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## The Court of Appeals for the Federal Circuit Must Evolve to Meet the Challenges Ahead

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# The Court of Appeals for the Federal Circuit Must Evolve to Meet the Challenges Ahead

**Keywords**

Courts of Appeals, Federal Circuit, Congress, doctrine of equivalents, Temporary Emergency Court of Appeals (“TECA”)

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## FOREWORD

### THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT MUST EVOLVE TO MEET THE CHALLENGES AHEAD

PAUL R. MICHEL\*

#### TABLE OF CONTENTS

Introduction.....	1178
I. A Retrospective View .....	1178
A. Increased Jurisdiction and Caseload .....	1178
B. Increased Visibility of the Court of Appeals for the Federal Circuit .....	1181
C. Recent Debate on Increasing the Federal Circuit's Jurisdiction.....	1182
II. The Future Debate and Our Future Role .....	1184
III. The State of the Federal Circuit at Present.....	1186
A. Our Inner Workings.....	1186
B. Summary Judgment.....	1187
C. Additional Judges or Clerks .....	1190
D. Unpredictability of the Outcome and Its Effect on the Pursuit of Litigation.....	1191
E. The Threat of Growing Delays.....	1193
1. Indeterminacy and incapacity impede practitioners	1194
2. Business leaders feel trapped .....	1195
3. The doctrine of equivalents.....	1196
a. Solutions to the doctrine of equivalents in case law.....	1197
b. Legislative solutions to the doctrine of equivalents .....	1198
F. Appellate Settlement Office.....	1198

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IV. Pilot Reforms .....	1200
A. <i>Per Curiam</i> Opinions .....	1200
B. Other Possible Pilot Practices .....	1201
Conclusion: A Dialogue with the Bar .....	1202

## INTRODUCTION

How is the U.S. Court of Appeals for the Federal Circuit doing after over fifteen years, and what does its future hold?

As the first and only departure from federal appellate courts with general jurisdiction, Congress's creation in 1982 of the Federal Circuit as a subject matter court was clearly an experiment.<sup>1</sup> The jurisdiction of general courts is geographical and comprehensive, while the jurisdiction of subject matter courts, such as the Federal Circuit, is specified and limited.<sup>2</sup> The initial question, then, is: Did this experiment in limited specialization succeed? After more than a fifteen years, most scholars and practitioners would answer the question in the affirmative.<sup>3</sup> Judges on the court and others familiar with its work from inside the institution would also agree. The question remains: Is the experiment over?

### I. A RETROSPECTIVE VIEW

#### A. *Increased Jurisdiction and Caseload*

It may be too soon to tell whether this experiment of specific subject matter jurisdiction is over. Federal jurisdiction for all courts continues to develop and change. Congress has expanded the jurisdiction of the Federal Circuit several times. The most notable expansion occurred in 1987 with the addition of jurisdiction over cases arising from the statutory "no fault" compensation program for childhood vaccine injuries.<sup>4</sup> During approximately the same period,

1. See Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25.

2. See 28 U.S.C. § 1295(a) (1994) (limiting the jurisdiction of the Court of Appeals for the Federal Circuit to appeals of decisions by specialized bodies or appeals concerning specific statutes in the areas of patent, trade, takings, and contracts).

3. See, e.g., William M. Richman & William L. Reynolds, *Elitism, Expediency, and the New Certiorari: Requiem for the Learned Hand Tradition*, 81 CORNELL L. REV. 273, 319-20 (1996) (explaining that the advantages of subject matter courts, such as the Federal Circuit, are expertise, efficiency due to the judges' familiarity with the subject matter, and consistency in judicial opinions); Helen Wilson Nies, State of the Court, Address Before The Eleventh Annual Judicial Conference of the United States Court of Appeals for the Federal Circuit (June 18, 1993), in 153 F.R.D. 177, 185 (1993) (maintaining that the work of the Federal Circuit is favorable, with few negatives). But see, e.g., J. Harvie Wilkinson III, *The Drawbacks of Growth in the Federal Judiciary*, 43 EMORY L.J. 1147, 1185-86 (1994) (examining the quick arousal of controversy when suggestions to increase the number and type of specialized subject matter courts are made).

4. See H.R. CONF. REP. NO. 100-495, at 771-72 (1987), reprinted in 1987 U.S.C.C.A.N. 1245,

Congress created the United States Court of Veterans Appeals<sup>5</sup> and made that court's decisions subject to limited review by the Federal Circuit.<sup>6</sup> In the first half of the 1990s, Congress increased the jurisdiction of the Federal Circuit a third and fourth time by giving the court "follow-on" jurisdiction to that of the Temporary Emergency Court of Appeals ("TECA").<sup>7</sup> Federal Circuit jurisdiction over certain discrimination claims arising from the Senate, the White House, and other special entities of the U.S. government soon followed.<sup>8</sup>

Fortunately, for a court whose pre-existing jurisdiction yielded a modest increase in the number of cases during most of the years of its existence, cases in the four new areas of jurisdiction, after some initial growth, leveled off and then ultimately declined.<sup>9</sup> This decrease in caseload was due to the court's strict interpretation of its subject matter jurisdiction.<sup>10</sup>

Veterans' appeals have diminished presumably because pro bono lawyers representing veterans and counsel from the veterans' organizations recognize the strict limits on the scope of subject matter review. Under the statute,<sup>11</sup> the Court of Appeals for the Federal Circuit may not review fact-findings or application of the law to the facts in a case involving denial of veterans' benefits.<sup>12</sup> Rather, subject matter jurisdiction is limited to assessing: (1) the constitutionality of statutes or regulations relied upon, (2) the validity

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1517-18 (amending the Vaccine Injury Compensation Act of 1986 by assigning jurisdiction over vaccine injury claims to the U.S. Claims Court, decisions of which are reviewable by the Federal Circuit).

5. Recently, the court was renamed the United States Court of Appeals for Veterans Claims. *See* H.R. REP. NO. 105-47, at 3 (1997).

6. *See* H.R. REP. NO. 100-963, at 30 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5782, 5812 (stating that the Federal Circuit may not review a challenge to a factual determination or a challenge to a law or regulation as to a particular case).

7. *See* Federal Courts Administration Act of 1992, Pub. L. No. 102-572, § 102, 106 Stat. 4506, 4506-07 (abolishing the Temporary Emergency Court of Appeals and transferring its jurisdiction over appeals under the Economic Stabilization Act of 1970, Pub. L. No. 91-379, § 211, 84 Stat. 799, and judicial review of emergency orders under the Natural Gas Policy Act of 1978, 15 U.S.C. § 3416(c) (1994), to the Court of Appeals for the Federal Circuit).

8. *See* Government Employee Rights Act of 1991, Pub. L. No. 102-166, 105 Stat. 1088 (codified as amended at 2 U.S.C. §§ 1201, 1209 (1994)) (providing that Senate and other government employees are to be free of discrimination on the basis of race, color, religion, sex, national origin, age, or disability, and that enforcement authority is vested in the Senate Committee on Ethics with judicial review in the Court of Appeals for the Federal Circuit).

9. Indeed, the petroleum price regulation cases from TECA have now virtually ceased.

10. For example, in reviewing veterans' claims, the jurisdiction-granting statute prohibits the review of factual findings or the application of law to the facts of the case. *See* 38 U.S.C. § 7292(d)(2) (1994). Consequently, the court interprets this prohibition to limit its jurisdiction to interpretations in the abstract of relevant statutes and regulations that are relied upon by the Court of Appeals for Veterans' Claims in reaching its decisions.

11. *See* 28 U.S.C. § 1295 (1994).

