private rights, the PTO is not qualified under the Constitution to adjudicate IPRs in their present form, and in the words of Circuit Judge Reyna, “the [PTO’s] cancellation of original patent claims must cease.”83 In his concurrence, Judge Dyk recognized the importance of the private right-public right debate:

contrary to the dissents, there is no inconsistency in concluding that patent rights constitute property and that the source of that property right is a public right conferred by federal statute.84

80 See supra note 77 at 1310.
81 Id.
82 Id. (emphasis added).
83 See Cascades Projection LLC v. Epson America, Inc., 864 F.3d 1309, 1326 (Fed. Cir. 2017) (Reyna, J., dissenting); see also id. at 1312 (O’Malley, J., dissenting) (“The Supreme Court has explained that "public rights" may be assigned to a non-Article III forum for resolution without violating the Constitution, but that core private rights are only subject to adjudication in Article III courts. Stern v. Marshall, 564 U.S. 462, 484-86 (2011).”)
84 See id. at 1312 (Fed. Cir. 2017) (Dyk, J., concurring) (first citing O’Malley, J., dissenting
Judge O’Malley, likewise, found that the current debate focuses whether patent rights are private or public rights:

In *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284 (Fed. Cir. 2015), a panel of this court stated that "patent rights are public rights." *Id.* at 1293. We did so in the context of rejecting a constitutional challenge to inter partes review ("IPR") ... 85

By characterizing a patent as a public right, therefore, the panel in *MCM* was able to conclude that patent validity is ‘susceptible to review by an administrative agency’—in other words, that IPR proceedings do not violate the Constitution. 86

In denying the en banc hearing, Judge Dyk wrote on behalf of the plurality:

The petition raises the same constitutional challenge to the inter partes review provisions of the America Invents Act that the court rejected in *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284 (Fed. Cir. 2015), cert. denied 137 S. Ct. 292 (2016). MCM was correctly decided, and there is no need to restate MCM’s reasoning here. 87

The CAFC missed a great opportunity to clear up its inconsistent treatment of *McCormick* and to “give us light” on the public/private issue.

a. **Comment on CAFC Reasoning in both MCM and Cascades**

The CAFC’s conclusion that patent rights are public rights ignores the hybrid nature of patent rights. As already discussed, patent rights consist of both public and private interests. 88 The public interest is in the issuance of valid patents and the disclosure of information that promotes the useful arts and sciences. The private interest is in the thing—the rights—offered and granted in exchange for the disclosure. 89 To “induce” the inventor to make public his invention, “[C]ongress, by its legislation made in pursuance of the constitution, has guarantied (sic) to him an exclusive right to it for a limited

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85 See *id.* at 1312 (citing *MCM Portfolio*, 812 F.3d at 1293).
86 See *id.* at 1312 (citing *MCM Portfolio*, 812 F.3d at 1293).
time; and the purpose of the patent is to protect him in this monopoly." The CAFC in deciding Cascades Projection focused only on the public rights component.

When dealing with hybrid rights, both interests must be considered. Justice Thomas in his dissent in B&B Hardware recognized the hybrid nature of trademark rights, and the dual interests in patent rights should be similarly recognized. Justice Thomas, joined by Justice Scalia, opined that:

[trademark registration under the Lanham Act has the characteristics of a quasi-private right and that, because registration is a statutory government entitlement, no one disputes that the [Trademark Trial and Appeal Board] may constitutionally adjudicate a registration claim. But the right to adopt and exclusively use a trademark appears to be a private property right that "has been long recognized by the common law and the chancery courts of England and of this country."

Given this historical framework, Justice Thomas stated that "it appears that the trademark infringement suit at issue in this case might be of a type that must be decided by 'Article III judges in Article III courts.'"

The rights at issue in Cascades Projection (as well as those in Patlex and MCM Portfolio) are also inherently hybrid. As Judge Newman asserted, there is a public interest in the "innovation incentive ... but that does not convert a private right into a public right." Once rights are vested, private rights attach, and divestment of those rights through less than an Article III Court is impermissible. As Judge Reyna stated in his dissent, "The Board's cancellation of patents through inter partes review may be the type of agency activity that 'sap[s] the judicial power as it exists under the federal Constitution' and "establish[es] a government of a bureaucratic character alien to our system.'"

Implicit in the CAFC's reasoning is the concept that patent rights must yield to the public interest in validly issued patents. This idea is diametrically opposite the Supreme Court's reasoning, which finds patent rights to be private rights. A patent holder's rights only yield to the public interest

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90 Id. (emphasis added); see also United States v. Dubilier Condenser Corp., 289 U.S. 178, 186 (1933).
91 See B&B Hardware, 135 S. Ct. 1293, 1316-17.
92 See id. at 1317 (quoting United States v Steffens; United States v. Wittenmann; United States v. Johnson, 100 U.S. 82, 92 (1879) [hereinafter Trademark Cases]).
93 Id. (quoting Stern v. Marshall, 131 S. Ct. 2594, 2616 (2011)).
95 Id. at 1326 (Reyna, J., dissenting) (quoting Crowell v. Crowell, 285 U.S. 22, 57 (1932)).
96 Patlex Corp. v. Mossinghoff, 758 F.2d 594, 604 (Fed. Cir. 1985) ("A defectively examined and therefore erroneously granted patent must yield to the reasonable
because the CAFC has ignored precedent and found patent rights to be public rights. Specifically, in MCM Portfolio, the CAFC held that –

[t]he patent right ‘derives from an extensive federal regulatory scheme’ [citation omitted] and is created by federal law. Congress created the PTO, ‘an executive agency with specific authority and expertise’ in the patent law, [citation omitted] and saw powerful reasons to utilize the expertise of the PTO for an important public purpose — to correct the agency’s own errors in issuing patents in the first place.98

Yet, the PTO’s high invalidation rate under IPR suggests that PTO expertise is not enough.99 Congress must do something to assist the PTO in getting the decision to issue a patent right more often than not during the examination phase.100 Getting the decision to issue a patent wrong in five out of eight patents challenged in IPR should be unacceptable to both the PTO and Congress.101 Part III discusses a process for improving patent quality by moving third-party challenges to validity (i.e., patentability) to the examination phase of the patenting process.

The CAFC acknowledged Congress’ attempt to manage patent quality through IPR and other post-grant proceedings, stating –

Congress sought to ‘provid[e] a more efficient system for challenging patents that should not have issued’ and to ‘establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.’102

The CAFC also found that Congressional assignment to the PTO the power to resolve patent validity contravenes neither Article III nor the Seventh Amendment.103 The CAFC’s conclusion is true only if the patent

Congressional purpose of facilitating the correction of governmental mistakes. This Congressional purpose is presumptively correct, and we find that it carries no insult to the Seventh Amendment and Article III.

98 MCM Portfolio, 812 F.3d at 1290 (“[W]hat makes a right ‘public’ rather than private is that the right is integrally related to particular federal government action.”(quoting Stern v. Marshall, 131 S. Ct. 2594, 2613 (2011)).
100 See Part III (B).
101 See supra note 99.
103 See id. at 1291 (“The teachings of the Supreme Court in Thomas, Schor, and Stern compel the conclusion that assigning review of patent validity to the PTO is
rights at issue in the public-private rights cases are indeed public rights. If so, an administrative agency may adjudicate these rights in the first instance. 104

Taking a closer look at the public rights interest—the public interest stems from the United States Constitution, which identifies inventions and discoveries as a way of artistically and intellectually advancing societal growth. 105 Advancing the intellectual and artistic growth of the new country was an interest of particular concern to the Founding Fathers. 106 However, in addition to the public interest, the Constitution also provided for the vesting of private rights in inventors by incentivizing authors and inventors to share their discoveries with the public by “securing” to them rights in their work for a limited amount of time. 107

Although the genesis of patent rights is the Constitution, it is also beyond dispute that patent rights derive from a statutory scheme designed to implement the mandates of the IP Clause. And while it is true that no rights can be acquired in a patent unless “authorized by statute, and in the manner the statute prescribes,” 108 the operative phrase here is that “no rights can be acquired” in a patent unless the prescribed statutory requirements are met. What the CAFC fails to address is that once patent rights vest, what was once a public right takes on the characteristics of private rights.

While rights in patents exist because of a statutory construction designed to promote societal advancement, the owner receives the equivalent of a private property right in the claimed invention once the patent issues. 109 Yes, the determination of whether the invention meets the qualifications for patent issuance is a statutory construction; but once an application meets those qualifications the patent issues, and the rights conferred are akin to rights in real property, which are common law rights. 110 And the Supreme Court has

consistent with Article III.”).

104 See MCM Portfolio LLC., 812 F.3d at 1293.
106 Id.; see infra notes 180, 181, 182 and accompanying text.
109 Consolidated Fruit Jar Co. v. Wright, 94 U.S. 92, 96 (1876) (A patent for an invention is as much property as a patent for land. The right rests on the same foundation and is surrounded and protected by the same sanctions).
110 Id.; see also McCormick Harvesting Machine Co. v. Aultman, 169 U.S. 606, 609-10 (1898) (While a patent for a grant of lands is absolutely free from the future control of the officers of the Land Department after it has once issued, and jurisdiction over the matter cannot again be obtained, this is subject to a single qualification in the case of a patent for an invention where the patentee, his legal representatives or assigns, find the original patent inoperative or invalid by reason of a defective or insufficient specification, or by reason of
long held that "Congress may not 'withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law, or in equity, or admiralty.'"111

Although Supreme Court precedent is far from clear on this issue of private versus public rights, there is Supreme Court and historical precedent holding patent rights to be private rights that enjoy the same privileges, rights and benefits afforded real property.112 Yet, the CAFC's recent decisions declaring patent rights to be public rights subject to agency adjudication strips patent owners of the rights to protection of property in the manner intended by the Constitution.113

Given the CAFC's decision on this issue, we, the patent community, call for light in the way Claudius needed lights to illuminate his path.114 Perhaps, the Supreme Court will give us that light in Oil States Energy Services v. Greene's Energy Group.

3. Oil States Energy Services v. Greene's Energy Group

a. Overview of Oil States Energy Services v. Greene's Energy Group

The Supreme Court granted certiorari in Oil States Energy Services LLC v. Greene's Energy Group, LLC115 on the issue of whether patent rights constitute public or private rights. The Petitioner, Oil States Energy Services ("Oil States"), owns U.S. Pat. No. US Patent No. 6,179,053 (the "'053 Patent"). The PTAB found that the '053 patent was anticipated by Oil States' earlier filed patent application. In reaching its decision on the validity of the claims, the Board applied the "broadest reasonable interpretation" test set out in Cuozzo Speed Techs., LLC v. Lee116 and found the claims invalid. Oil States then petitioned for review by the Supreme Court. The Supreme Court certified the following question for review:

the patentee claiming as his invention or discovery more than he had a right to claim as new (provided the error has arisen through inadvertence, accident, or mistake, and without fraudulent or deceptive intention); see generally Part II, infra, for a discussion of the common law nature of patents.

