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Formalism and Antiformalism in Patent Law Adjudication— Precedent and Policy

David O. Taylor
Southern Methodist University, Dedman School of Law

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FORMALISM AND ANTIFORMALISM IN PATENT LAW ADJUDICATION: PRECEDENT AND POLICY

David O. Taylor*

ABSTRACT

In recent years law professors have unleashed withering criticism on the United States Court of Appeals for the Federal Circuit for overlooking the value of policy-guided analyses of patent law and instead engaging in formalistic parsing of precedent. The Supreme Court, by contrast, has received more mixed reviews but ultimately is viewed as an antiformalist alternative to the Federal Circuit. In this Article, I reconsider the role of the Federal Circuit as an intermediate appellate court with exclusive jurisdiction over appeals in patent cases in analyzing and expressing policy related to patent law. After cataloging the views of Federal Circuit judges and academic critics regarding the value of policy-based analysis in patent cases, the Article provides a close analysis of the track record of both the Federal Circuit and the Supreme Court regarding expression of policy-based justifications for legal doctrines in patent law. Significantly, this analysis challenges views of both the academic critics as well as the Federal Circuit judges. This Article then examines the importance of the Federal Circuit and its judges engaging actively in the ongoing policy debate at the Supreme Court regarding various patent law doctrines, ultimately taking and defending the position that the Federal Circuit and its judges should engage in a healthy policy discourse with the Supreme Court and suggesting several specific ways to enhance this discourse.

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* Assistant Professor of Law, SMU Dedman School of Law; J.D., 2003, Harvard Law School; B.S., 1999, Texas A&M University. I thank the editors of the *SMU Law Review* for holding the school's 10th Annual Symposium on Emerging Intellectual Property Issues, for publishing this Symposium edition of their journal, and for including this Article. Thanks to Judge Raymond Clevenger, Rochelle Dreyfuss, John Duffy, Judge Timothy Dyk, John Golden, Timothy Holbrook, Thomas Hungar, Sapna Kumar, Xuan-Thao Nguyen, Lucas Osborn, Judge S. Jay Plager, and Judge Sharon Prost for their thoughts on the issues this Article addresses. I am also grateful for the opportunity to present this Article at the IP Scholars Conference at the Cardozo School of Law. Special thanks go to Rachel, Caroline, and Emily Taylor. The views expressed in this Article, as well as any errors, are my own.

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I. INTRODUCTION

SHOULD judges express their views regarding the impact of considerations of policy on litigated questions in patent cases, or should judges stick to elucidating precedent related to those questions? Among judges of the United States Court of Appeals for the Federal Circuit, the answer to this question has been relatively uniform: judges should stick to comparing and contrasting presented circumstances with those found in precedent and not express their own views regarding policy—voting based on policy preference is the role of a legislator; it is unbecoming of a judge whose role is to decide cases rather than enact policy.¹ In academic circles, however, the answer to this question, while

1. See, e.g., Alan D. Lourie, *Keynote Address at the Joint Patent Practice Seminar of the Connecticut, New York, New Jersey, and Philadelphia Intellectual Property Law As-*

still relatively uniform, has been to the contrary: judges should articulate policy-based justifications for their decisions interpreting and applying patent law even while consulting precedent for guidance. Indeed, numerous law professors have criticized the Federal Circuit for failing to identify policies underlying patent-law doctrines, for omitting from their written opinions detailed analyses of competing interpretations and applications of these doctrines in light of these policies, and, ultimately, for adopting interpretations and applications based on either no stated policy analysis or a truncated one.²

Criticism of the Federal Circuit for overlooking the value of policy-guided analyses of patent law doctrines may be captured in a single word often viewed as an epithet: formalism.³ A judge who favors precedent and strict rules over policy and flexible standards is deemed a formalist.⁴ By contrast, one who prefers policy and flexible standards over precedent and strict rules may be deemed a realist,⁵ a pragmatist,⁶ or—the term I will use here to emphasize the extreme and opposing positions—an antiformalist.⁷ While there are exceptions to the view that the Federal Cir-

sociations, 72 PAT. TRADEMARK & COPYRIGHT J. 41, 41 (2006); Pauline Newman, *The Federal Circuit: Judicial Stability or Judicial Activism?*, 42 AM. U. L. REV. 683, 688 (1993); Kathleen M. O'Malley, *An Expanded "Slim Volume" on the Limited Role of Courts in Shaping Patent Policy*, 22 FED. CIR. B.J. 91, 92–100 (2012); S. Jay Plager, *The Federal Circuit as an Institution: On Uncertainty and Policy Levers*, 43 LOY. L.A. L. REV. 749, 763–72 (2010); S. Jay Plager & Lynne E. Pettigrew, *Rethinking Patent Law's Uniformity Principle: A Response to Nard and Duffy*, 101 NW. U. L. REV. 1735, 1737–52 (2007).