12. *See* H.R. REP. NO. 100-963, at 69 (1988), *reprinted in* 1988 U.S.C.C.A.N. 4105, 4121.

of those statutes or regulations, and (3) their interpretation.<sup>13</sup> Indeed, the application of law to particular facts is excluded expressly from the court's jurisdiction.<sup>14</sup>

Judicial review of childhood vaccine compensation cases involves a highly deferential standard of review, although unlike the veterans' benefit appeals, the review of factual findings and the application of law to facts is not precluded completely.<sup>15</sup> In vaccine cases, however, the statute requires the court to defer, at the level of substantial evidence, to determinations by the Special Master after determinations were reviewed or re-adjudicated by a judge of the Court of Federal Claims under the same standard.<sup>16</sup> Essentially, this mandate means that if there is more than minimal evidence to support the findings and conclusions of the Special Master, then the reviewing judge of the Court of Federal Claims and the panel of the Court of Appeals for the Federal Circuit must uphold the Special Master's decision.<sup>17</sup>

Meanwhile, in addition to a modest, yet steady, increase in caseload during most of the Federal Circuit's years of operation, the composition of that caseload has shifted significantly in recent years. This shift has produced a sharp decrease in the number of personnel cases from the Merit Systems Protection Board, and an increase in the number of patent infringement cases from the district courts.<sup>18</sup> In the 1980s, the personnel cases comprised about one-third of the court's total caseload and outnumbered the patent cases by a considerable margin. In the early 1990s, the Federal Circuit had approximately 900 cases pending, 350 of which were personnel cases

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13. *See id.* at 68-69, *reprinted in* 1998 U.S.C.C.A.N. 4105, 4120-21 (stating that the Federal Circuit has exclusive jurisdiction to review and to decide any challenge to the validity of any statute or regulation or any interpretation by the U.S. Court of Veterans Appeals and to interpret constitutional and statutory provisions).

14. *See id.* at 69, *reprinted in* 1988 U.S.C.C.A.N. 4105, 4121 (stating that the Federal Circuit does not have jurisdiction to review the application of any law or regulation to particular factual determinations).

15. *See* Public Health Service Act, 42 U.S.C. § 300aa-12(e)(2)(B) (1994) (stating that under the National Childhood Vaccine Injury Compensation Program, questions of law are not reviewed *de novo*, rather, deference is given to the Special Master's expertise).

16. *See* *Hodges v. Secretary of the Dep't of Health & Human Servs.*, 9 F.3d 958, 961 (Fed. Cir. 1993) (stating that under 42 U.S.C. § 300aa-12, Congress assigned the job of sorting through cases and judging the merits of individual claims to the Special Master, and that on review, the Court of Federal Claims is not to second-guess the Special Master's fact-intensive conclusions).

17. *See, e.g.,* *Jordan v. Secretary of the Dep't of Health & Human Servs.*, 38 Fed. Cl. 148, 150 (1997) (stating that under the National Vaccine Compensation Program, the Court of Federal Claims cannot overturn factual findings of the Special Master unless the petitioner proves that the result is "arbitrary, capricious, [or] an abuse of discretion").

18. A decade ago we typically had pending nearly 400 MSPB cases and less than 250 patent infringement cases from the district courts. By 1999 those numbers had reversed. Thus, on September 3, 1999, the court had pending 277 MSPB cases and 380 district court patent cases.

and perhaps 200 to 250 of which were patent infringement cases. By 1998, these statistics reversed, and the Federal Circuit now has 374 patent infringement cases and only approximately 222 personnel cases. As the former are far more complicated than the latter and usually involve a large number of difficult issues, very complicated facts, and often arise from lengthy trials, each additional patent case adds a significant amount of work. By contrast, the vast majority of personnel cases involve only one or two issues that are often simple, and generally require only short evidentiary hearings of a day or so. Because of these differences, each patent infringement case takes perhaps ten times the work of the personnel case it replaced.

Thus, in addition to the numerical increase in the total number of filings and in the total number of cases pending at any given time, there has been a steady increase in the difficulty of the average case, as well as the amount of time required for appellate review. Accordingly, the total workload of the Federal Circuit is significantly larger now than in its first full year of operation in 1983.

Despite this increasing burden, however, the complement of judges has not changed. Congress originally authorized twelve judges, but generally ten or eleven actually sit on the court. At the turn of the decade, the number of judges dropped briefly to as low as eight. In 1998, the court had eleven judges throughout the calendar year.

In my view, the court is operating at close to its capacity. Thus, I fear that even slight increases in caseload could threaten to erode expedition of cases and perhaps the quality of decisions, or at least the articulation of the rationales.

#### *B. Increased Visibility of the Court of Appeals for the Federal Circuit*

Another change that occurred during the court's existence eludes measurement by numbers. One might say that the Court of Appeals for the Federal Circuit has finally, or increasingly, been "discovered." For example, the court is now much more widely known and recognized among practitioners in areas other than those within the jurisdiction of the court. The court is also much better known among legal commentators, law school professors, and legal journalists. *The Legal Times*, for example, covers the court's work more extensively now than five years ago, when the court was almost never mentioned.<sup>19</sup> A recent edition of *Corporate Counsel* magazine

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19. See, e.g., Rebecca M. McNeill, *Hey Circuit, Listen to Your PTO*, LEGAL TIMES, Aug. 16, 1999, at 31 (arguing that the Federal Circuit has "been able to shape the contours of patent law as interpreted by federal judges and by the PTO itself").

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featured an article discussing the court. As a result of the court's increased exposure, the number and quality of law clerk applications has increased steadily. Top students from the most prestigious law schools in the country, many of whom formerly applied only to the regional circuits, are now applying for clerkships at the Federal Circuit.

Despite these indications of success, Congress has not created another court modeled after the Court of Appeals for the Federal Circuit, with national jurisdiction but subject matter jurisdiction limited to specific areas. Although the above-mentioned incremental increases in the court's jurisdiction could be interpreted as a vote of confidence, it cannot be coincidental that Congress has declined to create a second such court, particularly in light of ongoing discussion about the advisability of doing so.

*C. Recent Debate on Increasing the Federal Circuit's Jurisdiction*

In 1998, a statutory commission, chaired by retired U.S. Supreme Court Justice Byron R. White, reported to Congress its findings with respect to the structure and operation of the federal appellate system.<sup>20</sup> One of the issues that the White Commission analyzed carefully was whether to create additional courts with subject matter jurisdiction.<sup>21</sup> The clear position of the Commission was that this was not advisable.<sup>22</sup> Moreover, although the Commission referred briefly to academic commentaries that suggested significant increases in Federal Circuit intellectual property jurisdiction, the Commission declined to recommend any such increases. Instead, the Commission dealt solely with tax and social security benefit appeals. In a public draft of its report, the Commission also included a brief section discussing the possibility of transferring copyright cases from the regional circuits to the Federal Circuit. This subsection, however, was deleted from the final version of the report submitted to Congress. Although the White Commission did not recommend increases in the Federal Circuit's jurisdiction, it did not recommend decreases.

On the other side of the coin, commentary from within the ranks of federal appellate and trial judges over recent years often has been critical of the Federal Circuit, as well as *any* trial or appellate court of specialized subject matter jurisdiction. From time to time, leading

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20. COMMISSION ON STRUCTURAL ALTERNATIVES FOR THE FEDERAL COURTS OF APPEAL, FINAL REPORT (1998) (visited Nov. 8, 1999) <<http://app.comm.uscourts.gov/final/appstruc.Pdf>> [hereinafter COMMISSION REPORT].

21. *See id.* at 67.