111 Murray's Lessee v. Hoboken Land & Improvement Co., 59 U.S. 272, (1856); see also Part II, infra (discussing the common law nature of patent rights).

112 See Consolidated Fruit Jar Co., 94 U.S. at 96.

113 See McCormick Harvesting Machine, Co. v. Aultman, 169 U.S. 606 (1898); see also U.S. CONST. art. III.

114 See William Shakespeare, HAMLET, Act 2, Sc. 2.


Whether inter partes review, an adversarial process used by the Patent and Trademark Office (PTO) to analyze the validity of existing patents, violates the Constitution by extinguishing private property rights through a non-Article III forum without a jury.

In its brief, Oil States argues:

This Court has always regarded patents as property rights that may only be adjudicated as private rights—i.e., by Article III courts. Patents and the rights they confer have been referred to as “property” as early as the 1793 Patent Act. 1 Stat. 318, 320 (1793) (entitling inventors to “present a petition to the Secretary of State, signifying a desire of obtaining an exclusive property” in that invention); see also 35 U.S.C. § 261. Hence this Court’s observation over a century ago that a patent takes its subject “from the people, from the public, and ma[kes it] the private property of the patentee.” Am. Bell Tel. Co., 128 U.S. at 370. The resulting patent rights are unquestionably the patent owner’s “private property.” Brown v. Duchesne, 60 U.S. 183, 197 (1856). Only one “authority [is] competent to set” a private property right such as “a patent aside, or to annul it, or to correct it for any reason whatever.” McCormick Harvesting Mach. Co. v. C. Aultman & Co., 169 U.S. 606, 609 (1898). It is the same authority that can do so for all private rights: “the courts of the United States.” Ibid. 117

Greene’s Energy, in response, argues that patent rights are “public [rights], granted to promote the paramount public purpose of the progress of science and useful arts.”118 Greene’s Energy further argues that --

Congress created IPR to advance this paramount public purpose [promote the progress of science and useful arts] by reducing the prevalence of invalid monopolies. Thus the nature of the patent right, which Petitioner ignores out of necessity, authorizes Congress to provide for limited post-issuance patentability determinations by the PTO.119

Greene’s Energy also makes an interesting alternative argument drawing on Justice Thomas’ dissent in B&B Hardware v. Hargis120, asserting that:

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119 Id.
At the very least, patents are quasi-private rights, that is, “statutory entitlements bestowed by the government on individuals.” *B & B Hardware v. Hargis Indus.*, 135 S. Ct. 1293, 1316 (2015) (Thomas, J., dissenting) (citation omitted). Either way, the rights granted remain subject to the power of Congress and subservient to the paramount public purpose.121

In support of its position, Greene’s Energy argues that:

The Constitution delegates to Congress the sole, discretionary, and permissive power to secure exclusive rights to inventors. U.S. Const. Art. I, § 8, cl. 8. Congress decides the nature and scope of any such exclusive rights for limited times, whether through patents or otherwise. See *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 510-11, 517 (1917) (Congress is “the source of all rights under patents”). The Article I grant is “permissive,” meaning that nothing in the Constitution requires giving exclusive rights to inventors for their discoveries. *Deepsouth Packing Co., Inc. v. Latitram Corp.*, 406 U.S. 518, 530 (1972). Thus, Congress has broad authority to create the patent right, to define the contours of that right, and to establish the conditions attached to the grant of that right. Id. (“[T]he sign of how far Congress has chosen to go can come only from Congress.”).

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But U.S. patents derive entirely from federal statute: The [patent] monopoly did not exist at common law, and the rights, therefore, which may be exercised under it cannot be regulated by the rules of the common law. It is created by the act of Congress; and no rights can be acquired in it unless authorized by statute, and in the manner the statute prescribes. *Gayler v. Wilder*, 51 U.S. (10 How.) 477, 494 (1850); see also *Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24, 40 (1923) (“Patent property is the creature of statute law and its incidents are equally so and depend upon the construction to be given to the statutes creating it and them, in view of the policy of Congress in their enactment.”). The patent right is created exclusively through the statutory monopoly and has no separate existence. See *Gayler*, 51 U.S. at 493-94, P. 12-13.122

Greene’s Energy’s argument turns on the Supreme Court’s reasoning in *Stern v. Marshall*123 that public rights derive from a federal regulatory scheme.124 The CAFC also adopted that view in *MCM*, opining that “the patent right ‘derives from an extensive federal regulatory scheme [citation

121 See *supra* note 118 at 16-17, note 4.
122 Id. at 12-13.
124 Id. at 490-91.
omitted] and is created by federal law,"'\(^{125}\) thus, concluding that patent rights are public rights that the PTO may properly adjudicate.

\(b. \) Thoughts on Oil States Energy Services

The Supreme Court should find patent rights to be private property rights. As will be discussed in Part II, the Founding Fathers’ intent was to create a patent protection system in the United States that was more protective of inventor’s rights than that of England. Madison argued vehemently for protection of these rights as property rights. The Supreme Court from the very early patent cases treated patent rights as property rights deserving of protection akin to that afforded property rights in land.

Over the years, patent rights have become critical assets for business growth and sustainability.\(^ {126}\) The importance of patent rights is not new, as business people have relied on patent rights since the inception of U.S. Patent law as major assets in starting and growing businesses. Reducing patent rights status from private rights, as historically viewed, to public rights status under recent determinations, works a detriment to patent owners in the loss of private property assets that patent owners can rely on to grow and sustain a business.

C. Conclusion to Part I

The support for patent rights being public rights centers on the fact that patent rights stem from a statute. Congress, however, enacted the patent statutes to implement the directives of the IP Clause. The Supreme Court in \(Graham v. John Deere\) said the IP Clause sets forth a “standard” that “cannot be ignored,” not a set of permissions that may be acted on at Congress’ discretion.\(^ {127}\) If Congress chooses to enact patent laws, and it has so chosen to enact such laws, it must adhere to the mandates of the IP Clause, which require rights to be “secured” to inventors in exchange for disclosing inventions that promote societal advancement.\(^ {128}\)

\(^{126}\) The Department of Commerce, \(Intellectual Property and the U.S. Economy: 2016 Update\), (2016) (recognizing the value of intellectual property as a business asset: “As the world leader in innovation, U.S. companies have relied on intellectual property (IP) as one of the leading tools with which such advances were promoted and realized. Patents, trademarks, and copyrights are the principal means for establishing ownership rights to the creations, inventions, and brands that can be used to generate tangible economic benefits to their owner.”).
\(^{128}\) See \(id.\) at 5-6.
PART II - PROPERTY RIGHTS: A KEYSTONE RIGHT

"[A]s a man is said to have a right to his property, he may be equally said to have a property in his rights." ~James Madison

A. The Birth of the IP Clause of the United States Constitution

1. The Origin of the United States Patent Rights

a. Overview of British Patent Law

As the Founding Fathers sought to protect patent rights in the new land, they would have been aware of British Law -- the Statute of Monopolies -- enacted in 1623, which addressed patent rights. The Statute of Monopolies was the only statutory basis and legal foundation for patent protection in England. Sections 2 and 6 of the Statute of Monopolies are of particular import:

2. And all monopolies, and all such commissions, grants, licenses, charters, letters patents, proclamations, inhibitions, restraints, warrants of assistance, and all other matters and things tending as aforesaid, and the force and validity of them, and every of them, ought to be, and shall be forever hereafter examined, heard, tried, and determined, by and according to the common laws of this realm, and not otherwise.

6(a). Provided also, that any declaration before mentioned shall not extend to any letters patents (b) and grants of privilege for the term of fourteen years or under, hereafter to be made, of the sole working or making of any manner of new manufactures within this realm (c) to the true and first inventor (d) and inventors of such manufactures, which others at the time of making such letters patents and grants shall not use (e), so as also they be not contrary to the law nor mischievous to the state by raising prices of commodities at home.


130 See supra note 129.
or hurt of trade, or generally inconvenient (f): the same fourteen years to be accounted from the date of the first letters patents or grant of such privilege hereafter to be made, but that the same shall be of such force as they should be if this act had never been made, and of none other (g).\footnote{131}

Section 2 of the Statute shifted the adjudication of patent rights from the King’s (or Queen’s) Privy Council, to the common law courts.\footnote{132} Section 2 expressly provides that the “validity of letters patent shall be ‘determined, by and according to the common law’ of the realm, England.”\footnote{133} So for proponents of the public rights view to say that patent rights, particularly validity, were not decided as a matter of the common law in England is contrary to the mandate of the original Statue of Monopolies.

The Statute of Monopolies permitted a party to challenge the validity of a patent or assert invalidity as a defense in response to an infringement action.\footnote{134} To fully understand the impact of the Statute of Monopolies on the evolution of patent laws and rights in England, let us briefly review the law in England before passage of the Statute.