2. See, e.g., Lucas S. Osborn, *Instrumentalism at the Federal Circuit*, 56 ST. LOUIS U. L.J. 419, 457 (2012); Rochelle C. Dreyfuss, *The Federal Circuit as an Institution: What Ought We to Expect?*, 43 LOY. L.A. L. REV. 827, 833–35 (2010); Rochelle C. Dreyfuss, *What the Federal Circuit Can Learn from the Supreme Court: And Vice Versa*, 59 AM. U. L. REV. 787, 802–05 (2010); Rochelle C. Dreyfuss, *In Search of Institutional Identity: The Federal Circuit Comes of Age*, 23 BERKELEY TECH. L.J. 787, 817–19 (2008); Rochelle C. Dreyfuss, *The Federal Circuit: A Continuing Experiment in Specialization*, 54 CASE W. RES. L. REV. 769, 780–83 (2004); Arti K. Rai, *Engaging Facts and Policy: A Multi-Institutional Approach to Patent System Reform*, 103 COLUM. L. REV. 1035, 1102–22 (2003); John R. Thomas, *Formalism at the Federal Circuit*, 52 AM. U. L. REV. 771, 774–810 (2003); Dan L. Burk & Mark A. Lemley, *Policy Levers in Patent Law*, 89 VA. L. REV. 1575, 1671–75 (2003).

3. See Frank I. Michelman, *A Brief Anatomy of Adjudicative Rule-Formalism*, 66 U. CHI. L. REV. 934, 934 (1999) (stating that “formalist” is “never a term of endearment, to my ear”); Frederick Schauer, *Formalism*, 97 YALE L.J. 509, 511 (1988) (conceding “contemporary aversion to formalism” and advocating for “inspection, rather than . . . a discourse of epithets”).

4. See Tun-Jen Chiang, *Formalism, Realism, and Patent Scope*, 1 IP THEORY 88, 90 (2010) (“Stated generally, [classic] formalism is the philosophy that law is a self-contained discipline, and that there is always one ‘correct’ answer to legal problems that can be reached using the internal tools of the discipline, primarily logic, precedent, and rules.”); Richard H. Pildes, *Forms of Formalism*, 66 U. CHI. L. REV. 607, 608–09 (1999).

5. See Richard A. Posner, *Judicial Opinions and Appellate Advocacy in Federal Courts—One Judge's Views*, 51 DUQ. L. REV. 3, 4–19 (2013) (contrasting formalist judges with realist judges).

6. See Benjamin C. Zipursky, *Richard Epstein and the Cold War in Torts*, 3 J. TORT L. 5, 5 (2010) (describing “formalists” as the “‘rules’ crowd” and “pragmatists” as the “‘standards’ crowd”).

7. See Scott L. Cummings & Louise G. Trubek, *Globalizing Public Interest Law*, 13 UCLA J. INT'L L. & FOREIGN AFF. 1, 39–40 (2008) (contrasting a “formalist application of legal rules” and an “antiformalist policy-oriented approach”); see also Duncan Kennedy,

cuit is made up of formalist-minded judges—Chief Judge Rader, for example, has recently been praised as an antiformalist⁸—the reality is that the criticism of the Federal Circuit as formalistic has been withering.⁹

The Supreme Court, by contrast, has received more mixed reviews. It has been criticized, like the Federal Circuit, for failing to analyze and articulate patent law with the attention to policy considerations purportedly encouraged by the language of the patent statute.¹⁰ At the same time, it has been lauded for placing policy at the forefront of its decision-making in patent cases.¹¹ From this latter perspective, the Court is to be praised when, rather than relying solely on precedent to answer important disputes in patent cases, it welcomes amicus briefs addressing underlying policies and real-world effects of its decisions, vets matters of policy at oral argument, and articulates in its opinions policies supporting its resolution of patent law disputes. Indeed, as a generalist court rather than a semi-specialized court like the Federal Circuit, one might commend its judges to the extent they recognize their limited experience with patent doctrines and, as a result, avoid or at least hesitate to impose strict rules without solid policy-based justification.¹² Justice Scalia—an enthusiastic supporter of formalism if there ever was one¹³—recognizes his own shortcomings with respect to his understanding of and, moreover, his interest in the details of patent law.¹⁴ Perhaps as a result, opinions written by

Form and Substance in Private Law Adjudication, 89 HARV. L. REV. 1685, 1688 (1976) (“At the opposite pole from a formally realizable rule is a standard or principle or policy.”).

8. See generally Peter Lee, *Antiformalism at the Federal Circuit: The Jurisprudence of Chief Judge Rader*, 7 WASH. J. L. TECH. & ARTS 405 (2012).

9. See *supra* note 2 and accompanying text.

10. See Rai, *supra* note 2, at 1039–41 (criticizing both the Federal Circuit and the Supreme Court for failing to analyze and articulate patent law with the attention to policy encouraged by the vague language of the patent statute).

11. See, e.g., Dreyfuss, *The Federal Circuit as an Institution: What Ought We to Expect?*, *supra* note 2, at 836–37 (“[T]he usual way in which the Supreme Court guides decision making is instructive: it explains to the lower courts the policies that it is trying to achieve.”); Dreyfuss, *What the Federal Circuit Can Learn from the Supreme Court—And Vice Versa*, *supra* note 2, at 802 (“[T]he Federal Circuit could learn from the Supreme Court” by “mak[ing] it evident what mid-level policies it has chosen and why it has decided to further them. . . . The Supreme Court works very hard to explain what it does. It often describes the alternative ways in which it could decide a case, it identifies the policy choices associated with each alternative, and it explains the theory behind the choice it is making.”).