22. *See id.* at 73.



judges have suggested that the patent infringement jurisdiction of the Federal Circuit be returned to the regional circuits. Nevertheless, when the Federal Court Study Committee and the Long Range Planning Committee of the United States Judicial Conference submitted their final recommendations, the committees did not recommend that the Federal Circuit be abolished or even that patent jurisdiction be restored to the regional circuits, despite strong advocacy from some.<sup>23</sup> For example, the former Chief Judge of the Ninth Circuit and the Chief Judge of the Third Circuit expressed doubts. In sum, after much analysis and debate in this decade, the court has neither received large grants of additional jurisdiction nor encountered serious efforts to strip it of its present jurisdiction. The opposing forces reached an early equilibrium and thereafter, have remained essentially in that balance.

I expect the consensus among judges, legislators, and the commentators who write on this topic to remain the same. That is, that the Federal Circuit should continue to exist with something very close to its present jurisdiction, but that large additional areas of jurisdiction (such as copyright, trademark, tax, or social security) should not be given to it. With regard to the possible creation of a second, semi-specialized court of appeals, the present consensus is that this should await further developments.<sup>24</sup> For example, although logical arguments could be made for the benefit of national uniformity in administration of the tax laws that would come from centralizing the appeal of tax cases, few people seem to think that the problem is so serious in its practical impact that major reforms are needed.<sup>25</sup> Indeed, the tax bar has been and remains opposed.<sup>26</sup>

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23. See Report on the Proceedings of the Judicial Conference of the United States, *reprinted in* UNITED STATES COURTS: SELECTED REPORTS 51 (1993) (adopting recommendations made by the Long Range Planning Committee by reaffirming the "historical commitment to the principle that the jurisdiction of the federal courts should be limited, complementing, and not supplanting the jurisdiction of state courts"). The Committee on Long Range Planning did not mention amending the categories of the Federal Circuit's jurisdiction. See *id.*, *reprinted in* UNITED STATES COURTS: SELECTED REPORTS 51-52 (1993).

24. See COMMISSION REPORT, *supra* note 20, at 73-74 (making no specific recommendation regarding the categories of the Federal Circuit's jurisdiction).

25. See James P. Holden, *The Federal Courts Study Committee Has Not Made the Case For Its Proposed Overhaul of the Tax Litigation Process*, 40 CATH. U. L. REV. 639, 639-40 (1991) (noting that the existing system for litigating federal tax issues "works well"). *But see* Erwin Griswold, *Cutting the Cloak to Fit the Cloth: An Approach to Problems in the Federal Courts*, 32 CATH. U. L. REV. 787, 806-07 (1983) (proposing reform by creating a separate "Court of Tax Appeals").

26. See Holden, *supra* note 25, at 644 (advocating that adjustments can be made to the present tax litigation system without resorting to the "dramatic surgery" that the federal Courts Study Commission has proposed).

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## II. THE FUTURE DEBATE AND OUR FUTURE ROLE

I believe that the experiment will be ongoing. New business arrangements and world-wide markets are rapidly changing the nature of all commercial law and litigation, and are spurring the creation of vast new fields of greater complexity, practically unknown in prior eras.

These forces will exert great pressure on all courts that handle commercial cases—essentially the core jurisdiction of the Federal Circuit—to become more specialized in order to match the explosion of specialization in law practice and business. Therefore, in my view, the recent struggle within groups such as the White Commission or the Judicial Conference Long Range Planning Committee was more like a wave on the surface of the sea, while the forces of business and science, not visible on the surface, will be as strong as the current. The latter likely will prove more powerful in the long run. I, therefore, predict that suggestions for a second specialized court of appeals to handle tax, social security, and other benefit entitlement cases, and additional jurisdiction in the intellectual property field for the Federal Circuit, will reoccur. Coming more from business leaders than the legal community, these suggestions will be expressed more powerfully and will be supported more widely each time they are raised. Ultimately, members of Congress may respond to such “corporate” demands, particularly those of mid-size and large corporations, more than the urgings of the American Bar Association or similar groups.

Another source of pressure toward greater specialization of the U.S. appellate court system is likely to be other countries. In many of these systems, particularly the German system, there is considerable specialization at virtually all levels of adjudication, including the appellate level. Moreover, the strong tradition in the United States to avoid trial courts of specialized jurisdiction actually may serve to increase the pressure for greater specialization at the federal appellate level.

The third force pushing toward greater specialization and increased jurisdiction for the Federal Circuit will come from the very power of science and technology itself. As the new century begins, it seems obvious, even to those less informed about high technology, that emerging bio-tech, computer, and telecommunications technologies radically will alter all commercial arrangements and their economic effects in a very short span of time. Therefore, it seems likely that society at large, not to mention the business community, will be less tolerant of any inconsistent or possibly

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unsound adjudications by general adjudicators handling highly complicated matters of great economic importance with widespread practical consequences. Attention to the Y2K dilemma illustrates this phenomenon. Recently, a scholar suggested that all cases arising from this problem be tried in special temporary courts with appellate review by the Federal Circuit.

The Federal Circuit, I think, will survive with at least its current areas of jurisdiction intact. Even without a formal change in jurisdiction, the court will become increasingly important to the national economy and the fortunes of nearly all U.S. corporations, including smaller, privately owned and start-up corporations. In this sense, the Federal Circuit ultimately may be characterized not so much as a science and technology court, but as a business court, or the “corporation” court.

If this prediction is accurate, it will have an important effect with respect to the recruitment of judges for the court. While thus far the patent bar has been the main source of suggestions concerning the appointment of judges, recent appointments indicate that this may well change. With the possible exception of the most recent appointment, none of the five most recent appointments—all in 1990 or later—came from the patent bar or were proposed by patent bar organizations. At present, two of the ten judges on the Federal Circuit have considerable pre-appointment backgrounds as patent lawyers. Both of these judges hailed from long service in major technological corporations where each served as the lead patent lawyer. In earlier times, the court had a larger number of intellectual property lawyers.<sup>27</sup> Despite these pressures, only one of the nine judges appointed since 1985 came from the patent bar. Most of the Federal Circuit appointees have come from general litigation or government service backgrounds. With the growing importance of public contract and international trade cases, perhaps these two bars will become active in the recruitment and nomination process. In addition, I expect that there will be increasing pressure from the general counsels of America’s leading corporations rather than, as at present, just from the chief patent lawyers. All of these forces could have positive effects on the court, such as added congressional attention and support.

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27. Indeed, at one point in 1989, five of the eight members were from the intellectual property bar, with four from the patent bar, and the late Judge Helen Nies from the trademark bar.

## III. THE STATE OF THE FEDERAL CIRCUIT AT PRESENT

A. *Our Inner Workings*

A number of basic observations can be made about the state of the court and its health as an institution at the present time. First, the court seems to be operating in an increasingly well-organized and efficient manner, particularly under various innovations instituted by our new Chief Judge and new Circuit Executive.<sup>28</sup> The court has upgraded its internal computer systems several times. The clerk's office has instituted an electronic bulletin board. Because of our better technology, the court submits decided cases to legal publishers in disk form. With respect to workload, the addition in the early 1990s of a third law clerk for each of our court's judges in regular active service has assisted the court in meeting the increase in complexity and volume of cases, as well as maintaining an enviable, if imperfect, record of expedition.

Assessing the court's work from the standpoint of speed, however, requires deciding what standard of measure one should apply. The court's average elapsed time between filing and decision or between argument and the issuance of an opinion is as good as, or better than, all other circuit courts of appeals except for one or two.<sup>29</sup> Certain typical measures of judicial efficiency make us look quite good. For example, the vast majority of the court's opinions issue within ninety days of the oral argument. The relatively large number of simple personnel cases, however, may skew some of these figures.<sup>30</sup> For example, in patent cases, it is not uncommon for the disposition to take a year or more following the filing of the appeal, and as much as six to eight months after oral argument. The same can be said for other complicated cases, usually with large money stakes, such as major government contracts, takings, and international trade cases.