\textit{i. Patent Grants and the Crown}

Before the passage of the Statute of Monopolies in England, the crown had control over how and to whom it would award patents in inventions or trade.\footnote{135} As Professor Lemley stated in his article, \textit{Why do Juries Decide if Patents are Valid?}, “Royal favor rather than inventive acumen drove the grant of patents during the late sixteenth and early seventeenth century” in England.\footnote{136} Lemley goes on to point out that “[c]onsistent with the idea that patents were royal grants of privilege only the King had the power to revoke [a] patent.”\footnote{137}

\footnote{131}See Id.
\footnote{132}See id. Although it was more than 130 years before the Privy Council actually relinquished jurisdiction over patent validity to the common law courts. See infra note 134 and accompanying text.
\footnote{133}Id. at §2 (emphasis added).
\footnote{135}See Mark Lemley, \textit{Why do Juries Decide if Patents are Valid?}, 99 Va. L. Rev. 1673, 1680 (2013) (stating “Particularly during the reign of James I, exclusive patent rights were granted to favored merchants for a wide variety of common arts, including the making of playing cards and the running of taverns.”) (footnotes omitted).
\footnote{136}Id.
\footnote{137}Id. at 1681 (emphasis added) (citing W.M. Hindmarch, \textit{A Treatise on the Law Relative to Patent Privileges for the Sole Use of Inventions: And the Practice of Obtaining Letters Patent for Inventions} 3 (Harrisburg, Pa., I.G. M’Kinley & J.M.G. Lescure 1847; stating “inventors are never entitled as of right to letters patent . . . but they must obtain them from
Despite the passage of the Statue of Monopolies, the Privy Council continued to assume jurisdiction over patent disputes for the next 130 years. Adam Mossoff writes, “[i]n 1753, the Privy Council relinquished to the law courts jurisdiction over determining the validity of patents for inventions; thus putting into effect, albeit 130 years late, section 2 of the Statute of Monopolies.” At this point, the doctrine of patent law in England began to evolve into its modern-day version. I submit that it was the Founding Fathers intention to establish jurisdiction over patent matters in the courts, not some Privy Council equivalent that might act at the whim of the ruling party and not the law (see note 140, 144 and accompanying text).

ii. Patent Rights and the English Common Law

Once patent rights adjudication shifted to the English law courts, there was also a shift in focus from the benefit to the Crown to the benefit to society in awarding and enforcing patent rights, including patent validity. Illustrating this point, Mossoff writes that Lord Mansfield instructed a jury in a patent infringement case that the plaintiff-patentee had to prove three elements to prevail:

1. whether ‘the defendant did use that which the plaintiff claims to be his invention’;
2. ‘whether the invention was new or old’; and
3. ‘whether the specification is such as instructs others to make it,’

with elements two and three pointing to the benefit to society. In a later case before Justice Buller, Mossoff writes, “Justice Buller, argued that ‘[t]he consideration which the patentee gives for his monopoly is, the benefit which the public are to derive from his invention, after his patent is expired; and that benefit is secured to them by means of a specification of the invention.’”

138 See supra note 134 at 1285. The majority in Oil States takes the Privy Council’s continued jurisdiction over patent validity cases after passage of the Statute of Monopolies as an indication that Privy Council proceedings were an alternative to court proceedings. However, the Statute of Monopolies shifted jurisdiction over patent matters to the common law court; yet the Privy Council continued to decide patent matters. Simply because an entity acts in defiance of the law does not make that entity’s action legal or lawful. I will further expound on this position in my follow-up paper addressing the majority’s reasoning in Oil States.

139 Id. at 1286.


141 Id. at 1292.

142 Id. at 1293-94 (citation omitted).
According to Mossoff, Justice Buller goes on to instruct the jury as follows:

"Whenever it appears that the patentee has made a fair disclosure, I have always had a strong bias in his favour; because in that case he is entitled to the protection which the law gives him."¹⁴³

This shift from the Privy Council to the common law courts allowed the English patent law to evolve to the point where inventor’s rights were seen as just as important, if not more so, as the public interest.¹⁴⁴ In my view, Madison sought to re-create this new inventor’s rights focus in the new country.¹⁴⁵

b. The United States Constitution’s IP Clause – Impetus and Motivation

No one states the importance of patent rights better than Justice Story:

No class of men are more meritorious, or are better entitled to public patronage, than authors and inventors. They have rarely obtained, as the histories of their lives sufficiently establish, any due encouragement and reward for their ingenuity and public spirit. They have often languished in poverty, and died in neglect, while the world has derived immense wealth from their labors, and science and the arts have reaped unbounded advantages from their discoveries. They have but too often possessed a barren fame, and seen the fruits of their genre gathered by those, who have not blushed to purloin, what they have been unable to create. It is, indeed, but a poor reward, to secure to authors and inventors, for a limited period, only, an exclusive title to that, which is, in the noblest sense, their own property; and to require it ever afterwards to be dedicated to the public. But, such as the provision is, it is impossible to doubt its justice, or its policy, so far as it aims at their protection and encouragement.¹⁴⁶

The authority for granting patent rights in this country began with a Constitutional authorization of power to Congress:

Congress shall have the power ... to promote the Progress of Science and Useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries (the “Patent Clause”).¹⁴⁷

Although the IP Clause did not exist in the first draft of the Constitution, history reports that either Madison alone, or together with Pinckney,
submitted the subject matter of the IP Clause to committee for review. The proposed IP Clause emerged from committee in essentially the proposed form and limited Congress’ power to enacting laws for the protection of inventions and discoveries that promote the advancement of the sciences and useful arts.

The IP Clause granted Congress the power to enact national protection for patents and copyrights, which was needed because then existing state protection was inadequate. However, before ratification of the Constitution, the only power to grant protection to authors and inventors resided with the states. Shifting this power from the states to the federal government to promote national progress of the arts and sciences was critical because of the territorial limitations of state protection and the expense

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149 Graham v. John Deere Co., 383 U.S. 1, 5 (1966); see also Kewanee Oil Co. v. Bicron Corp. et al, 416 U.S. 470, 480 (1974) (“The stated objective of the Constitution in granting the power to Congress to legislate in the area of intellectual property is to ‘promote the Progress of Science and useful Arts.’”). The Court went on to say – [t]he patent laws promote this progress by offering a right of exclusion for a limited period as an incentive to inventors to risk the often enormous costs in terms of time, research, and development. The productive effort thereby fostered will have a positive effect on society through the introduction of new products and processes of manufacture into the economy, and the emanations by way of increased employment and better lives for our citizens. Kewanee Oil, 416 U.S. at 480.

150 Graham v. John Deere Co., 383 U.S. 1, 5 (1966); see also Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 480 (1974) (“The stated objective of the Constitution in granting the power to Congress to legislate in the area of intellectual property is to ‘promote the Progress of Science and useful Arts.’”).


152 See Walterscheid, supra note 151, at 1-2 (stating “Prior to the ratification of the Constitution by the requisite nine states on June 21, 1788, no federal patent or copyright law existed because under the Articles of Confederation each state retained "every power, jurisdiction and right, which is not expressly delegated to the United States, in Congress assembled.”) (citing and quoting ARTICLES OF CONFEDERATION, art. 11, reprinted in 9 Journals of the Continental Congress 908 (Worthington C. Ford ed. 1906)); see also James W. Ely, THE GUARDIAN OF EVERY OTHER RIGHT: A CONSTITUTIONAL HISTORY OF PROPERTY 19 (2008) (providing that early state patent codes rewarded inventors by granting limited monopolies for inventions that were “‘profitable to the Country.’ The colonies occasionally awarded special patents to individuals[,] [d]eclaring ‘that all due encouragement be given to ingenuity and industry when it tends to the public good,’ a 1756 South Carolina act vested (...)”
associated with obtaining protection in all states.\textsuperscript{153} For these reasons, James Madison believed that national protection was better suited to protect rights in inventions.\textsuperscript{154}

If we look to the intent of the Founding Fathers,\textsuperscript{155} specifically James Madison,\textsuperscript{156} there is a compelling argument that Madison intended patent protection to vest property rights in the patentee,\textsuperscript{157} as “[t]he Founding Fathers were deeply concerned about the protection of private property.”\textsuperscript{158} They viewed property as a keystone right.\textsuperscript{159}

At the Philadelphia Convention, Madison declared that “the primary objects of civil society are the security of property and public safety.”\textsuperscript{160} In his article ‘The Impact of Concern for the Security of Property Rights on the Legal System of the Early American Republic’,\textsuperscript{161} Stuart Bruchey asserted that “[P]erhaps the most important value of the Founding Fathers (...) was their belief in the necessity of securing property rights.”\textsuperscript{162} It is a reasonable inference that Madison fought to include patent rights in the class of property

\textsuperscript{153} See Walterscheid, supra note 1 at 22-23.
\textsuperscript{154} James Madison, Federalist No. 43, 288 (Jan. 23, 1778), http://press-pubs.uchicago.edu/founders/documents/a1_8_8s7.html. (stating “The States cannot separately make effectual provision for either of the cases [copyright and patent protection], and most of them have anticipated the decision of this point, by laws passed at the instance of Congress.”); see Madison, The Debates in the Federal Convention of 1787 which Framed the Constitution of the United States of America, at 512-13 (1920) (Madison also went on to argue that “the usefulness of the Congresses power to award both patents and copyrights will scarcely be questioned.”); see also Federalist No. 43, Avalon project.
\textsuperscript{155} See Walterscheid, supra note 151, (“The four [Constitutional] Framers with relevant views on the intellectual property clause were George Washington, James Madison, Alexander Hamilton and Roger Sherman”).
\textsuperscript{156} See id. at 92. (Madison’s notes of August 18, 1787 reporting the day’s events of the Committee of Detail, indicated that Pinckney also submitted a proposal for inclusion of patent protection in the Constitution).
\textsuperscript{157} See id. at 93. (“This is particularly true since he had clearly proposed that the Congress have power to secure copyrights for authors and because he was highly interested in protecting scholarly works); see Walterscheid, supra note 151; see supra note 154 and accompanying text. Moreover, Madison’s subsequent defense of the Intellectual Property Clause, while not conclusive on the point, suggests that he had more than a passing interest in this particular clause. See James Madison, Federalist No. 43, 30 (1961) (stating ‘The utility of this power will scarcely be questioned.’).
\textsuperscript{160} Max Farrand, The Records of the Federal Convention of 1787, at 147 (Max Farrand ed. 1937).
\textsuperscript{161} See Bruchey, supra note 159.
\textsuperscript{162} See Bruchey, supra note 159.
to be protected by the government because he considered patent rights the type of property to which the government must secure rights. In a letter to the Constitutional Convention, Madison equated rights in inventions with common law rights in copyrights. Madison Wrote:

[T]he copyright of authors has been solemnly adjudged in Great Britain to be a right at common law. The right to useful invention seems with equal reason to belong to the inventors. The public good fully coincides in both cases with the claims of individuals.

British law at one time considered copyrights to be common law rights. However, at the time Madison wrote the Federalist No. 43, the law had changed. Whether Madison knew of the law change is of no import because his advocated position was for common law protection for inventors. The likely impetus for Madison’s position was to avoid the abuses of power to which inventors were subject to under British law. Rather than having patent rights revoked or given to another at the whim of the ruling crown, Madison wanted inventors’ rights to be secure, with the only way to divest inventors of their rights being through the courts at common law.

As previously discussed, before the passage of the Statute of Monopolies in England, the crown had control over how and to whom it would award patents in inventions or trade and whether rights would be enforced or

163 See Bruchey, supra note 159 (discussing Madison’s letter to the Constitutional convention).

164 Madison, supra note 154; see also Fenning, infra note 181.

165 See Joseph Story, Commentaries on the Constitution of the United States, Vol. 3, Section 1150 (1833) http://press-pubs.uchicago.edu/founders/documents/a1_8_8s14.html. (stating “The copyright of authors in their works had, before the revolution, been decided in Great Britain to be a common law right; and it was regulated and limited under statutes passed by parliament upon that subject.”).