12. See generally John M. Golden, *The Supreme Court as “Prime Percolator”: A Prescription for Appellate Review of Questions in Patent Law*, 56 UCLA L. REV. 657 (2009).

13. See, e.g., ANTONIN SCALIA, A MATTER OF INTERPRETATION: FEDERAL COURTS AND THE LAW 25 (Amy Gutmann ed., 1997) (“Long live formalism! It is what makes us a government of laws and not of men.”).

14. Transcript of Oral Argument at 48, *Gunn v. Minton*, 133 S. Ct. 1059 (2013) (No. 11-1118) (Scalia, J.) (“My experience is that federal judges, including this federal judge, are not interested in getting into the weeds of patent law.”); *Cardinal Chem. Co. v. Morton Int’l, Inc.*, 508 U.S. 83, 103 (1993) (Scalia, J., concurring) (stating that a point was “much less tied to general principles of law with which I am familiar, and much more related to the peculiarities of patent litigation, with which I deal only sporadically”); Gaëtan Gerville-Réache, *Justice Scalia at the AJEI Summit in New Orleans*, APPELLATE ISSUES, Feb. 2013, at 3 (attributing to Justice Scalia the statement “I don’t know squat about patents.”).

Justice Scalia in patent cases often reject bright-line rules at least in part based on considerations of policy, even if his primary justification is a statutory or precedential one or he derives the governing policy from either source.¹⁵ In short, adherents to antiformalism appear to have at least some basis to extol the Supreme Court as an antiformalist alternative to the Federal Circuit.

Criticism of the Federal Circuit as formalistic—and any concomitant commendation of the Supreme Court as antiformalistic—however, may miss the mark in at least one important respect. This dichotomy fails to consider the responsibility of the Supreme Court to guide both the Federal Circuit's receptivity to policy-based arguments and the Federal Circuit's inclination to express policy-based justifications for its decisions in patent cases. Indeed, there is much to be said for a generalist court reviewing the holdings of a semi-specialized court like the Federal Circuit to check its formalistic tendencies.¹⁶ And it may be that the Supreme Court should ultimately share the blame for any failure by the Federal Circuit to consider and express policy in patent cases.

Notably, to date I have been unable to find a detailed analysis of the Federal Circuit or the Supreme Court's consideration of policy in patent cases. In this Article, therefore, I provide a close analysis of the track record of both the Federal Circuit and the Supreme Court regarding expression of policy-based justifications for legal doctrines in the field of patent law.¹⁷ I identify particular instances when the Federal Circuit has expressly analyzed policy and consider why the judges may have felt inclined to do so in those instances. To do so, I analyze the Federal Circuit's opinions in patent cases that were subsequently reviewed by the Supreme Court. I also examine the Supreme Court's treatment of policy in those same cases. In this second respect I seek to shift the focus—perhaps only temporarily—to the Supreme Court and how it may influence the Federal Circuit and its judges' views concerning the propriety of considering and expressing policies when deciding patent cases.

15. See *Merck KGaA v. Integra Lifesciences I, Ltd.*, 545 U.S. 193, 202–08 (2005) (Scalia, J.) (rejecting a narrow, rule-like interpretation of a statute based on broad statutory text and purpose); *Asgrow Seed Co. v. Winterboer*, 513 U.S. 179, 185–92 (1995) (Scalia, J.) (interpreting a statute broadly in part by reference to its statutory purpose); *Eli Lilly & Co. v. Medtronic, Inc.*, 496 U.S. 661, 666–79 (1990) (Scalia, J.) (interpreting a statute broadly first by identifying its natural meaning, but then by considering reasons why one might want the statute to have that meaning). *But see* *Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 829–34 (2002) (Scalia, J.) (strictly applying the language of a statute given precedent and its underlying policies despite a contrary policy goal derived from the legislative history).

16. See generally David O. Taylor, *Formalism and Antiformalism in Patent Law Adjudication: Rules and Standards*, 46 CONN. L. REV. (forthcoming 2013).

17. In this Article I analyze alternative views regarding the appropriate role of policy in patent law adjudication, which may be viewed as a “localized battle” in the larger conflict between formalist and antiformalist schools of jurisprudence. See Pierre Schlag, *Formalism and Realism in Ruins (Mapping the Logics of Collapse)*, 95 IOWA L. REV. 195, 224 (2009). Elsewhere I consider another “localized battle” in the larger conflict, the debate over the appropriate use of rules and standards in patent law adjudication. See generally Taylor, *supra* note 16.