Like its sister circuits, the Federal Circuit uses a variety of efficiency measures to cope with a substantial caseload. First, the court disposes of almost a third of its cases by summary affirmance (i.e., without opinion) under Federal Circuit Rule 36. Second, the court disposes of another one-third of its cases under its Rule 47.6 by "non-precedential" decision (i.e., a public opinion explaining the

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28. Chief Judge Mayor assumed his position in December, 1997. Our Circuit Executive, Jan Hurbaly, took office by appointment of the Chief Judge in 1996.

29. See U.S. SENATE JUDICIARY SUBCOMMITTEE ON ADMINISTRATIVE OVERSIGHT AND THE COURTS, CHAIRMAN'S REPORT ON THE APPROPRIATE ALLOCATION OF JUDGESHIPS IN THE UNITED STATES COURT OF APPEALS § II(1) (Mar. 1999) (Sen. Grassley, Chair).

30. See *id.* (charting the large number of personnel filings in the Federal Circuit).

reasoning of the court but usually only in abbreviated form). These opinions, however, cannot be cited as precedent. It is unclear how the court could make greater use of either of these labor-saving devices. Indeed, their use is often criticized, although sometimes because of misunderstanding. For example, members of the specialty bars complain informally at conferences. Some speculate that the court uses non-precedential opinions in difficult cases. Actually, the court follows the Federal Circuit rule's standard, which reserves precedential treatment to decisions that "add significantly to the body of precedent."<sup>31</sup> Further, the court follows a presumption in favor of precedential treatment and the vote of only one member of the panel requires it. Nevertheless, the court's use of each device comports with that of its sister circuits.

### *B. Summary Judgment*

The operation of the court and the state of its jurisprudence, however, cannot be understood without examining the nature of the appeals it decides. Here, the great distinction is between cases tried below and those decided on summary judgment. Summary judgments currently make up a large portion of our caseload. This is so in nearly all of the court's major areas of jurisdiction. For example, in the many types of cases appealed to the court from the decisions of the U.S. Court of Federal Claims, I believe the majority involve summary judgment. Of course, its jurisdiction is limited to various types of money claims against the United States, for example, in public contract cases. This Essay will illustrate, however, how the use of summary judgment is increasing and will focus on the impact that summary judgment has had in patent cases. In these situations, the effects of summary judgment can be significant.

The role of summary judgment motions in modern patent cases is difficult to overestimate. Recent changes in claim construction methodology have increased the number of issues and, indeed, the number of cases amenable to final disposition on summary judgment.<sup>32</sup> For example, once the asserted claims of a patent have been construed fully as to any disputed terms, the existence of literal

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31. FED. CIR. R. 47.6(b) (detailing Federal Circuit procedure for determining precedential value of opinions).

32. It is now clear, for example, that patent claim construction is for the court, not the jury. This determination is to be based primarily on the patent itself, that is, the claims, the accompanying "written description," and where relevant and proffered, the record of the examination process, referred to as "prosecution history." The prosecution history includes communications between the examiner and the applicant's attorney.

infringement<sup>33</sup> can frequently be determined as a matter of law because the structure and operation of the accused device are rarely subject to genuine evidentiary dispute. Similarly, proper construction of the scope of asserted claims will sometimes settle the issue of equivalent infringement as a matter of law because no reasonable jury could find that the substituted step or element is found equivalently in the accused process or device.<sup>34</sup> In addition, many issues of patent validity, such as invalidity for obviousness, likewise can be determined on summary judgment. Not uncommonly, the scope and content of the prior art, the differences between the prior art, and the claimed invention and the level of skill in the art are not subject to genuine dispute, if any dispute at all. In many cases, so-called objective considerations of non-obviousness are either unproven or of relatively little weight in the overall analysis of obviousness or non-obviousness. In such cases, the determination of whether the claimed invention would have been obvious at the time, in view of the prior art, resolves into a legal inquiry of the undisputed facts according to the general conditions set forth in *Graham v. John Deere Co.*<sup>35</sup> by the Supreme Court in 1966. Similarly, alleged invalidity on other grounds, such as failure to disclose the best mode, indefiniteness of the asserted claims, and certain other common affirmative defenses also can be resolved frequently as a matter of law on summary judgment.

It is now clear that claim construction and all preliminary determinations relating to claim construction are for the court alone and involve solely questions of law.<sup>36</sup> Hence, whenever claim construction resolves the issue of equivalent and/or literal infringement, summary judgment or partial summary judgment will be available. Theoretically, the only cases in need of trial would be

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33. A finding of literal infringement requires that the relevant structure in the implicated device perform the identical function to the one recited in the claim and be identical or equivalent to the corresponding structure as defined in the specifications. *See Mas-Hamilton Group v. LaGard, Inc.*, 156 F.3d 1206, 1211, 48 U.S.P.Q.2d (BNA) 1010, 1014 (Fed. Cir. 1998).

34. Equivalent infringement "may be found when an accused device performs substantially the same overall function or work, in substantially the same way, to obtain substantially the same overall result as the claimed invention." *Pennwalt Corp. v. Durand-Wayland, Inc.*, 833 F.2d 940, 934, 4 U.S.P.Q.2d (BNA) 1737, 1744 (Fed. Cir. 1987) (noting that the doctrine will not extend (1) to cover an accused device in the prior art, and (2) to allow the patentee to recapture through equivalence certain coverage given up during prosecution) (emphasis added).

35. 383 U.S. 1 (1966). In this case, the Court affirmed three conditions to offer uniformity in assessing the validity of a patent: (1) whether the scope and content of a prior art are being infringed, (2) whether differences between the prior art and the art at issue are ascertained, and (3) a determination of the level of ordinary skill necessary in the pertinent art. *See id.* at 17.

36. *See Markman v. Westviews Instruments, Inc.*, 517 U.S. 370, 389-90 (1996) (determining that a judge is in a better position to construe claims than a lay jury because the judge has more experience in evaluating expert testimony regarding patent structure).

those in which either the structure and operation of the accused device are unclear based on the summary judgment affidavits or depositions, or where there is a close question about whether the terms of the claim are met by the features of the accused device or steps in the accused process, literally or equivalently.

I predict that an increasing portion of patent infringement cases will be resolved on summary judgment. It is conceivable, for example, that in as many as one-quarter of the cases, literal infringement could be decided as a matter of law. In another quarter, perhaps, equivalent infringement could be decided as a matter of law. In yet another quarter, both forms of infringement could be eliminated as legally incorrect. As a result, only one-fourth of infringement cases would require trial on both types of infringement, while another fourth would require no trial at all.

One reason why equivalent infringement might be eliminated in one-quarter, or perhaps up to one-half of the cases, is that prosecution history estoppel, like claim construction, has been designated as a question of law for the court, not the jury.<sup>37</sup> In addition, now that the "limitation-by-limitation" or "element-by-element" requirement of *Pennwalt v. Durand-Wayland, Inc.*<sup>38</sup> has been upheld for establishing equivalent infringement specifically, and perhaps even strengthened by the Supreme Court in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*,<sup>39</sup> equivalent infringement, even when not involving prosecution history estoppel, is often amenable to summary judgment.

As summary judgment law in patent cases continues to evolve, ultimately one-half of the cases may be decided in this manner, without trial on any issue. Summary judgment is particularly important in patent cases because of the proliferation of complicated issues, both of infringement and validity, as well as collateral issues such as patent misuse, inequitable conduct, and antitrust violations.<sup>40</sup>

Summary judgment, or even partial summary judgment, has important collateral advantages that may not be widely recognized.

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37. Prosecution history estoppel provides that "a surrender of subject matter during patent prosecution may preclude recapturing any part of that subject matter, even if it is equivalent to the matter expressly claimed." *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 18-19 (1997).