166 See Oren Bracha, Commentary on the Intellectual Property Constitutional Clause 1789, in PRIMARY SOURCES ON COPYRIGHT (1450-1900) (L. Bently & M. Kretschmer ed. 2008) (The case of Millar v. Taylor, 4 Burr. 2302 (1769), recognized common law copyright; however, by 1787, the House of Lords had overturned Millar in Donaldson v. Becker, 4 Burr. 408 (1774), rejecting the idea of common law copyright protection after publication).

167 See Walterscheid, supra note 151 at 3 (Madison was not advocating for a natural right in inventions, as once was the case for copyrights in England.).


169 See Adam Mossoff, Rethinking the Development of Patents: An Intellectual History, 1550-1800, 52 Hastings L.J. 1255, 1291-1293 (2001) (discussing various patent cases decided by the English law courts: Liardet v. Johnson (1778) (“The legality and justness of the patent and specification being also proved to the satisfaction of the jury, a verdict, with costs, was given for the plaintiffs, by which the validity of the patent is fully established.”) A discussion of additional patent cases decided by the law courts is also provided (Yerbury v. Wallace (1768), Taylor v. Lucket (1770), and Horton v. Harvey (1781)).
invalidated. These abuses of the crown more than likely guided Madison’s view of the importance of protecting inventor’s rights by granting Congress the power to award protection to authors and inventors. The Supreme Court in *Graham v. John Deere Co.*, 383 U.S. 1, 5–6 (1966), acknowledges that the IP Clause “was written against the backdrop of the practices . . . of the Crown in granting monopolies to court favorites in goods or businesses which had long before been enjoyed by the public.” Surely, Madison would not have wanted to re-create these problems in the new country. Rather, it would have been Madison’s goal to create a system that removed prior inequities by having rights to inventions and discoveries vest in the inventor by law. Madison deemed these rights as so significant that they warranted protection in the Constitution. Indeed as stated by May and Cooper in their article entitled ‘The Reason and Nature of Intellectual Property: Copyright and Patent in The Federalist Papers’ –

Madison regarded copyright and patent as forms of property that government is established to protect. Additionally, as Federalist No. 43 and other numbers point out, securing an individual’s IP rights, consistent with the rules of justice, also furthers the public good by incentivizing further investments and discoveries that promote the “progress of science and useful arts.”

Madison believed rights in inventions (“patent rights”) to be the type of rights that governments must protect. In Madison’s view, protecting individual rights promotes the public good. Madison’s view makes sense, as protecting the rights of others to their inventions and artistic expressions provides the incentive for continued creation knowing one will reap the rewards of his/her labor.

History is on the side of private property rights, and in honoring the original intent of the IP Clause, the Supreme Court should hold patents to be private property rights subject to Article III court jurisdiction to revoke, remove or cancel rights after rights have vested in the patent owner. While an

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170 See Mark Lemley, *Why do Juries Decide if Patents are Valid?*, 99 Va. L. Rev. 1673, 1680 (stating “Particularly during the reign of James I, exclusive patent rights were granted to favored merchants for a wide variety of common arts, including the making of playing cards and the running of taverns.”); see also Mossoff, *supra* note 169 at 1259.

171 See also Mossoff, *supra* note 169 at 1261; see Walterscheid, *supra* note 151.


173 Id.

174 Id. at 15 (emphasis added).

175 See Madison, *supra* note 154.

176 Id. (stating “The public good fully coincides in both cases with the claims of individuals.”).
in-depth discussion of constitutional interpretation is beyond the scope of this paper, honoring the Founding Fathers’ intent is an important consideration in deciding the status of patent rights. In the past, five basic sources have guided Constitutional interpretation: (1) the text and structure of the Constitution, (2) the intentions of those who drafted, voted to propose, or voted to ratify the provision in question, (3) prior precedents (usually judicial), (4) the social, political and economic consequences of alternative interpretations, and (5) natural law. So considering and honoring the Founding Fathers’ intent is not without merit and is necessary to assess fully and completely the nature of the rights “secured” under the IP Clause.

The Framers’ intent was to have rights vest in inventors in exchange for public disclosure of their discoveries. Even Thomas Jefferson, vehement opposer of monopolies and the first patent administrator, agreed that patent rights, while not rising to the level of natural rights, granted an inventor private monopoly rights, stating:

The patent monopoly was not designed to secure to the inventor his natural right in his discoveries. Rather, it was a reward, an inducement, to bring forth new knowledge. The grant of an exclusive right to an invention was the creation of society—at odds with the inherent free nature of disclosed ideas—and was not to be freely given. Only inventions and discoveries which furthered human knowledge, and were new and useful, justified the special inducement of a limited private monopoly.\(^\text{177}\)

Now, while Jefferson believed that the patent right, in his view, is not a natural right, we must ask why he used those specific words: “natural rights.” I believe because he was addressing arguments by others, specifically Madison, promoting patent rights as natural rights.\(^\text{178}\) Despite their disagreement as to the genesis of the rights, I believe both Jefferson and Madison agreed that patent rights are private rights.\(^\text{179}\) Because without the vesting of rights as private rights, there is no consideration for the exchange— inventor discloses, inventor granted rights.\(^\text{180}\)

\(^{177}\) See Graham, 383 U.S. at p. 9 (summarizing Thomas Jefferson’s views on the patent monopoly) (emphasis added); id. at 8 (quoting Thomas Letter to Oliver to Oliver Evans (May, 1807), V Writings of Thomas Jefferson at 75-76 (Washington ed.) (“Certainly an inventor ought to be allowed a right to the benefit of his invention for some certain time... . Nobody wishes more than I do that ingenuity should receive a liberal encouragement.”).

\(^{178}\) See infra notes 183-185.

\(^{179}\) See supra note 128.

\(^{180}\) See John C. Stedman, Invention and Public Policy, 12 DUKE L. & CONTEMP. PROBS. 649, 656 (1947) (“The Government agrees to give a seventeen-year right to exclude others in exchange for the inventor’s public disclosure of his invention”); see also note 214.
Because the language of the IP Clause emerged from Constitutional committee review nem. con., there was no report on committee debates or discussions. So understanding what the Framers’ meant by “securing” and “rights” is key in evaluating the specific mandates of the IP Clause. The best way to ascertain the Framers’ intent demands an inquiry not only into the Framers’ intended purpose of the Clause but also historical and legal precedent related to the development of the Clause and the application of any resulting laws. If one does so, Constitutional interpretation leans towards private rights. Historical precedent supports this interpretation because despite the fact that patent rights are based on statutory authority, there is historical support for their enforceability and validity “to be determined by and according to the common law.”

There are those that argue that the Framers, particularly Madison, “were seeking to encode into the IP Clause a Lockean notion of property rights that emanated from natural law.” Under a natural rights view, man has a natural property right in that which by his “labor” or “the work of his hands” he transforms to something more than the common state Nature provided it. Ayn Rand, the founder of the Objectivist movement, took the natural rights theory of property one step further and made it clear that one’s property rights includes “right[s] to the product[s] of one’s mind” – the “mental effort in the

181 Karl Fenning, The Origin of the Patent and Copyright Clause of the Constitution, 11 J. PAT. OFF. SOC’Y 438, 442 (1929); see also infra note 214.
182 See Edward C. Walterscheid, To Promote the Progress of Science and Useful Arts: the Background and Origin of the Intellectual Property Clause of the United States Constitution, 2 J. INTELL. PROP. L., Fall 1994, at 1, 12 (1994); see also note 133 and accompanying text.
183 John Locke was a 17th Century English philosopher and political theorist that believed property ownership was a “natural right” and individuals are by nature entitled to the fruits of their labor. See John Locke, Second Treatise of Government, Chapter V, Section 27 (1690).
184 Alexander J. Kasner, The Original Meaning of Constitutional Inventors: Resolving the Unanswered Question of the MadStad Litigation, 68 Stan. L. Rev. Online 24, 30 (2015); see also Adam Mossoff, Rethinking the Development of Patents: An Intellectual History, 1550-1800, 52 Hastings L.J. 1255, 1294 (2001) (expressing the view that shifting patent rights adjudication from the Privy Council to the common law courts brought in a new perspective for viewing patent rights because “common law judges in the eighteenth century were more likely to approach this issue from a theoretical framework of natural rights, including social contract notions and John Locke’s labor theory of property.”).
185 John Locke, Two Treatises of Civil Government, Chapter V, Section 27 (1689, 1764) (property rights and ownership acquired through added labor), 32-33 (appropriating or acquiring rights in land occurs by subduing, tilling and sowing any part of it, thereby annexing to it something that is one’s property – the work of his/her labor), 44-45 (transformation of land through labor (“art and invention”) for the “conveniences of life” gives a property right). See Online Library of Liberty, available at, http://oll.libertyfund.org/pages/john-locke-two-treatises-1689).
production of material values.” The purpose of government is “to protect property of every sort; as well that which lies in the various rights of individuals (…) that alone is a just government, which impartially secures to every man, whatever is his own.”


These natural “right[s] cannot be denied without denying an inherent aspect of a person's humanity.” They are fundamental or unalienable private rights that convey a right in property “consistent with the laws of nature and of nature's God (…) to acquire, possess or transfer property.”

Sir William Blackstone, author of The Commentaries on Laws of England, proposed another theory of legal rights to property based on a moral right that exists as an antecedent to the state’s rights. Blackstone’s Commentaries were well-known in America and would have influenced colonial law, as the number sold in America nearly equaled that sold in

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In his famous 1826 treatise, Commentaries on American Law, Chancellor James Kent ... argues for the Lockean principle that ‘It is just that [authors and inventors] should enjoy the pecuniary profits resulting from mental as well as bodily labor’ [21] James Kent, Commentaries on American Law, vol. 2 (Little, Brown & Co., 12th edition, 1873): 474.

As 19th century judges were wont to say, the patent laws ensured that an inventor would ‘enjoy the fruits of his invention.’ [22] Hawes v. Gage, 11 F. Cas. 867, 867 (C.C.N.D.N.Y. 1871) (No. 6237).


180 Id.
England.\textsuperscript{191} However, because of Blackstone's harsh view of colonists' rights, the colonists may have received his views less positively than Locke's views.