What this analysis reveals, first, is that the common academic critique—that the Federal Circuit does not, but should express its views on policy in patent cases—fails to recognize that the Federal Circuit’s judges sometimes do express their views regarding policy in patent cases. They primarily do so in two ways: (1) by identifying what they understand to be the underlying, basic purpose behind a statutory or judicially-created doctrine; and, (2) particularly in opinions issued after a request for en banc rehearing, by analyzing not only the underlying, basic purpose behind a statutory or judicially-created doctrine but also, more generally, innovation policy—i.e., the policy supporting the Constitutional purpose of the patent system of “promot[ing] the Progress of . . . useful Arts.”¹⁸ As explained by the Supreme Court, this purpose requires “a careful balance between the need to promote innovation [using patent rights] and the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy.”¹⁹

Second, this analysis reveals that the Supreme Court, like the Federal Circuit, has a checkered history in terms of its policy analysis in patent cases. Nevertheless, it appears more apt to analyze innovation policy related to patent law doctrines not strictly governed by statutory language, such as non-obviousness, eligible subject matter, and the doctrine of equivalents. Indeed, the Supreme Court has recently reconsidered these judicially-created patent law doctrines and applied policy-based analyses to them.

Third, this analysis highlights a notable instance in which the Federal Circuit and its judges seemingly engaged in the very express and detailed policy-driven analysis of a patent-law doctrine that law professors might desire—only to be reversed swiftly by the Supreme Court.²⁰ Significantly, there is some basis to believe that this episode may have stifled the Federal Circuit’s openness to express consideration and reliance on policy to resolve disputed matters of patent law. But what it should have done is emphasize that any analysis of a patent law issue not strictly governed by the Patent Act or precedent should consider innovation policy and not unduly suppress innovation policy in favor of potentially competing policies of certainty, predictability, and clear notice.²¹

One cannot overstate the importance of the Federal Circuit and its judges engaging actively in the ongoing policy debate regarding various patent law doctrines. It is particularly important for the views of the Federal Circuit and its judges regarding policy—including innovation policy—to be heard. The reality is that the Supreme Court since around 2002 has been reconsidering various fundamental patent law doctrines, and its

18. U.S. CONST. art. I, § 8, cl. 8.

19. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989).

20. See generally *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. 2000) (en banc), *rev'd*, 535 U.S. 722 (2002).

21. See *infra* note 245 and accompanying text.

reconsideration of these doctrines often is based on its view of how to balance relevant policies. The most recent and stark example is the Supreme Court's repeated interest in patent eligibility; the Court has reviewed three of the Federal Circuit's cases on point in four years.²² In deciding the questions presented in these cases, the Supreme Court has focused on its view of the appropriate balance of relevant competing policies, for example by concluding that "patent law [should] not inhibit further discovery by improperly tying up the future use of laws of nature."²³ Unfortunately, however, in at least one important case addressing patent eligibility the Federal Circuit largely eschewed articulating its views on the underlying policies and instead focused on deconstructing the Supreme Court's precedent to identify a clear rule.²⁴

To the extent that the Supreme Court is engaged in an ongoing policy-focused reconsideration of patent law doctrines, the institution with the most knowledge and experience regarding these doctrines and the policies they seek to balance should articulate its views. I explain in detail below why the Federal Circuit is that institution.²⁵ Consider, moreover, how important it is simply to get U.S. patent law correct. The United States economy is increasingly a knowledge-based economy, and the United States is effectively engaged in a global competition based on its ability to develop and exploit new and better technology.²⁶ As a result of this competition there is an extremely high rate of change in the field of technology.²⁷ United States patent law, perhaps reflecting the high rate of change of technology, is also experiencing a high rate of change. Beyond the Supreme Court's reconsideration of fundamental patent law doctrines in the past decade, Congress and President Obama in 2011 enacted the America Invents Act, a sweeping reform of many aspects of patent law, including the statutory definition of what qualifies as prior art and the procedures used by the Patent and Trademark Office to reevaluate the validity of issued patents.²⁸ These changes, particularly the procedural ones, hold the potential to improve the quality of U.S. patents by ensuring that patents protect only patentable inventions, i.e., those that are useful, new, and non-obvious. But existing doctrines, including judicially-

22. See *Ass'n for Molecular Pathology v. Myriad Genetics*, 133 S. Ct. 2107 (2013); *Mayo Collaborative Servs. v. Prometheus Labs, Inc.*, 132 S. Ct. 1289 (2012); *Bilski v. Kappos*, 130 S. Ct. 3218 (2010).

23. *Mayo*, 132 S. Ct. at 1301.

24. See generally *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008), *aff'd sub nom. Bilski v. Kappos*, 130 S. Ct. 3218 (2010).

25. See *infra* Part IV.A.

26. See William Hubbard, *Competitive Patent Law*, 65 FLA. L. REV. 341, 349–52 (2013) (discussing the impact of innovation by U.S. companies on their success in global markets); Richard G. Anderson, Presentation at the Southern Illinois Economic Development Conference: The New Economy: How the United States is Adapting to the Knowledge-Based Economy of the Twenty-First Century 15–41 (Sept. 21, 2006), available at http://research.stlouisfed.org/econ/anderson/SIEDC_Slides_21Sep2006.pdf.

27. *Id.* at 41 (indicating that the "[n]ew [e]conomy" involves "[m]ore rapid innovation and invention").