38. 833 F.2d 931, 4 U.S.P.Q.2d (BNA) 1737 (Fed. Cir. 1987).

39. *Warner-Jenkinson*, 520 U.S. at 29 (holding, in a unanimous decision, that the doctrine of equivalents mandates its application to each similar element of a patent claim).

40. See, e.g., *Markman*, 517 U.S. at 373 (discussing patent law suits and infringement in terms of making, using, and selling patent inventions without authority); *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 90 (1993) (explaining the relationship between patent validity and infringement within the context of vacating declaratory judgment).

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For example, settling certain issues as a matter of law, thus removing them from ensuing trial, may change the calculus of the parties as to possible settlement because of the issues that remain. As a result, the prospects for one side may be dim, and settlement may become more likely. Furthermore, even for issues that survive summary judgment and are destined for trial, the very exposition of the issues in light of the prospective trial evidence of the two sides may change the calculation that each side made previously of its chances of prevailing. This process promotes settlement without trial even where one or more issues have been set for trial after unsuccessful attempts to resolve them on summary judgment.

A very similar situation is seen in government contracts, takings, international trade, and other cases. The use of summary judgment saves untold time and expense for the litigants and the trial court. Summary judgment has become more frequent and will continue on the same upward slope.

What are the implications of summary judgment for the court of appeals? Appeals from summary judgment are labor intensive for the Federal Circuit. The court must dig deeply into the affidavits and depositions in a way seldom required after trial. Thus, the increased use of summary judgment means more work and the use of more resources at the appellate level.

### *C. Additional Judges or Clerks*

Realistically, I doubt that Congress will increase the court's budget and authorize a fourth law clerk per judge. Indeed, I do not believe such an increased number of law clerks is desirable. On balance, the increased burden of managing a fourth clerk might exceed the judge's production. Nor will the size of the court's small central staff of attorneys likely grow.

Similarly, it is unlikely that the complement of authorized, active judges on the court, which now stands at twelve, will ever be increased. The total number of cases decided per year by the court is already considerably less than other circuits.<sup>41</sup> Therefore, if the delay in the disposition time of appeals is to improve, it will have to be as a result of more self-policing by members of the court, rather than through an increase in resources or a change in rules of practice and procedures.

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41. See ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS, JUDICIAL BUSINESS OF THE UNITED STATES COURTS 91-94, 131 (1998) (describing in table form that in 1998, the Federal Circuit terminated 1,386 cases, while other circuit courts terminated between 1,590 (D.C. Circuit) and 8,425 (9th Circuit) cases).



*D. Unpredictability of the Outcome and Its Effect on the Pursuit of Litigation*

The problem most frequently mentioned by practitioners is known as “panel-dependency.” Panel dependency is the belief that the result in a case is a function of the membership of the three-judge panel. In response, I note that panels are assembled by a random computer process. I emphasize that a representative set of cases is assigned blindly to the panel as well. Moreover, none of the judges specialize in any particular technology or even in any particular type of case. Nevertheless, practitioners, particularly in the patent field, often maintain that the outcome, as well as the rationale of court decisions, are strongly reflective of the identity of the three judges.

I believe that these complaints are exaggerated. By informal monitoring, I estimate that in ninety percent of the cases the result would be the same with any combination of three judges from among the court’s present complement of ten judges in full-time service. This estimate is similar to the statistic that approximately ninety percent of the time the panels rule unanimously, meaning that dissents are found in fewer than one out of every ten cases. Nevertheless, I believe that the complaint regarding panel dependency may be symptomatic of broader ills, such as, “indeterminacy” or “unpredictability.” If most of the time-seasoned practitioners cannot predict the outcome of a given set of facts on an issue such as equivalent infringement, then a serious problem arises.

In the areas of public contract, trade, or takings law, similar assertions can be made. Most of the time-seasoned contract practitioners should be able to agree, for example, that ambiguity in the particular language of a contract is or is not “patent.” This decision is normally an outcome-determinative choice. If it is highly unpredictable, then many unfortunate consequences will flow in contract cases just as in patent, trade, or other areas.

The central problem is that neither litigants nor litigators can avoid, much less terminate, the litigation process because the resulting indeterminacy will mean unpredictability. First, until a panel of the Court of Appeals for the Federal Circuit decides the case, no one can know the correct outcome, and the trial court result will not be seen as acceptable. As a result, cases will be settled less often before the institution of proceedings, (i.e., the filing of a complaint). Second, between the filing of a complaint and the commencement of the trial or significant pretrial evidentiary hearings, such as those regarding proper claim construction in a patent case, the incentive to settle the case usually will be insufficient. Finally, the result on summary judgment, or even on mid-trial or post-

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trial judgment as a matter of law (“JMOL”), will not be accepted by the losing party without appeal because the chances of reversal are seen as at least fifty percent.

The least of many harms is that virtually no appeal will be abandoned during pendency, but will be pressed to conclusion at the Federal Circuit level. Once again, the party who loses the judgment below can rationally form the conviction that the prospects of reversal seem substantial, perhaps fifty percent or more. In actuality only twenty percent to thirty percent of appeals result in reversals. But if the prospects in a given appeal *seem* good, the litigator’s perception, not what actually happens, governs. Moreover, even in cases where the chance of reversal might fall within the range of twenty-five percent to fifty percent, the large stakes typically attending cases in areas such as patents, public contracts, takings, and international trade will seem to justify the expense of time and money in seeing the appellate process through to its conclusion. The odds are supported by the fact that parties have already spent ninety percent or more of the total cost of the litigation and, therefore, to spend another five percent to ten percent to conclude the appeal process seems justified.<sup>42</sup>

The aforementioned problem may be aggravated by the fact that a significant number of outcome-determinative issues in major areas of the court’s jurisdiction, such as patents, have been deemed issues of law and, therefore, reviewable on appeal without deference to the tribunal below. The term “*de novo*” is confusing. Because it is a court of review, nothing the Federal Circuit does is truly “anew,” which I take to be essentially the meaning of “*de novo*.” Sometimes this nondeferential standard of review is referred to as “independent review,” “free review,” or “simple review.” By whatever name, this standard allows the Court of Appeals panel to substitute its own judgment on an issue for that of the tribunal or court whose decision or judgment the appellate court is reviewing. In general, the chances of reversal are much higher on an issue subject to *de novo* review than under any of the other deferential standards of review, such as “clear error,” “abuse of discretion,” or “substantial evidence,” which represent the most frequently applicable deferential standards of review.

In the aforementioned patent and contract issues, the applicable standard of review for claim construction and “latent” versus “patent”

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42. The above figures are not based on empirical research, but are national figures, which broadly illustrate the basic realities of appellate practice before the court. These figures are estimates or impressions based on my tenure with the court that now exceeds 11 years.

ambiguity is *de novo*.<sup>43</sup> Therefore, the unpredictability of the outcome in such an appeal is even higher than with issues that are subject to some degree of deference. In veterans' cases, all questions are legal questions and therefore subject to free review.<sup>44</sup> In customs cases, the ultimate question of the proper classification of an imported item remains a question of law subject to independent review.<sup>45</sup> Finally, in subsidy and antidumping countervailing duty cases, the usual governing standard of review involves deference.<sup>46</sup>

To understand the significance of the indeterminacy problem, one must realize that in recent decades in the United States, only approximately ten percent of the civil judgments or decisions have been appealed. In patent cases, the percentage in recent times has hovered at approximately fifty percent, perhaps due in part to the large damage awards that typically are given. The question, however, is whether the Federal Circuit, in its jurisdiction, will have the capacity to hear any more than half of the cases that are brought to conclusion in the trial courts. I argue that it clearly does not, nor will it later acquire such capacity.