Blackstone proposed a theory of property ownership based on "personal occupancy" and the "personal labor" of the occupant, whereby the occupant through one's personal labor creates a new or improved thing the laborer acquires ownership rights in the thing.\textsuperscript{192} Blackstone also supported a social compact theory, asserting that civil laws were necessary to resolve any conflicts of ownership or enjoyment.\textsuperscript{193} Unlike Locke, Blackstone believed that in civil societies "all property is derived from society," and "government had power to limit these rights [natural rights] for the benefit of the community."\textsuperscript{194} Blackstone fashioned this belief on the notion that "human laws can appropriately restrict natural rights" because "everyone in society had bargained away a portion of her rights by entering into an imaginary contract" in becoming a member of civil society.\textsuperscript{195}

Although Blackstone echoed Locke's views that the immutable laws of nature endowed one with rights to personal security, liberty, and property, "Blackstone's understanding of property rights differed from Locke's and closely resembled that of the Scottish Enlightenment," which saw government limitation of natural private rights as permissible.\textsuperscript{196} However, with regard to intellectual property, Blackstone states:

There is still another species of property, which, (if it subsists by the common law) being grounded on labour and invention, is more properly reducible to the head of occupancy than any other; since the right of occupancy itself is supposed by Mr. Locke, and many others, to be founded

\textsuperscript{191} See Albert W. Alschuler, Rediscovering Blackstone, 145 Univ. Penn. L. Rev. 1 (1996) (citing 2 Edmund Burke, Speech on Moving His Resolutions for Conciliation with the Colonies (Mar. 22, 1775), in The Works Of The Right Honorable Edmund Burke 99, 125 (rev. ed., Boston, Little Brown 1865). (Burke concluded that the study of law was one of the circumstances that had engendered "a fierce spirit of liberty" among the colonists.)).


\textsuperscript{194} See Alschuler supra note 191 at 29-30.

\textsuperscript{195} Id. at 30.

\textsuperscript{196} See id. at 23 (citing Frederick G. Whelan, Property as Artifice: Hume and Blackstone, in NOMOS XXII: PROPERTY 101, 101 (J. Roland Pennock & John W. Chapman eds., 1980) ("Hume and Blackstone are fundamentally similar in their manner of conceptualizing and justifying the institution [of property] ... and in this they stand in marked contrast to Locke").
on the personal labour of the occupant. And this is the right which an author may be supposed to have in his own original literary composition: so that no other person without his leave may publish or make profit of the copies. When a man by the exertion of his rational powers has produced an original work, he seems to have clearly a right to dispose of that identical work as he pleases, and any attempt to vary the disposition he has made of it appears to be an invasion of that right. 197

From this passage, one could infer that Blackstone deviates from Locke’s theory concerning all private property except intellectual property. If so, intellectual property rights under both perspectives rise to the level of fundamental private rights that must be subject to the rights and protections of Article III of the Constitution.

If patents are private property rights viewed from a Lockean or Blackstonian perspective, which I assert they are, this property should be treated like all other property to which an owner holds unalienable private rights. The Supreme Court’s decision in McCormick Harvesting Machine Co. v. Aultman198 would then be correct. There the Court held that once the PTO issues a patent, jurisdiction over its validity passes “beyond the control and jurisdiction of [the issuing] office [the PTO], and is not subject to be revoked or cancelled by the President, or any other officer of the Government.” 199 So in essence, private rights attach and no “officer of the Government” may revoke those rights without resort to “authority competent to set a patent aside, or to annul it, or to correct it for any reasons whatever” – which competent authority being the “courts of the United States, not the department which issued the patent.” 200 Patent rights are not only private property rights but also unalienable rights.

Also, under a natural rights view, an inventor’s rights are superior to the rights of the public. 201 Daniel Webster arguing from a Lockean perspective before the House of Representatives in 1824 stated that –

the right of the inventor is a high property; it is the fruit of his mind—it belongs to him more than any other property—he does not inherit it—he takes it by no man’s gift—it peculiarly belongs to him, and he ought to be protected in the enjoyment of it. 202

197 See supra note 192 at 405-06.
198 169 U.S. 606 (1898).
199 Id. at 608-09.
200 Id. at 609.
201 See supra note 185, sections 27, 44-45.
202 41 ANNALS OF CONG. 934 (1824).
Webster was not alone in his thinking. Many of his colleagues, early American inventors and other lawyers agreed with him.

Now, one must balance Madison et al.’s natural rights theory of intellectual property rights against Thomas Jefferson’s utilitarianism privilege view. Jefferson believed that the grant of rights in intellectual property, e.g., patents and copyrights, was a special monopoly privilege bestowed on man by the government to support social welfare. He “considered the exclusive right to inventions as given not of natural right, but for the benefit of society.” Jefferson believed that society (government) could confer on

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204 Adam Mossoff, The Use and Abuse of IP at the Birth of the Administrative State, 157 University of Pennsylvania Law Review 2001 (2009), fn. 114 (citing Hawes v. Gage, 11 F. Cas. 867, 867 (C.C.N.D.N.Y. 1871) (No. 6237); see also Birdsall v. McDonald, 3 F. Cas. 441, 444 (C.C.N.D. Ohio 1874) (No. 1434) (“Patent laws are founded on the policy of giving to [inventors] remuneration for the fruits, enjoyed by others, of their labor and their genius.”); Middletown Tool Co. v. Judd, 17 F. Cas. 276, 278 (C.C.D. Conn. 1867) (No. 9536) (recognizing that the patent laws secure even “the fruit of a very small amount of inventive skill”); Clark Patent Steam & Fire Regulator Co. v. Copeland, 5 F. Cas. 987, 988 (C.C.S.D.N.Y. 1862) (No. 2866) (“Congress has wisely provided by law that inventors shall exclusively enjoy, for a limited season, the fruits of their inventions.”); Davoll v. Brown, 7 F. Cas. 197, 199 (C.C.D. Mass. 1845) (No. 3662) (explaining that the law “protects intellectual property, the labors of the mind, productions and interests as much a man’s own, and as much the fruit of his honest industry, as the wheat he cultivates, or the flocks he rears”); Brooks v. Bicknell, 4 F. Cas. 247, 251 (C.C.D. Ohio 1843) (No. 1944) (stating that “a man should be secured in the fruits of his ingenuity and labor” and that “it seems difficult to draw a distinction between the fruits of mental and physical labor”); McKeever v. United States, 14 Ct. Cl. 396, 420 (1878) (quoting an unnamed constitutional commentator that the Copyright and Patent Clause in Article I, Section 8, secures to authors and inventors “a natural right to the fruits of mental labor”)).

205 Letter from Thomas Jefferson to Isaac McPherson (Aug. 13, 1813), in 13 The Writings of Thomas Jefferson 326, 334–35 (Andrew A. Lipscomb ed., 1903) (“It would be curious then, if an idea, the fugitive fermentation of an individual brain, could, of natural right, be claimed in exclusive and stable property. If nature has made any one thing less susceptible than all others of exclusive property, it is the action of the thinking power called an idea, which an individual may exclusively possess as long as he keeps it to himself.... Society may give an exclusive right to the profits arising from them, as an encouragement to men to pursue ideas which may produce utility, but this may or may not be done, according to the will and convenience of the society, without claim or complaint from anybody.”)

206 See id., Letter from Thomas Jefferson to Isaac McPherson (Aug. 13, 1813), in 13 The Writings of Thomas Jefferson 326, 335 (Andrew A. Lipscomb & Albert Ellery Bergh eds., 1903). For background on the importance of Jefferson’s work and views on patents to
man an exclusive right to the “profits” arising from his or her intellectual property as an encouragement to pursue inventions and creations that benefit society.\textsuperscript{207} Jefferson, thus, rejected the natural rights view and instead espoused a utilitarianism privilege view, which the US Supreme Court later validated as the prevailing historical policy underpinnings for intellectual property protection in the United States.\textsuperscript{208} Although Jefferson did not believe patent rights were natural rights, he did believe that the right was a private right, as expressed in his letter to McPherson calling the grant a private monopoly.\textsuperscript{209}

Despite Jefferson’s vehement opposition to monopolies of any kind,\textsuperscript{210} he had a change of heart regarding patent rights in 1789.\textsuperscript{211} In a letter to James Madison, Jefferson stated in response to the proposed Bill of Rights, “[m]onopolies may be allowed to persons for their own productions in literature and their own inventions in the arts for a term not exceeding ___ years but for no longer term and no other purpose.”\textsuperscript{212} Also, as one of the first administrators of the Patent Act, responsible for reviewing patent applications, Jefferson said --

An act of Congress authorising the issuing patents for new discoveries has given a spring to invention beyond my conception. Being an instrument in granting the patents, I am acquainted with their discoveries. Many of them indeed are trifling, but there are some of great consequence which have been proved by practice, and others which if they stand the same proof will produce great effect.\textsuperscript{213}

\textsuperscript{207}Graham v. John Deere Co., 383 U.S. 1, 9 n.2 (citation omitted); \textit{see also} Letter to Isaac McPherson, supra note 206, at 333-34.
\textsuperscript{209} \textit{See supra} note 177.
\textsuperscript{210}Letter from Thomas Jefferson to Madison (July 31, 1788), Papers of Thomas Jefferson, 13:442-43, available at http://press-pubs.uchicago.edu/founders/documents/v1ch14s46.html (Jefferson reasserted his view that the Constitution should preclude all monopolies, including those in patents and copyrights); \textit{see also ld.} (“it is better … to abolish … monopolies, in all cases than to do it in any.”).
\textsuperscript{212}Id.
\textsuperscript{213}Letter from Thomas Jefferson to Benjamin Vaughn (June 27, 1790), in Papers of Thomas Jefferson, 16:579, Transcription available at Founders Online, https://founders.archives.gov/documents/Jefferson/01-16-02-0342. However, in 1814, it seems as though Jefferson had another change of mind regarding the appropriateness of
Since there was little debate on the “rights” provision of IP Clause, determining whether the Jefferson’s theory or the natural rights view of intellectual property rights attaches was then, and continues to be, the subject of legal debate.

Under either Jefferson’s or Madison’s theory, the Constitution, and later codifying statutes, grant individuals both patent and copyright protection for their inventions and creations. Whether based on natural rights or Jefferson’s utilitarianism theory, both theories reward individuals for their creations and inventions by reserving to the individual an exclusive right to their creations and inventions for a limited time. Under Jefferson’s theory, the government grants this exclusivity “as an encouragement to men to pursue ideas which may produce utility.” Under natural rights, the invention itself creates the right. Both philosophies reward individuals for creations or inventions that promote the advancement of the useful arts and sciences as

England was, until we copied her, the only country on earth which ever, by a general law, gave a legal right to the exclusive use of an idea. In some other countries it is sometimes done, in a great case, and by a special and personal act, but, generally speaking, other nations have thought that these monopolies produce more embarrassment than advantage to society; and it may be observed that the nations which refuse monopolies of invention, are as fruitful as England in new and useful devices.