28. See generally Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011).

created ones related to validity (like the exceptions to patent eligibility and obviousness) as well as others related to infringement (like the doctrine of equivalents), also hold the potential to improve the patent system so that it better rewards the invention and disclosure of technological breakthroughs. Taking advantage of that potential will ensure that the United States continues not only to lead the world economy by harnessing the financial benefits of technological advances, but also to bring to reality technological advances that improve the quality and enjoyment of life around the world.

In the end, what I hope to accomplish in this Article is to recognize when and why the Federal Circuit and the Supreme Court engage in analyses of policy in patent cases; to focus attention on the advantages of a healthy discourse regarding policy in patent law—healthy in the sense that it involves not only the Supreme Court but also the Federal Circuit given the potential value of contributions from Federal Circuit judges; and to advance several specific ways the Federal Circuit might enhance this discourse so that the patent system in the United States may, among other things, better serve its Constitutional purpose of “promot[ing] the Progress of . . . useful Arts.”²⁹

This Article is organized in the following manner. After this introduction, Part II considers the ongoing debate about whether courts should express policy in patent law adjudication, with particular attention paid to the views of Federal Circuit judges as compared to the views of various law professors. Part III examines the track record of the Federal Circuit and Supreme Court in terms of their expression of policies in patent cases both courts have heard in the last thirty years. Part IV evaluates the advantages of a healthy policy discourse in patent cases, contemplates how to bridge the gap between the views of Federal Circuit judges and law professors regarding the propriety and value of such a policy discourse, and offers specific suggestions on how to achieve this discourse. Part V includes some brief concluding remarks.

II. THE DEBATE ABOUT WHETHER COURTS SHOULD CONSIDER AND EXPRESS POLICY IN PATENT LAW ADJUDICATION

Federal Circuit judges and patent law professors have debated for well over a decade whether the Federal Circuit should analyze and express policy in its written opinions in patent cases, or instead stick to elucidating precedent when resolving those disputes. This Part summarizes this ongoing debate by reference to specific arguments made by judges and law professors.

29. U.S. CONST. art. I, § 8, cl. 8.

A. FEDERAL CIRCUIT JUDGES' VIEWS ON THE ROLE OF PRECEDENT AND POLICY IN PATENT LAW ADJUDICATION

The views of the judges of the Federal Circuit have been relatively consistent regarding the appropriateness of considering and expressing policy-based justifications for decisions in patent cases. For the most part, the judges—in speeches and law review articles but not in written opinions themselves—have indicated that in many instances they believe it is inappropriate to express views regarding policy in written opinions.

Consider particular judges and what they have said on this issue. Judge Newman, for example, has “caution[ed] against . . . policy-driven activism” because it “lead[s] to departure from precedent, into the judicial activism that weighs against legal stability.”³⁰ In short, in her view, “policy choices are not the province of judges.”³¹ But she recognizes that cases with “new facts” necessarily “lead [the court] into areas of uncertain public policy,” ultimately requiring the court to “bring[] its own viewpoints to bear on the jurisprudence assigned to it.”³²

Judge Lourie, as another example, has stated that the Federal Circuit is “not a policy-making legislature” or a “debating society having debates with outside groups on what the law should be.”³³ In his view, “no one should expect that there should be a dialog between the court and the bar on the law. That is not [the court’s] role.”³⁴ The court’s role, according to Judge Lourie, is to apply “the statutes and governing precedent, and, when applicable, the Constitution.”³⁵

Judge Linn has expressed his view that the Supreme Court has demonstrated a preference for precedent over policy. He has recognized “a consistent theme” in Supreme Court opinions reviewing decisions of the Federal Circuit: “the continual endorsement of past Supreme Court patent opinions.”³⁶ Judge Linn, however, has acknowledged the importance of one particular policy goal in patent cases: certainty.³⁷ Likewise, former

30. See Newman, *supra* note 1, at 688 (“I caution against . . . policy-driven activism whereby the application of the law will not be known until the Federal Circuit hears the case. . . . It is policy choices that lead to departure from precedent, into the judicial activism that weighs against legal stability. . . . [P]olicy choices are not the province of judges.”).

31. *Id.*

32. *Id.* at 683. Despite her articulated reasons for avoiding policy choices, my analysis of Federal Circuit opinions demonstrates that Judge Newman in practice fairly consistently refers to innovation policy. See *infra* Part III.A.2.

33. Lourie, *supra* note 1, at 41.

34. *Id.*

35. *Id.* (“We have just applied precedent as best we could determine it to the cases that have come before us.”).

36. Richard Linn, *Changing Times: Changing Demands*, 15 SMU SCI. & TECH. L. REV. 1, 6 (2011).

37. *Id.* at 7 (“The Federal Circuit deals with decisions affecting business leaders who are looking for clear answers and unambiguous guidance. . . . The Supreme Court, on the other hand, deals with legal principles and the policy implications they engender. . . . This difference in perspective may account for some of the recent differences in the decisions of the respective courts and gives me some reason to be concerned about future Supreme Court decisions that may overlook the importance of, and the need for, more specific guidance.”).