#### *E. The Threat of Growing Delays*

In general, the caseload of the federal appellate courts has increased tenfold in the last thirty years or so, while the number of judgeships has merely doubled.<sup>47</sup> It is my belief that the Court of Appeals for the Federal Circuit does not have much, if any, excess capacity or the ability to decide more cases per year or to decide cases

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43. See *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1455, 46 U.S.P.Q.2d (BNA) 1169, 1174 (Fed. Cir. 1998) (citing the Supreme Court's opinion in *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 388 (1996), in which the Court held that claim construction as a form of "document construction" is solely a question of law subject to *de novo* review).

44. See Glenn L. Archer, Jr., Statement on Federal Circuit Jurisdiction, Address Before The Twelfth Annual Judicial Conference of the United States Court of Appeals for the Federal Circuit (June 16, 1994), in 159 F.R.D. 59, 168 (1994) (explaining that judges are "limited to reviewing the legal aspects of the Veterans Appeals' decisions," and not the facts); see also 38 U.S.C.A. § 7292 (1992 & Supp. 1999) (explaining the standard of review in veteran appeals cases).

45. See 19 U.S.C. § 1516(f) (1994) (stipulating that the classification of imported items is subject to final decision either by the Court of International Trade or the Court of Appeals for the Federal Circuit).

46. See 19 U.S.C. § 1516a(b)(1)(B) (establishing the system of judicial review in countervailing duty and antidumping proceedings); see also Stephen J. Powell & Elizabeth C. Seastrum, *Straight Talk About a Complex Issue: The U.S. Standard of Judicial Review of Antidumping and Countervailing Duty Determinations: An Important Challenge for N.A.F.T.A. Panels*, 19 FORDHAM INT'L L.J. 1451, 1455-63 (1996) (describing the use of reasonableness as a standard of review in antidumping and countervailing duty cases).

47. TERENCE DANGWARTH & NICHOLAS M. PACE, STATISTICAL OVERVIEW OF CIVIL LITIGATION IN THE FEDERAL COURTS 30 (1990) ("The growth in the number of authorized judgeships in the circuit courts over the last 40 years has lagged significantly behind increases in the number of cases appealed.").

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faster than at the present time. It is also unlikely that Congress will expand significantly the resources of the federal appellate courts. If these assumptions prove correct, then litigants face even greater delays at the hands of the Federal Circuit, especially if the caseload continues to rise and increase in complexity.

It is my view that the typical delays in important commercial cases already exceed what is commercially tolerable. These delays clearly account for the great increase in the popularity of every imaginable form of so-called "alternative dispute resolution" (i.e., arbitration, mediation, early neutral evaluation, etc.). I expect that this trend will continue, in part, because the courts of appeals soon may be viewed by the business community as intolerably slow.

*1. Indeterminacy and incapacity impede practitioners*

The output of the Federal Circuit warrants further examination. At any given time, it has pending approximately 1,000 cases. In a given year, it normally disposes of over 900 cases. Out of these cases, only about one third are patent cases. When one considers, however, the number of legal issues facing the patent lawyers who work for U.S. corporations, one quickly sees that *potential* lawsuits must number at least in the tens of thousands.

A lawyer, whether employed as inside counsel or by a private law firm, must conclude in an "opinion letter" whether a given device infringes a certain patent and whether that patent is valid, and must make judgments as to whether the patent may be enforced. In addition, a lawyer must conclude whether the likely measure of damages should be a reasonable royalty or the full award of all profits deemed lost to the activity of the infringer. Even if each year only a few thousand opinion letters are actually written, signed, and sent to clients, that is ten times the number of opinions issued by the court. The question then becomes how reliable are these attorney opinion letters? If reliable ninety percent of the time, as measured by what happens if the case is then litigated, then the system of patent law administration in the United States can work fairly well. It would mean that ninety percent of the potential litigation could be avoided and the potential disputes settled between the parties through the taking of a license, the exchange of cross licenses, the voluntary payment of money, the exchange of assets, or other such creative business arrangements. At the other extreme, if the reliability rate of attorney opinion letters in patent cases is only ten percent, then, logically, that would mean that ninety percent of the potential disputes will result in the filing of a lawsuit, prosecution through final

judgment, and an appeal prosecuted to conclusion as well.

In actuality, the accuracy rate of opinion letters by patent lawyers is probably much closer to fifty percent. If one stipulates that it is exactly fifty percent, then the question becomes whether the fifty percent of the opinion that is accurate can be distinguished from the fifty percent of the opinion that is inaccurate.<sup>48</sup> This method is not as determinative as litigation, of course. Therefore, the divergence between a firm prediction and the eventual outcome, if actually litigated, requires endless caveats and qualifications by practitioners who feel compelled to include them in opinion letters.

## 2. *Business leaders feel trapped*

Consider the position of a business executive in such a circumstance. His own highly paid lawyers cannot tell him with realistic probabilities, much less any kind of certainty, whether the particular product infringes the patent in question. Therefore, the business leader is unable to make secure judgments about what steps he should take and faces compounded dangers. He faces not only the unpredictability of the litigation process from the standpoint of its ultimate outcome, but also from the standpoint of how long it will take, how much it will cost, and how much disruption company employees will suffer in the process of discovery, trial preparation, and trial. Whether a given case from start to finish will take two, four, six, or eight years is very difficult to assess. Similarly, whether it will cost half a million, a million, two million, or four million dollars may be equally hard to predict and depends on many variables. Such variables include the judge in question, the number of cases on that judge's docket, the nature and complexity of the case, the number of patents being asserted, the tactics of the opposition, the relative strength of the companies, and many additional factors. The essential reality for the business leader, however, is that he is facing a process that can be enormously expensive, disruptive, entirely uncontrollable, and unpredictable. Therefore, it is likely that as business leaders become more aware of such risks and uncertainties, they will insist on arbitration clauses, or other such contractual provisions, in an attempt to avoid the risk of becoming victims of the uncertainties of the U.S. litigation process.<sup>49</sup>

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48. Note that the more the author feels uncertain about the outcome, the more the prediction is hedged.

49. One may wonder whether many cases can be avoided through Alternative Dispute Resolution ("ADR"), since often the prospective litigants are competitors of one another and as business rivals, there may be no occasion for contractual agreement to avoid the litigation process.

### 3. *The doctrine of equivalents*

The problem of indeterminacy cuts across all areas of the Federal Circuit's jurisdiction. It is probably worst in the patent area because of considerable unpredictability in the application of the doctrine of equivalents.<sup>50</sup>

The doctrine of equivalents imposes liability in circumstances where the accused device or process is not covered by the issued patent claims.<sup>51</sup> Nevertheless, it infringes under what may be considered "extended protection" pursuant to the judicially established doctrine of equivalents. In patent law, this is the greatest source of indeterminacy.

In recent decades, it has increasingly become the tactic of patent litigators to charge equivalent infringement, as well as regular or "literal" infringement. Now, virtually every patent case involves equivalent infringement, as well as literal infringement, and nearly always multiple grounds of alleged invalidity of the patents under various statutory and judge-made rules. Consequently, every patent case has a large number of issues, at least one of which is highly unpredictable. The combination of multiple, difficult issues and the doctrine of equivalents issue means that patent cases are affected severely by the problem of indeterminacy. Indeterminacy is exacerbated because juries are increasingly relied upon to decide

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Some judges express concern and displeasure with the ADR process. In my view, judges should welcome it warmly because their capacity to handle more cases or their present caseload faster, much less better, is so limited. With the increased expansion of business transactions, population, dollar volumes, and the complexity of litigation, courts will need these alternative systems in order to function more efficiently.