A man has a right to use a saw, an axe, a plane, separately; may he not combine their uses on the same piece of wood? He has a right to use his knife to cut his meat, a fork to hold it; may a patentee take from him the right to combine their use on the same subject? Such a law, instead of enlarging our conveniences, as was intended, would most fearfully abridge them, and crowd us by monopolies out of the use of the things we have.

Letter from Thomas Jefferson to Oliver Evans, (January 16, 1814); published in The Writings of Thomas Jefferson (1905) Vol. 13, p. 66.

See Adam Mossoff, Who Cares What Thomas Jefferson Thought about Patents - Reevaluating the Patent Privilege in Historical Context, 92 Cornell L. Rev. 952, 978 n.120 (2005) (citing “The constituent elements of what became the Copyright and Patent Clause were proposed as various separately listed congressional powers on August 18, 1787, at which time they were referred to the Committee on Detail without any discussion. See THE RECORDS OF THE FEDERAL CONVENTION OF 1787, at 321-22, 324-35 (Max Farrand ed., 1911). (The Committee presented the final version of the Copyright and Patent Clause to the Convention on September 5, 1787 and Madison's notes reflect that the "clause was agreed to nem. con" (without debate); Id. at 509-10; But see Dotan Oliar, Making Sense of the Intellectual Property Clause: Promotion of Progress as a Limitation on Congress's Intellectual Property Power, 94 GEO. L. J. 1771, 1781-1818 (2006) (analyzing the Constitutional Convention record and concluding that the Clause's original meaning can be determined based on its textual structure and the proposals that led to it)).”

See supra note 105 (IP Clause).

See supra notes 160-170, 206-207 and accompanying text.


See supra note 183.
the Constitution intended. The main difference is the genesis of the right—natural versus bestowed. But as discussed above, it is quite reasonable to believe that Jefferson also believed this “bestowed” right to be a private right.

The modern view of the purpose of the IP Clause fully supports the reasoning of both Jefferson and Madison, which is to award authors and inventors exclusive rights for a limited time to their creations and discoveries in exchange for disclosing them to the public. As the Supreme Court has opined, “[t]he stated objective of the Constitution in granting the power to Congress to legislate in the area of intellectual property is to ‘promote the Progress of Science and useful Arts.’” More specifically the Court states that --

[t]he patent laws promote this progress by offering a right of exclusion for a limited period as an incentive to inventors to risk the often enormous costs in terms of time, research, and development. The productive effort thereby fostered will have a positive effect on society through the introduction of new products and processes of manufacture into the economy, and the emanations by way of increased employment and better lives for our citizens.

Thus, securing rights to inventors to encourage disclosures was the intended purpose of the IP Clause, with disclosure intended to promote the literary and technological advancement of society. For this to work, the Founding Fathers intended that inventor’s rights be “secure” – that is treated like other property rights. The clear intent of the securing of rights to inventors was to provide greater protection than the English crown had

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219 See supra note 217.
220 See supra note 177, 178 and accompanying text.
221 www.copyright.org (“Both perceived copyrights and patents as state granted monopolies that, despite the general aversion to monopolies, could be justified due to their public utility”).
223 Id.; see also Mazer v. Stein, 347 U.S. 201, 219 (1954) (“The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in ‘Science and useful Arts.’”); Universal Oil Products Co. v. Global Oil Refining Co., 322 U.S. 471, 484 (1944) (“As a reward for inventions and to encourage their disclosure, the United States offers a seventeen-year monopoly to an inventor who refrains from keeping his invention a trade secret.”).
224 See supra note 177 and accompanying text.
225 See supra note 180 and accompanying text.
provided, whereby the Crown could strip away patent rights on a whim, as discussed at notes 171 and accompanying text and *Graham*, 383 U.S. at 5-6.


On July 2, 1788, the states ratified the U.S. Constitution,226 and just two years later, Congress enacted the first Patent Act, The Patent Act of 1790.227 While nothing in the Constitution compels Congress to award inventors protection in the form of patents, Congress has consistently made patent protection available to inventors since passage of the 1790 Patent Act as discussed in this section. Congress’ quick passage of the first Patent Act speaks volumes about the importance of patent protection to the founding fathers, as well as their understanding of the importance of promoting the useful arts by incentivizing inventors to disclosure their discoveries.228 And although not a Founding Father but of the early generations to reap the benefits of a robust patent system, Abraham Lincoln said, “the patent system added the fuel of interest to the fire of genius.”229 He went on to describe “the patent law as one of the three most important developments ‘in the world’s history,’ along with the discovery of America and the perfection of [the] printing [press].”

The 1790 Patent Act included two statutory requirements, novelty, and utility as the threshold requirements qualifying an invention for patent protection, although the examiners rarely enforced the utility provision.231 This first Patent Act was highly ministerial in nature, and over time proved to be too time-consuming for the three cabinet secretaries.232 Each had to review

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228 See supra note 129 and accompanying text.


230 *Id.*


232 Secretary of State (Thomas Jefferson), the Attorney General and the Secretary of War
each patent application, in addition to their other duties, and vote on the patentability of each invention, with a majority vote required to issue the patent.  

Thomas Jefferson, then Secretary of State, was the first patent administrator and author of the second Patent Act, (the 1793 Patent Act). Although Jefferson initially was vehemently opposed to monopolies of any kind, his position softened slightly on patents.  

In 1793, the judiciary assumed administration of the patent system with the intent that the Patent System would “be matured in a system under which every one might know when his actions were safe and lawful.” Under this system, district courts determined patent validity, which included “the power to set in motion a process that could end in the repeal of the patent.” By the 1830s, administration of the patent system became too cumbersome for the judiciary, and in 1836 Congress created the Patent Office. To provide for reviewed patent applications; see id. at 18; see also Robert P. Merges, The Proper Scope of the Copyright and Patent Power, 37 Harv. J. on Legis. 45, 49-50 (2000).  

Jefferson, a prolific inventor, was however very adverse to monopolies of any kind. In fact –  

He rejected a natural rights theory in intellectual property rights and clearly recognized the social and economic rationale of the patent system. The patent monopoly was not designed to secure to the inventor his natural right in his discoveries. Rather, it was a reward, an inducement, to bring forth new knowledge. The grant of an exclusive right to an invention was the creation of society – at odds with the inherent free nature of disclosed ideas – and was not to be freely given.  

In a letter to Oliver Evans, Jefferson wrote:  

Certainly an inventor ought to be allowed a right to the benefit of his invention for some certain time. Nobody wishes more than I do that ingenuity should receive a liberal encouragement.  

Letter to Oliver Evans (May 1807), V Writings of Thomas Jefferson, at 75-76 (Washington ed.).  


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Letter to Oliver Evans (May 1807), V Writings of Thomas Jefferson, at 75-76 (Washington ed.).  

Graham, 383 U.S. at 10.  

Id.  

checks and balances and “to constrain the ability of [patent] examiners to engage in arbitrary actions, the applicant was given the right to file a bill in equity to contest the decisions of the Patent Office with the further right of appeal to the Supreme Court of the United States.”

The next major amendment to the Patent Act came in 1952. The 1952 Patent Act represents the basic foundation on which the modern-day patent law rests. The 1952 Act introduced Section 103 which required an invention to be nonobvious when compared to the prior art. Finally, the America Invents Act (“AIA”), which became effective on September 16, 2011, marks the most substantial changes in United States Patent Law since 1952.

The intent of the AIA was to weed out "the worst patents, which probably never should have been issued." The belief being "that additional and more rigorous procedures in the Patent Office [for reexamining issued patents] [would] improve the quality of the issued patents and thus promote the public's confidence in issued patents and patentees' confidence in their property rights." Unfortunately, IPRs have proven to have the opposite effect on the faith and confidence the United States Patent System.

C. Conclusion to Part II

Under British law, the Statute of Monopolies conferred common law protections upon patent rights, and many historians and authors consider the Statute of Monopolies to be the foundation upon which patent rights in the United States stand. So, it follows that the Founding Fathers intended...
the common law provisions of the Statute of Monopolies should also apply to U.S. patent rights. As a result of this historical precedent, patent rights occupy a unique place in United States intellectual property law, having both civil and common law attributes.

Yes, patent rights originate from a statutory scheme authorized by the Constitution. The Constitution specifically directs the what (writings and discoveries that promote the sciences and useful arts) and the how (secure rights to authors and inventors for a limited time) of protecting these rights. The Constitution does not direct the protection of any other rights enumerated in Article I in this manner. And the subsequent judicial treatment of these rights elevated them to the status of private rights on par with rights in physical (real) property.

From a historical perspective, the intent of the IP Clause and subsequently enacted laws was to reward inventors for their effort, not the public which would benefit upon expiration of patent rights. Thus, the birth of the patent

See supra note 151.

See supra note 227.


See Cascades Projection LLC v. Epson America, Inc., 864 F.3d 1309, 1314 (Reyna, J., dissenting) (stating “The Patent Clause is unique in several aspects. It grants Congress authority in such particularized detail to render the clause imperative: to secure an exclusive right. And of the many clauses in Section 8, this is the only one to specify not only the ends (promotion of the progress of science and the useful arts) but the means (issuance of patents)”); see also Edward C. Walterscheid, Conforming the General Welfare Clause and the Intellectual Property Clause, 13:1 Harv. J. L. & Tech. 87, 90, 123, 127 (Fall 1999).

See 35 U.S.C § 161 (stating "[s]ubject to the provisions of this title, patents shall have the attributes of personal property . . ."); see also Ford Motor Co. v. United States, 405 U.S. 562, 576 n.11 (1972) (describing patents as “a constitutionally protected property right”).

See Whitney et al. v. Emmett et al., 29 F.Cas. 1074, 1831 (stating “[w]ith the constitution, the English statute and the adjudication upon it before them, Congress have declared the intention of the law to be to promote the progress of the useful arts by the benefits granted to inventors; not by those accruing to the public, after the patent had expired, as in England. This is most evident from their imposing as conditions, that the invention must be new to all the world, and the patentee be a citizen of the United States. If
system in the United States grew out of a statutory construction enacted by a constitutionally empowered Congress. Unlike common law rights, patent rights exist because of enacted laws. Despite the government origin of patent rights, some would argue that although “patents are issued by the federal government pursuant to constitutional authority, they have clear common law antecedents” and are not “mere artifacts of a federal regulatory scheme” but are property rights. This tension between the government grant of rights and common law antecedents set up the basis for the public versus private rights conflict. But if read together, historical and Supreme Court precedents teach that patent rights also hold common law status, subjecting them to adjudication by Article III courts to revoke, repeal or cancel rights vested therein.