Chief Judge Michel has identified predictability as a critical policy goal in patent law.³⁸

Consider, next, Judge Plager's extended remarks on the topic of whether the Federal Circuit should consider and express policy in its decisions in patent cases. His view is that, by and large, it is improper for the Federal Circuit to base its decisions in patent cases on its view of policy.³⁹ He views the Patent Act in general as incorporating important basic policy choices rather than setting forth the governing statement of the law in brief, broad language.⁴⁰ And to the extent there may be "broadly stated provisions, or provisions with broadly stated directives, that are intended for agency implementation," he suggests that courts are "constrained by the central policies reflected in the basic legislative scheme, as well as by the self-imposed deference to the policy-fulfilling role of the executive branch."⁴¹ As a result he does not believe the Federal Circuit should play a major role in filling in any remaining policy gaps.⁴² Rather, he views the court's role as applying the law "as written, consistent with Congress's policy as best that can be ascertained, in the terms and manner that the legislature has declared."⁴³ He ultimately disagrees with the proposition that the Federal Circuit should play a "significant, if not dominant, policymaking role" in patent cases by "reach[ing] beyond deciding cases as best it knows how within the law and policy established by Congress and consistent with Supreme Court guidance."⁴⁴ In his view, basic democratic and constitutional constraints prohibit appellate courts from taking a leading role in policymaking.⁴⁵ By contrast, he defends the importance of precedents because "they guide the process of decisionmaking," "afford a degree of efficiency to the judging process," and "provide[] a much desired degree of predictability regarding what courts will do."⁴⁶

Yet policy does play a role in judging, even according to Judge Plager. He believes it is the responsibility of every court to pursue "the fundamental policies that underlie our basic jurisprudence."⁴⁷ While he does

38. Paul R. Michel, *The Challenge Ahead: Increasing Predictability in Federal Circuit Jurisprudence for the New Century*, 43 AM. U. L. REV. 1231, 1234-35 (1994) ("If the parties to [patent] disputes . . . are able to ascertain their rights and obligations prior to litigation by applying rules set forth in precedent, they can alter their behavior accordingly. After all, this is commercial law . . . Surely, moving in the opposite direction—toward more uncertainty of rights, more unpredictability of adjudicatory outcomes, and therefore more lawsuits—is an undesirable and ultimately an unsustainable result.").

39. Plager & Pettigrew, *supra* note 1, at 1737-38.

40. *Id.* at 1737.

41. *Id.*

42. *Id.*

43. *Id.* at 1738. Indeed, Judge Plager recognizes that a judge's role is to implement the legislature's policy even when the judge is right on policy and Congress is wrong. *Id.* ("The governing policy choices, when pre-established in the legislation, are those chosen by the legislature and not those preferred by particular judges, even when the judges know they are 'right.'").

44. *Id.* at 1743.

45. *Id.*

46. *Id.* at 1753.

47. *Id.* at 1757.

not mention any of these “fundamental policies,” they might be understood to include justice and fairness to litigants as well as clear notice and predictability to prospective litigants.⁴⁸ What he abhors is the idea that the Federal Circuit would act quickly to substitute its view of policy for the view adopted by Congress, the Supreme Court, or even the Patent and Trademark Office (PTO) in appropriate circumstances.⁴⁹

Beyond highlighting reasons the Federal Circuit should not play a major role in fleshing out policy in patent cases, Judge Plager also has delineated reasons judges should not even address policy in their written opinions deciding patent cases. He points out that while secondary literature such as academic commentary and empirical research may help clarify points and provide judges with additional perspective regarding issues, judges must be careful to decide cases on the facts and issues presented by the parties on the record.⁵⁰ He also expresses his view that explaining agreement or disagreement with relevant secondary literature in judicial opinions would reflect “a misapprehension of the court’s role” because of a similar concern with reliance on matters outside the record as well as a concern with dicta, which he calls a “pervasive curse of the judicial process that adds immeasurably to confusion in the law.”⁵¹ Judge Plager notes that “[t]he days of the Cardozos and Learned Hands, the great common law judges who looked across an empty landscape and filled it with creative imagination, are hard to replicate in a world of seemingly unlimited legislative volubility; the occasional judge who tries usually gets overruled.”⁵²

Judge Plager’s view regarding the appropriateness of addressing policy in written opinions, however, might not be as one-sided as it might first appear. He describes two alternative, extreme possibilities courts might use to explain their decisions. One option is formalism, where “the appropriate legal rules are parsed and their application to the facts described, the precedents are shown as controlling or distinguishable, and the conclusion is presented as a matter of virtually unavoidable logic. Policy is invoked, if at all, by demonstrating consistency with established law.”⁵³ Another option is antiformalism, “identifying . . . the underlying policies (economic, social, and political, to name a few) raised by the issues in the case, and explicating how the decision contributes to the realization of the posited policy goals. Rules of law and precedents are extolled or re-

48. *Id.* But see Michael Herz, “Do Justice!”: Variations of a Thrice-Told Tale, 82 VA. L. REV. 111, 111 (1996) (indicating that Justice Holmes once remarked to Judge Learned Hand that it was not his role as a Supreme Court justice to “[d]o justice” but instead to “play the game according to the rules”).