In most cases, ADR is a systemized way of doing what two good lawyers could do on their own for their respective clients. If the courts provide a clearer set of rules with greater predictability by which lawyers may assess the likely outcome of the case if litigated, they may agree privately to a settlement soon after filing, if not before.

Some judges believe that an emphasis on rules as a means of greater predictability is perverse. They argue that a higher level of justice, however defined, requires minimizing rules, or at least having rules of maximum flexibility that one may call doctrines or principles as opposed to rules of law. I expect that several judges not only on the Federal Circuit but on all of its sister circuits largely subscribe to this view.

There is great satisfaction as a judge in being able to impose on parties what we perceive as the most just outcome. The question in my mind, however, is whether this phenomenon is another illustration of the general principle that sometimes the best is the enemy of the good. In other words, by having optimum flexibility to attach a perfect result in a given case, we create excess indeterminacy affecting numerous future cases.

50. The doctrine of equivalents protects the integrity of a patent from imitating products that mimic the patented product except for one or more superfluous changes. *See Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 607 (1950).

51. "[A] product or process that does not literally infringe upon the express terms of a patent claim may nonetheless be found to infringe if there is 'equivalence' between the elements of the accused product or process and the claimed elements of the patented invention." *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 21 (1997).

infringement questions.<sup>52</sup>

*a. Solutions to the doctrine of equivalents in case law*

Possible solutions that would reduce the indeterminacy or unpredictability of equivalent infringement rulings, in my opinion, have been fully explored. For instance, numerous rules now exist to rein in the more extreme applications of the doctrine. First, under the doctrine of prosecution history estoppel, if the patent applicant has surrendered certain subject matter to ease or to speed issuance of a patent, that subject matter cannot later be recaptured and made the subject of liability under the doctrine of equivalents.<sup>53</sup> Second, for more than a decade the doctrine of equivalents has been restrained by the “all-elements” rule, sometimes referred to as the “all-limitations” rule, from the Federal Circuit’s *en banc* case *Penwalt v. Durand-Wayland Inc.*,<sup>54</sup> decided in 1987. The rule bars infringement if even one limitation is not met, at least equivalently.<sup>55</sup> The third restraining doctrine was clarified and strengthened in the case of *Wilson Sporting Goods Co. v. David Geoffrey & Associates*.<sup>56</sup> This rule holds that if the accused device or process is within the prior art or can be characterized fairly as an obvious variation of the prior art, then by definition it cannot equivalently infringe.<sup>57</sup>

Despite the extra boost to the “all-elements” rule and to prosecution history estoppel from the unanimous Supreme Court decision in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*,<sup>58</sup> the

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52. Resorting to juries in patent cases has risen from about 10% when I came to the bar to over 70% today.

53. See *Augustine Med. v. Gaymar Indus.*, 181 F.3d 1291, 1298, 50 U.S.P.Q.2d (BNA) 1900, 1905 (Fed. Cir. 1999) (“Prosecution history estoppel also limits undue expansion of a claim’s scope through the doctrine of equivalents . . . . Specifically, prosecution history estoppel prevents a patentee from recapturing subject matter surrendered during prosecution of the patent.”) (citations omitted).

54. 833 F.2d 931, 4 U.S.P.Q.2d (BNA) 1737 (Fed. Cir. 1987). In this case, the court held that the district court correctly relied on an element-by-element comparison to determine that there was no infringement under the doctrine of equivalents, because the accused device did not perform the same functions as the Penwalt invention. See *id.* at 935, 4 U.S.P.Q.2d (BNA) at 1740.

55. See *id.* at 934, 4 U.S.P.Q.2d (BNA) at 1739 (stating that with respect to each claim limitation the patent owner must prove that the structure in the accused device “is the same as or an equivalent of the structure disclosed in the specification”).

56. 904 F.2d 677, 14 U.S.P.Q.2d (BNA) 1942 (Fed. Cir. 1990).

57. See *id.* at 683-84, 14 U.S.P.Q.2d (BNA) at 1947-48 (explaining that “there can be no infringement if the asserted scope of equivalency of what is literally claimed would encompass the prior art”).

58. 520 U.S. 17, 21 (1997) (adhering to the doctrine of equivalents as an objective inquiry on an element-by-element basis). The *Warner-Jenkinson* Court went on to note that the doctrine of prosecution history estoppel continues to be available as a defense to infringement. See *id.* at 30-33. If, however, the patentee shows that an amendment required during prosecution had an unrelated purpose to patentability, a court must examine that purpose to determine whether

various efforts to restrain the doctrine of equivalents and prevent its undue applications have failed to resolve indeterminacy. The aforementioned restraining doctrines now have had an adequate chance to prove themselves.

*b. Legislative solutions to the doctrine of equivalents*

One colleague on the court suggests that the solution to the problems posed by the doctrine of equivalents, and indeed the only sufficient solution, is legislative revision.<sup>59</sup> Specifically, this colleague believes that the doctrine of equivalents should be abrogated by congressional enactment. The entire problem of unpredictability, insofar as equivalent infringement is concerned, would be eliminated if the doctrine were abolished by federal legislation.<sup>60</sup>

Analogs may exist, particularly in the area of public contract law, where the sources of undue indeterminacy could be removed by legislative fiat. To the extent this is so, however, the solution would not reach a large percentage of the contract cases. In contract law, trade law, and takings law, the outcomes tend to be driven more by specific facts and evidence than by broad legal doctrines. Moreover, the ubiquity of equivalent infringement charges in patent cases has no analog in these other areas. In this area of patent law, the appeal for a legislative cure is attractive enough to entice some to assume the risk that Congress may make matters worse in an effort to make them better.

*F. Appellate Settlement Office*

With respect to the capacity of the court and whether it can be expanded in the absence of the creation of additional judgeships, one aspect of the problem not discussed above was highlighted recently in a report issued by Senator Grassley as Chairman of the Judiciary Subcommittee on the Administration of the Courts.<sup>61</sup> Senator Grassley concluded that settlement programs should be pursued as aggressively by the United States Court of Appeals for the Federal Circuit as they are by the majority of its sister circuits.<sup>62</sup> Indeed, the subcommittee report suggested that before Congress considers enlarging the number of judgeships for the Federal Circuit,

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estoppel is precluded. *See id.* at 40-41.

59. This suggestion was made by Judge Alan D. Lourie.

60. To explore the pros and cons or take even a tentative position myself on this recommendation is beyond the scope of this Essay.

61. STAFF OF SENATE COMM. ON THE JUDICIARY, 106TH CONG., REPORT ON THE ALLOCATION OF JUDGESHIPS IN THE UNITED STATES COURTS OF APPEALS (Comm. Print 1999).

62. *See id.* at 11.



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or even before it fills the one current vacancy, the court should first create a settlement program.<sup>63</sup>

Ironically, the court budgeted for the position of a settlement attorney years ago. The attorney was to be supported by a secretary and one or two additional staff members to create a small, independent office within the court structure. Although the judges of the court conceived of the idea and framed the basic structure to implement it, the court did not carry out this plan. With the increase in litigation at the turn of the decade, the court decided in its monthly administrative conference that its highest priority was to provide a third law clerk per judge, the number of clerks all sister circuit judges have enjoyed for many years. Thus, we redirected funding toward this aim. For more than half a decade, Congress has been asked to authorize and fund third law clerk positions as a line item, and each year it has declined to do so. In response, the Federal Circuit annually reprograms whatever funds are available, including those designated for a settlement attorney's office, in order to pay for the third law clerk positions. If the predictions made above about the low prospects of attaining significantly increased resources are accurate, Congress will continue to deny additional funding for a third law clerk, even though the positions are an absolute top priority for the court.