Despite Supreme Court precedent, the AIA now allows the PTO to adjudicate patent validity issues in the first instance. The reasoning behind the

public benefit had been the sole object, it was immaterial where the invention originated, or by whom invented; but being for the benefit of the patentee, the meritorious cause was invention, not importation, and the benefit was not extended to foreigners, in which respects the law had been otherwise settled in England.”


255 See Gayler v. Wilder, 51 U.S. (10 How.) 477, 494 (1851) (stating “[t]he [patent] monopoly did not exist at common law, and the rights, therefore, which may be exercised under it cannot be regulated by the rules of the common law.” The patent monopoly “is created by the act of Congress, and no rights can be acquired in it unless authorized by statute, and in the manner the statute prescribes”); see also Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 229 n.5 (1964).

256 See Petition for Writ of Certiorari, MCM Portfolio LLC. v. Hewlett-Packard, et al., 812 F.3d 1283 (Fed. Cir. 2016) (stating “Indeed, this Court continues to cite English cases in its interpretation of, for example, 35 U.S.C. § 101. See, e.g., Mayo Collaborative Servs. v. Prometheus Labs., 132 S. Ct. 1289, 1293 (2012) (citing Neilson v. Harford, Webster’s Patent Cases 295, 371 (1841), for its rule that patentable subject matter cannot extend to laws of nature, natural phenomena an abstract ideas); cf. Pennock v. Dialogue, 27 U.S. 1, 18 (1829) (“It is obvious to the careful inquirer, that many of the provisions of our patent act are derived from the principles and practice which have prevailed in the construction of that of England . . . . The language of that clause of the statute is not, as we shall presently see, identical with ours; but the construction of it adopted by the English courts, and the principles and practice which have long regulated the grants of their patents, as they must have been known and are tacitly referred to in some of the provisions of our own statute, afford materials to illustrate it.”")); see also Mossoff, supra note 140 at 1292-94 (discussing English law courts treatment of patent rights as common law rights); see also Part II, subsection a-c, supra.

257 See supra note 64.
AIA was to allow the PTO to check the quality of its work, which would benefit both inventors and society. However, this quality check should happen before rights vest, so, ideally, it would happen during the examination phase as discussed in Part III, not after patent issuance.

PART III – QUALITY REVIEW

A. Nascent Rights versus Vested Rights and the Public Interest

Quality review is an important part of any process where a producer/manufacturer makes products or services available for public use and consumption or for those products/services that may impact public health, safety or welfare.\(^{258}\) The focus of any quality control program “should be aimed at the needs of the consumer, present and future” because it is the consumer that trusts that the thing received is fit for its particular purpose.\(^{259}\) Critical questions like, “[w]hat does the [consumer] need” and “[h]ow can we be useful to her/him” should drive the producer/manufacturer’s deliverable.\(^{260}\)

Patents fall into the category of things that should be subject to a quality control provisions, because patent exclusions impact the public welfare by removing protected inventions from public use with the patentee’s permission.\(^{261}\) In the world of patents, what the consumer-patent owner needs/wants are issued patents that are more likely than not to withstand a validity challenge before the PTO or in a court of law.\(^{262}\) However, because patent rights consist of both nascent and vested rights, the timing of the quality review is important.\(^{263}\)

Nascent rights fall within the purview of the PTO because during examination, and before issuance, the responsibility rests with the PTO to


\(^{260}\) *Id.* at Chapter 6, p. 174-75.

\(^{261}\) *See supra* note 151 at p. 1-2.

\(^{262}\) In a June 14, 2017 blog article by Steve Brachman and Gene Quinn entitled *Are 90% of Patents Challenged at the PTAB Invalid?*, available at, http://www.ipwatchdog.com/2017/06/14/90-percent-patents-challenged-ptab-defective/id=84343/, the authors report that 92% of all patents challenged in a PTAB proceeding are defective, and “[a]t least 84 percent of patents reaching a final written decision in a PTAB validity challenge are adjudicated to have at least one invalid claim (usually many more than one claim), with 69 percent having all claims invalid”; *see also* Brian Love, Shawn P. Miller, and Shawn Ambwani, *Determinants of Patent Quality: Evidence from Inter Parts Review Proceedings* (2018), available at: https://digitalcommons.law.scu.edu/facpubs/949

\(^{263}\) *See supra* note 61; *see also infra* notes 283, 284 and accompanying text.
ensure that the invention under examination satisfies the requirements for patentability.\textsuperscript{264} During the examination period, the patent application owner may publicize its nascent rights by placing the label “patent pending” on the article described and claimed in the patent application.\textsuperscript{265} No rights attach, however, until the PTO declares that all requirements for patentability have been met.\textsuperscript{266} It is only after the PTO issues the patent that rights vest in the patent owner.\textsuperscript{267}

Given the public interest in patents (promotion of the useful arts and sciences)\textsuperscript{268}, the PTO should indeed have the ability to assess whether it has properly granted a patent. But in view of the private interest created by a patent grant, the timing of any PTO quality review must be timed so as not to impact a patentee’s private rights.\textsuperscript{269} Currently, IPR and other post-grant reviews addressing patent validity come after rights have attached. So to overcome the vested rights problem during an IPR, I propose conducting IPR review before rights vest.

There is no disputing that the public has an interest in the PTO granting valid patent rights, and the PTO should have the ability to assess whether it has properly granted a patent.\textsuperscript{270} In other words, the PTO should have the right to quality check its work. A typical quality control plan includes –

- a system for verifying and maintaining a desired level of quality in an existing product or service by careful planning, use of proper equipment, continued inspection, and corrective action as required.\textsuperscript{271}

But quality processes normally occur before a company places the product or service in public use.\textsuperscript{272} In the case of patents, conducting the quality

\textsuperscript{264} See supra notes 24, 61 and accompanying text.
\textsuperscript{265} See supra note 33.
\textsuperscript{266} See supra note 34.
\textsuperscript{267} Id.
\textsuperscript{268} See supra note 77 and accompanying text.
\textsuperscript{269} See supra note 243 at 883 (Time of post-issuance review matters. “A particular problem for the stability of patent rights is the presence of post-issuance procedures that can be used to invalidate already issued patents. The timing and scope of such procedures, which have been around for quite a long time in both the United States and around the world, matters a great deal.”); see also Stephen H. Fristauf, Oppositions, 4 APLA Q. J. 93 (1976) (discussing a longstanding patent opposition proceeding used throughout the world).
\textsuperscript{270} See Cascades Projection LLC, 864 F.3d at 1310 (Newman, J. concurring)(“ There is, of course, a public interest in the innovation incentive of the patent law ... ”); see also note 9.
review prior to public use equates to conducting the quality review before rights vest. The reexamination process and now IPR proceedings allow the PTO to quality check its decisions after rights vest, resulting in revocation, cancellation or annulment of a patentee’s vested patent rights. 273 This is out of step with typical quality control processes and undermines faith in the patent system,274 as more inventors are beginning to withhold their innovations in secret rather than seek patent protection.275 Once a patent issues, rights attach, which means the patentee receives a vested private interest in the property – the claimed invention.276 Consistent with the “securing rights” requirement of the IP Clause, inventors need assurances that their property rights are protected – that is, their private rights cannot be divested except by an Article III court.277

control (quality control “requires that each product that is made go through a strict inspection before it is released or sent to the consumer.”). Examined patents should likewise go through such a process before patent issuance, as this would significantly reduce the number of weak or invalid patents issued, see infra note 276.

273 See supra note 8 (overview of reexamination and IPR proceedings).

274 See supra note 243 (explaining that Congress’ first attempt at post grant review was unsuccessful and left the public uncertain and wary of the scope of protection of patent rights. Doulin states –

The first non-judicial opportunity for post-issuance review of U.S. patents came in 1981 when Congress created the process of ex parte reexamination. (See Act of December 12, 1980 (Bayh-Dole Act), Pub. L. No. 96-517, ch. 30, § 302,94 Stat. 3015,3015 (codified at 35 U.S.C. § 302 (2012)).) That procedure allowed any member of the public, at any time during the life of the patent, to request that the Patent Office take a "second look" at an issued patent. A "second look" involved reconsidering whether the patent does in fact satisfy the conditions of novelty and non-obviousness. (35 U.S.C. § 301). The result of this experiment was that the procedure was often employed multiple times against the same patent, leaving the patentees (and the public) perpetually uncertain of the scope and even the very existence of the patent rights. (See generally Raymond A. Mercado, The Use and Abuse of Patent Reexamination: Sham Petitioning Before the USPTO, 12 COLUM. SCI. & TECH. L. Rev. 93 (2011) (discussing abuses in the patent reexamination process).) Nor did the ex parte reexamination succeed in "weeding out" many patents. In fact, the vast majority of patents emerged from the process with their claims either fully confirmed or just moderately amended. (See Robert Harkins, How the Leahy-Smith America Invents Act (AIA) Is Changing Patent Protection and Litigation, ASPATORE (Jan. 2013), 2013 WL 571334, at *5.). Id. at 893-94.)

275 See Brief for US Inventor, Inc. and 31 other Grass Roots Inventor Organizations in Support of Petitioner at p. 5, Oil States Energy Serv., LLC v. Greene’s Energy Group, LLC, No. 16-712 (“With patents less attractive, inventors increasingly favor trade secrecy as their mode of protection (if it is even available”).