49. Plager & Pettigrew, *supra* note 1, at 1757 (“At the same time, it can be expected that our court—or any court—will be chary about substituting its particular policy preferences for those of the other constitutional and legal actors in the patent field who are charged with the duty to establish that policy.”).

50. *Id.* at 1750.

51. *Id.* at 1751, 1752.

52. Plager, *supra* note 1, at 770.

53. *Id.* at 773.

jected depending on their contribution to the analysis.”⁵⁴ According to Judge Plager, as a descriptive matter, the reality—at least in closely-contested patent cases—is somewhere in the middle of these extremes.⁵⁵ But, significantly, as a normative matter, Judge Plager is not sure whether “explicitly articulat[ing] the underlying policies that present themselves in any particular case”—assuming they are “visible and describable”—“would improve the decisional process or only change the nature of the debate about it.”⁵⁶ Moreover, like other Federal Circuit judges, despite the tenor of his remarks, Judge Plager has emphasized the importance of one particular policy in patent law, certainty.⁵⁷ He views uncertainty as an “endemic problem in law and the judicial decisional process, and particularly in patent law.”⁵⁸

Of the more recent appointments to the Federal Circuit, Judge O’Malley, has provided both a short answer and a long answer to the question of what role the Federal Circuit should take in terms of shaping patent law and policy. Her short answer is that the Federal Circuit has “no such role, except perhaps at the farthest and slimmest margins.”⁵⁹ Her long answer reveals why she believes this to be so.

Judge O’Malley explains that judges approach the decisional process not to “determine what the law ought to be,” but to determine “what the law is.”⁶⁰ And to determine what patent law is, she reminds us, judges consult “a crowded field” that includes a “substantial statutory structure and a substantial decisional base.”⁶¹ This crowded field includes any governing contract (e.g., an assignment, a joint development agreement, a license agreement, etc.), the relevant statutory text (e.g., the Patent Act), and extensive governing case law (e.g., Supreme Court and Federal Circuit precedent).⁶² The magnitude of this crowded field indicates the limited nature of the Federal Circuit’s consideration of unexplored gaps in the law and its ability to plug those gaps based on its view of governing policy:

It is only when these [sources] do not provide an answer to the problem posed that policy arguments would even be considered. And, even when considered, the goal remains to ferret out the policy intended by the drafters of the Constitution or the relevant statutory provisions, or by the Supreme Court. Thus, policy is a consideration only when needed to fill in interstices in the governing law and only to fill in those interstices in a way that is reflective of those who were the original source of the rule to be applied.⁶³

54. *Id.*

55. *Id.* at 774.

56. *Id.* at 773.

57. *See id.* at 749, 754–63.

58. *Id.* at 749.

59. O’Malley, *supra* note 1, at 92.

60. *Id.* at 93.

61. *Id.*

62. *Id.*

63. *Id.* at 93–94.

Thus, like Judge Plager, Judge O'Malley reserves consideration of policy to exceptional circumstances, and then reserves the Federal Circuit's role to identifying extant policy-based justifications for its decisions rather than making policy-based decisions in the first instance.⁶⁴ In her words, "If we do it right, the 'policy' we search for and apply will always be someone else's—not our own."⁶⁵ Indeed, she emphasizes that, "to the limited extent that policy creeps into judicial decision-making it does so only where gaps in the law are substantial and uncharted."⁶⁶

Also like Judge Plager, Judge O'Malley views the Patent Act as Congress's creation of "a statutory scheme with a fair measure of specificity, [such that] there are far fewer gaps in the law to fill."⁶⁷ In her estimation "Congress did not charge [the Federal Circuit] with deciding whether the patent system should promote innovation, or competition, or access to lower cost medical supplies, or any other goal."⁶⁸ Moreover, she believes the Supreme Court has rejected patent law exceptionalism by "mak[ing] it abundantly clear that neither the character of patent law nor the unusual character of our jurisdiction permits us to don a policy-making mantle."⁶⁹ Thus, she concludes, much like Judge Plager, that urging the Federal Circuit to advance particular policy objectives "is counterproductive . . . because it is sure to be met with disapproval by the Supreme Court."⁷⁰

As shown, the Federal Circuit judges who have addressed the question of the appropriate role of policy in their decision-making consistently reject any robust role. While some have identified certainty and predictability as fundamental to their decision-making in patent cases, none have expressly embraced any other policy goal as paramount in patent cases. Moreover, they primarily view their role as analyzing precedent to determine what the law is, and only in rare cases venturing outside of identifying the policies adopted by Congress, the Supreme Court, or the PTO.

B. ACADEMIC CRITICISM OF THE FEDERAL CIRCUIT'S FAILURE TO ARTICULATE POLICY-BASED JUSTIFICATIONS IN ITS OPINIONS

The views of law professors have also been relatively consistent—but decidedly to the contrary. In short, they fairly consistently advocate a more liberal view of the value of policy-based analyses in patent cases.

Consider, first, the views of Professor Rochelle Dreyfuss, who—for nearly the entire time period that the Federal Circuit has existed—has

64. *Id.* at 94.

65. *Id.*

66. *Id.*

67. *Id.* at 95; *see also id.* ("[B]ecause the Federal Circuit decides patent cases in the context of a comprehensive statutory scheme, fairly well-established precedent, and in light of governing written documents, those marginal cases where policy choices need to be made should be few and far between.").