What is the court forfeiting by not having a settlement attorney?<sup>64</sup> With respect to its operational impact, I doubt that it is very significant. Because the majority of cases that come before the court tend to involve large sums of money and highly complicated issues of business and technology, one has to question whether in the end the litigators in these cases will be persuaded by a settlement attorney to compromise and terminate the appeal in mid-course. I would suggest that there is only a small percentage of cases in which such a settlement might be attempted, and an even smaller percentage where it would actually succeed. By crude estimate, I would calculate that less than five percent of the over 900 appeals currently pending could be terminated through settlement efforts, even if they were conducted under ideal circumstances.

In addition, I doubt very much that the settlement program would achieve major savings in personnel cases. Although the settlement amounts may not be as impressive as trial judgments, to a middle-level former government bureaucrat who might win \$100,000 in the

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63. *See id.* at 36.

64. Whether the court is forfeiting a chance to fill the twelfth judgeship is, of course, a matter entirely within the purview of the Senate and not one on which I will comment.

form of back pay for several years, the amounts seem like all the money in the world. Moreover, that person frequently feels so emotionally antagonized by his former supervisors, and the government in general, that the litigation may be an exercise in therapy. The lawsuit may be grounded in emotion rather than taking into account the rather low prospects of prevailing. Therefore, it seems that even an optimal settlement program would achieve settlement in less than five percent of personnel cases.

After joining these two percentages together, I reason that the cost of the program might be difficult to justify in terms of the 50-100 cases per year that it settles. Many of the cases subject to settlement take very little time to adjudicate because of their simplicity. Generally, the correct result is an affirmance, without doubt, and it requires no extended study or analysis by the court. What is the gain of settling a case if, to begin with, that case takes so little time? Accordingly, I do not see much help for the court, or greater speed or quality in its decisions for the benefit of the litigators and their clients, as a potential by-product of a settlement program.

Certainly, if I alone were making the decisions within the court, I would rather use the funding designated for the settlement office to fund part of the third law clerk positions for each of the judges. Dispensing with the third law clerk positions would greatly hinder the court's ability to issue opinions in an expedited manner. Because, as suggested above, it already takes the Federal Circuit too long to decide the average major case in the patent, trade, takings, contract, and other major areas of the court's jurisdiction, this additional delay would be something I consider extremely undesirable and very harmful to accomplishing the court's congressionally assigned mission.<sup>65</sup>

#### IV. PILOT REFORMS

If it is true, as I suggest, that Congress will not help much, am I totally devoid of proposals as to how the court can solve its own problems and thereby the problems of the litigators and litigants?

##### A. *Per Curiam Opinions*

I do have one suggestion, although one for which I can claim no personal authorship or credit. It has been suggested to me by several

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65. The court's assigned mission is to ameliorate the "administration of the law in the areas of patents, government contracts, merit system protection, trademarks, and international trade." 142 CONG. REC. S6155-01 (daily ed. June 12, 1996) (statement of Sen. Cohen).

people, including a current member of the Supreme Court, that one of the prime causes of inefficiency in appellate courts is the perceived pressure to produce lengthy, learned, scholarly opinions, because one has to sign one's name as the author. Those opinions are in the public domain and are the subject of extensive commentary and criticism by legal journalists, general journalists, and law professors. The suggestion here is that the identification of authorship results in opinions being far longer than necessary—and taking much longer than necessary to produce. If this analysis is correct, then a significant portion, perhaps half of the delay in the average case, could be attributed to this human factor of a signed opinion.

The solution is to have unsigned or *per curiam* opinions that tersely declare the essential rationale agreed to by the three members of the panel. The panel of course speaks for the court and its decisions are binding on all future panels, unless and until, overruled by the court sitting *en banc*.

Our court has some experience with shorter *per curiam* opinions because they are typically used in non-precedential cases, particularly simpler ones. My own view is that they are written with comparable care and attention to both analysis and articulation as the longer signed opinions. They are not, however, scholarly or otherwise impressive examples to law professors or legal journalists. Therefore, I would favor an experiment using the shorter, *per curiam* form as the typical form of opinion in precedential cases. To date, it has been used rarely in precedential cases. I contend that it could and should be used, and that it certainly would justify a trial run or an experiment that could be evaluated after a year or two.

#### *B. Other Possible Pilot Practices*

In addition to the court's own experience, one can look to the practices of foreign courts of comparable cultures, such as the former British commonwealth countries. In comparison to the opinions generated in these countries, one could conclude that a very large percentage of Federal Circuit opinions in the more significant cases are excessively long and complicated. The opinions often cover old ground at great length and include a great many factual, legal, and analytic comments that are not needed to explain to the parties why their arguments were accepted or rejected, or to adequately guide the conduct of lawyers and trial judges in similar future cases. In fact, in many cases no formal appellate opinion is needed.<sup>66</sup>

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66. In such cases, the lower court's opinion adequately explains the correct resolution of

My own experience is limited to observing the courts in New Zealand and sitting briefly in a purely honorary capacity with that country's highest court, the Court of Appeal. I was fascinated to see a practice there that might ameliorate the inefficiency in the U.S. courts of appeals. The practice involves the oral articulation of the court's reasoning. I observed several times, usually in relatively simple cases, the use of an oral opinion from the bench. Typically at the conclusion of the oral arguments in several cases, the court recesses and meets in conference. After several hours, the court reconvenes and one of its members states an opinion for the court, usually referring to notes, but not reading verbatim. In some countries where this practice is followed, the shorter oral opinion is sometimes supplemented later by a more detailed written opinion. The Federal Circuit could experiment with this process as well. The process works better than one might imagine. As to authenticity and credibility, it is unmistakable to everyone in the courtroom that this is the judge speaking for the panel with utterly no input from law clerks, central staff, or any other kind of judicial bureaucracy. Second, the recital of the facts and arguments has the great virtue of being entirely fresh, specific, vivid, and detailed. Often in written opinions issued six months after argument, much of this sharpness is lost. Needless to say, the delay in issuing opinions is reduced to virtually zero, and the consequential inconvenience and frustration of the parties are eliminated entirely. But note that this technique would only suit, at most, one-third of the caseload. In the majority of appeals, the issues and authorities are too complicated for an oral opinion from the bench.

#### CONCLUSION: A DIALOGUE WITH THE BAR

One purpose of mentioning these proposals in this Essay is to invite the opinions and suggestions of the various bars that practice before the court. If no one cares to voice an opinion, the silence shall speak for itself. If there are strong objections, the court could examine their merits. If an idea was supported broadly, then maybe it could be implemented across the board. At the very least, one would think that proceeding on an experimental basis would be an entirely safe thing to do in that circumstance.

Now, one must ask whether the Federal Circuit's problems are so severe as to warrant such revolutionary measures. They are, to some extent, radical in the eye of the beholder. From the informal

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the issues raised on appeal.

exchanges and questions asked during my regular presentations to specialized bar groups across the country, I have developed a strong sense that litigators, as well as a very large portion of the client base, consider the status quo to be significantly unsatisfactory. I am also sensitive to criticism that appears in academic commentary and in analyses done by experts that raise serious questions about whether the U.S. system of civil justice is not unduly slow, disruptive, expensive, and unnecessarily unpredictable. Indeed, I share their conclusion that our civil justice system is, at times, just that. Therefore, if I have a bias, it is that the current practices are significantly unsatisfactory, and, therefore, major reforms should be considered and tried, at least on a pilot basis. I admit this view up front so that my suggestions may be evaluated according to their source.

The final reason for airing such views in this introductory Essay to this special Federal Circuit Issue of the *American University Law Review* is to ascertain to what extent others care about these problems, and whether the “consumers” of the court’s product are supportive of efforts to improve the appellate process pursuant to the aforementioned suggestions. Therefore, I encourage anyone who reads this Essay to respond to me, to the Chief Judge, or to the editors of the *American University Law Review*.