276 See supra note 40.

277 Den ex dem. Murray v. Hoboken Land & Imp. Co., 59 U.S. 272, 285 (1856) (stating “[t]o avoid misconstruction upon so grave a subject,” Congress cannot “withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law; or in equity, or admiralty”) (emphasis added).
However, to address patent quality concerns, I propose opening the patent examination phase to public participation in an opposition proceeding, as discussed below. If the PTO addresses patent validity during the examination phase, the question is one of patentability, not validity, and the question of patentability fits squarely within the purview of the PTO. As a result, any quality control measure instituted by the PTO should occur before rights vest, not after. Any attempt by the PTO to revoke, cancel or annul patent rights after those rights vest raises a constitutional issue.\textsuperscript{278}

B. Proposed PTO Quality Review Process

I propose a quality review process that allows the PTO to improve the quality of the patents issued by inviting the public to participate in the patent issuance process. My proposal provides two important benefits: (1) examiners would have an opportunity to consider prior art unavailable at or unknown to the PTO during examination and (2) a more thorough assessment of patentability would occur before an actual patent grant. In accordance with W. Edward Deming’s 14 Point quality management practices, the proposed process would allow the PTO to design quality into its patent examination system rather than inspecting for quality after patent issuance, which is the current situation and is out of step with the purpose and goal of a sound quality control program.\textsuperscript{279} The PTO through its PTAB proceedings invalidates many patents annually because petitioners submit prior art that the patent examiner did not consider, or for various reasons was unknown to the examiner, during the original examination.\textsuperscript{280} The proposed quality review process significantly impacts the scope of prior art available to the PTO for assessing patentability prior to patent issuance.

A proposal of the type suggested here is not a new concept in the United States, as similar proposals that included a six month period opposition period following patent issuance were made in 1943 and 1966.\textsuperscript{281} Even Judge Giles

\textsuperscript{278} See supra note 40.


\textsuperscript{280} See supra notes 8, 15 and accompanying text.

\textsuperscript{281} REP. OF THE NAT’L PAT. PLAN. COMMISSION, 78th Cong. (1943), reprinted in 25 J. PAT. OFF. SOC’Y 455, 460-61 (1943); see also REP. OF THE PRESIDENT’S COMMITTEE ON PAT. SYS., S. Rep. No. 90-5, at 28-29 (1st Sess. 1967) (for a discussion of the 1966 President’s Committee on patent reform); see also John C. Stedman, \textit{Invention and Public Policy}, 12 Duke L. & Contemp. Probs. 649, 658 (Fall 1947) (suggesting Opposition proceedings as one means for reducing the number of invalid patents, but at the same time criticizing Opposition proceedings because of a violation of secrecy. However, under the American Inventors Protection Act of 1999, the PTO began publishing patent applications that had an effective filing date of November 29, 2000, eighteen months after the effective filing date.
Rich, the preeminent authority on patent law of his time, respected appeals court judge and author of the 1952 Patent Act, favored such pre-grant oppositions. Judge Rich once wrote, "Oppositions \textit{shortly after patent rights come into being} (between five months and one year in the British 'belated opposition') are favored." Although Congress never adopted either of these positions, most likely due to the potential for extending the PTO examination period, the benefits of a quality examination before rights vest is more beneficial that stripping away vested private rights in an administrative adjudication.

The proposed procedure is similar to the patent opposition process used by the European Patent Office. Once the examination process has concluded, but before patent rights attach, the PTO would publish the approved claims for public consideration. The public would have three months to file an opposition challenging the validity of the patent claims. Or if the PTO has instituted other post-grant reviews, the public would have three months after termination of that post-grant review to file an opposition.

The process would be similar to existing IPR proceedings in that an interested party could file a petition for review with the PTO. Petition challenges would be limited to questions of novelty or obviousness in view of prior art patents and printed publications not already part of the examination record. The patentee would have an opportunity to file a preliminary response to the Petition. The PTO would then have the final decision as to whether it should or should not institute the opposition. Again, the PTO would make its determination based on a reasonable likelihood that a petitioner would prevail with respect to at least one claim challenged. The PTO would have one year (extendable for good cause by six months) to decide an opposition instituted for a particular case. This procedure would allow the PTO to exercise a quality review over its work, but not violate a

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So preserving applications in secret is no longer a valid concern against publishing allowed patent applications for opposition for all applications that are published).

\textsuperscript{282} See supra note 243 at 894 (citing Giles S. Rich, Forward and Comments on Post Issuance Reexamination, 4 APLA QJ. 86, 88 (1976) (stating a patent "opposition [procedure] enables one to take advantage of the principle that almost anything done over again a second time can be done better than it was the first time.")).

\textsuperscript{283} See supra note 243 at 894 (citing Rich, supra note 191, at 87-88 (emphasis added)).

\textsuperscript{284} See EU. PAT. OFF., Oppositions, https://www.epo.org/applying/european/oppositions.html (outlining the opposition process).

\textsuperscript{285} Three months provide ample time to file an Opposition, particularly because patent applications are published within 18 months of their filing date, and in the U.S. it may be another 24 to 36 months before the PTO issues a Notice of Allowance. Therefore, interested parties are put on notice of the pendency of a potential patent grant, and have ample time to prepare for to file an Opposition request.
patentee’s vested patent rights, because any rights at the time of review would be merely nascent rights.

In its amicus brief, the PTAB Bar Association argued that patent reexamination and other post-grant review processes have existed for decades.\(^\text{286}\) However, longevity alone does not equate to success. In fact, the recurring attempts to find a post-grant procedure that addresses the “weak\(^\text{287}\) patent” issue while at the same time not unduly undermining the intent of the Patent System, is proof that current and past systems have failed or are failing.

Prior to the implementation of AIA IPR proceedings, there were few options for the public to challenge the validity of a patent, so there were many potentially weak patents in public use. As Justice Douglass stated in his concurrence in *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*,\(^\text{288}\) “weak” patents “illustrate how far our patent system frequently departs from the constitutional standards which are supposed to govern” the granting of patent rights.\(^\text{289}\)

The proposed opposition proceeding comes at a time before rights attached, and, thus, provides a remedy for addressing the “weak” patent issue which does not violate a patentee’s rights in having validity tried before the PTO. Under the new procedure, the public would be given a limited time to contest patent validity (i.e., patentability) before the PTO. Once the time period for opposition expires and no opposition has been filed, any party seeking to challenge patent validity would have to file a federal court action (which would require Congress to amend the Patent Act to authorize this type of challenge). The time limitations for filing an opposition, encourage the timely filing of an opposition during the examination phase. After the examination phase has ended and the patent issues, patent owners should be able to rely on and trust the PTO determination of patentability. Preputial exposure of patent owners to the possibility of administrative revocation of patent rights creates an untrustworthy system. As professor Doulin states:

It is one thing to allow a limited post issuance time period where members of the public are allowed to attempt to convince the Patent Office that the patent was issued in error. It is quite another to have the Damocles sword of post-issuance review perpetually hang over the patentee’s head.\(^\text{290}\)

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\(^{286}\) See generally supra note 243 (discussing patent reform, including post-grant review procedures enacted or proposed in the United States since enactment of the U.S. patent laws).

\(^{287}\) Patents that should have never issued because the claims do not satisfy the requirements for patentability.


\(^{289}\) Id.

\(^{290}\) See supra note 243 at 883.
The latter system that Doulin addresses undermines the faith and confidence in the U.S. patent system. The proposed system comports with the PTO’s objective of issuing strong patents. While Congress intended AIA IPR proceedings to help end patent trolls’ and non-practicing entities’ ravaging of legitimate businesses; we cannot defeat these enemies at the expense of the integrity of the IP Clause. If we want to keep America great, we need to maintain a strong, vibrant patent system that promotes disclosure, rather than encouraging secrecy, as some inventors are now deciding to withhold their inventions in secret rather than disclose in a patent application and risk an invalidity ruling at the PTO. The Honorable Randall Rader, former Chief Judge of the CAFC, describes current PTAB IPR proceedings as “death squads killing property rights.” That cannot be allowed to continue!

CONCLUSION

When the Framers drafted the United States Constitution, particularly, Article 1, Section 8, Clause 8 (the “IP Clause”), they empowered Congress to create a Patent System “securing for limited Times to ... Inventors the exclusive Right to their ... Discoveries.” Two key components of this constitutional directive are “securing” and “exclusive right.” To help promote the economic stability and growth of their fledgling nation, the Framers, through the Constitution, gave Congress the ability to create a contractual relationship between the government and the most creative members of society — artists and inventors. In exchange for disclosing their creative endeavors, artists and inventors would be granted exclusive right to their creations for a limited time. The grant of rights in exchange for disclosing their inventions was the quid pro quo the Patent Act promises inventors—disclose and get. The Framers intended this contract to “secure” these rights

291 See supra note 293 (patent publications promote shared knowledge that aids innovation).
293 Grant v. Raymond, 31 U.S. 218 (1832) (Justice John Marshall articulating the contract nature of patent grants in his opinion. It is the reward stipulated for the advantages derived by the public for the exertions of the individual and is intended as a stimulus to those exertions. The laws which are passed to give effect to this purpose ought, we think, to be construed in the spirit in which they have been made; and to execute the contract fairly on the part of the United States, where the full benefit has been received).
294 See Stedman, infra note 180 at 656 (stating “the deal between the Government and the patentee is simply this: The Government agrees to give a seventeen-year right to exclude others in exchange for the inventor’s public disclosure of his invention”) (reminding the
privately in inventors in the way one holds rights in other property in which it has perfected rights.²⁹⁵ The rights secured include both enforcement and validity, as 19th-century courts did not distinguish between rights in validity and enforcement, as both issues were considered matters tried at common law. Per today’s debate, it should not matter whether the validity question arises before the PTO or in a court proceeding. Validity issues arise only after patent rights attach, and a court or the PTO must then review the patent claims to determine if they meet the statutory requirements for patentability. If the either the PTO or a court determines patentability to be lacking, the inventor/patent owner loses rights — rights that stem from the Constitution, promulgated by statute and endorsed by the courts as private property rights.

Current IPR proceedings are in direct contrast to the Founding Fathers’ intent that inventors receive vested private property rights in exchange for disclosing their inventions. Allowing an administrative agency to adjudicate private constitutional rights undermines the intent and purpose of the IP Clause. For more than 150 years, the Supreme Court has held patent rights to be private property rights. The Supreme Court must not and should not ignore its own precedent.

reader that the new patent term is 20 years from the date of filing rather than 17 years from the date of issuance).

²⁹⁵ See Seth L. Cooper and Randolph J. May, The Public Contract Basis of Intellectual Property Rights, The Free St. Foundation (April 19, 2016), http://www.freestatefoundation.org/images/The_Public_Contract_Basis_of_Intellectual_Property_Rights_041816.pdf, at 3 (addressing the issue of whether the public contract theory for awarding and protecting patent rights negates an argument for patent rights as private property rights based on the natural rights. Cooper and May argue that the “principles of [the] contract [theory], reflected in both the social compact theory and in public contracts, form a continuous link between natural rights and intellectual property protections. The contract basis for IP rights, as an embodiment of natural rights principles, reinforces the just claims of inventors and creative artists to protections for their vested property interests in the fruits of their labors”)