68. *Id.* at 98.

69. *Id.*

70. *Id.* at 100.

written extensively on the role of that court in patent law adjudication. Notably, her views appear to have evolved over that period. Early in the Federal Circuit's existence, she complemented the court for making patent law more responsive to governing policies. More recently, however, she has been decidedly more critical of the Federal Circuit and its judges for failing to consider and articulate policy-based justifications in its patent law decisions.

In 1989, for example, Professor Dreyfuss analyzed the first five years of the Federal Circuit's patent decisions to determine whether the Federal Circuit molded patent law to be more responsive to what she called "national competition policies," and also to determine the degree to which the court at least attempted to advance those policies.⁷¹ She pointed to particular decisions indicating the Federal Circuit in its early years was sensitive to policies underlying patent law in the areas of priority, the public use or on-sale bar, the statutory presumption of validity, and the availability of remedies including lost profits and preliminary injunctive relief.⁷² At the same time, she commended the Federal Circuit for its "desire to adhere to legislative direction and to reject judge-made gloss that is not based on congressional objectives."⁷³ She ultimately concluded that the Federal Circuit had made patent law more responsive to national competition policies.⁷⁴

In subsequent scholarship, Professor Dreyfuss similarly praised the Federal Circuit for its ability to take into account important policies in patent cases. In the early and middle 1990s, for example, she commented on the comparative advantages of a specialized court with sustained involvement in a particular field of law compared to a generalized court that only occasionally decides cases in the field.⁷⁵ One advantage is that, compared to the generalized court, the specialized court has a better understanding of the policies underlying that field of law, and thus has a better understanding of when to sacrifice accuracy "for the ease with which bright-line rules can be applied."⁷⁶ The Federal Circuit thus can be expected to better understand the policies underlying patent law and the appropriateness of rule-based adjudication as compared to the Supreme Court. Moreover, in her view the Federal Circuit should be expected to be more accurate than the Supreme Court in the sense that the Federal Circuit should be better able to discern legislative intent and public pol-

71. Rochelle C. Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 5, 14 (1989).

72. *Id.* at 17-20.

73. *Id.* at 20.

74. *Id.* at 74.

75. Rochelle C. Dreyfuss, *Specialized Adjudication*, 1990 BYU L. REV. 377, 378-79 (1990).

76. *Id.* at 378; *see also id.* ("Since generalist judges are confronted with the specialty subject matter infrequently, they lack the motivation, experience, and time to develop an understanding of the law. They decide the occasional case based upon a cursory understanding of policy and receive limited feedback on how well they fared. Thus, [a] specialized court's sustained involvement with a field would facilitate superior decision-making.").

icy.⁷⁷ At the same time, however, Professor Dreyfuss recognized that the Federal Circuit would benefit from sharing jurisdiction with other appellate courts over other areas of the law to allow for a “fruitful interchange” of ideas and the challenging of the Federal Circuit’s view of policies.⁷⁸ In her view, however, a court should not be given exclusive jurisdiction over an area of the law unless there is “some public consensus” on its underlying policies.⁷⁹ In 1995, Professor Dreyfuss explicitly praised the Federal Circuit based on its “ability to articulate coherent patent policy.”⁸⁰

Since those relatively early days in the history of the Federal Circuit, Professor Dreyfuss’s praise has turned to criticism, sometimes scathing. Beginning in 2004, Professor Dreyfuss began to criticize the Federal Circuit for failing to agree on core policy, and in particular for issuing opinions long on citation and discussion of precedent but short on analysis of underlying policy and resolution of policy conflicts.⁸¹ For example, she suggested that discussions of policy “would be considerably more helpful than citations of precedent or a formalistic debate over how the language in a particular precedent should be construed” because “a clearer elucidation of policy would provide guidance on how the cases . . . should be decided.”⁸² Moreover, she highlighted criticism of the Federal Circuit as “wed[ded] to a legalistic model of adjudication that is out of step with the approaches being taken by other appellate courts” with respect to consideration of “more than formalistic, doctrinal case law analysis.”⁸³ In particular, she highlighted the relative absence of citation to “extralegal materials such as empirical, social science evidence.”⁸⁴

Professor Dreyfuss has highlighted reasons she believes both those who do and those who do not adhere to formalism should be concerned. One concern is that the Federal Circuit fails “to properly consider the interaction between the rules the court articulates and innovation policy.”⁸⁵ She provides two examples. First, in the context of patent law doctrines applied to biotechnology, she focuses attention on the Federal Circuit’s failure to analyze the law concerning patent scope and the level of ordinary skill in the art from the perspective of “whether narrow patents are providing enough of a return to fulfill the goal of encouraging progress, whether the narrowness is appropriately allocating rights as between in-

77. See Rochelle C. Dreyfuss, *Forums of the Future: The Role of Specialized Courts in Resolving Business Disputes*, 61 *BROOK. L. REV.* 1, 41 (1995) (indicating that “specialized courts are more accurate—that is, they discern legislative intent and public policy better than generalized courts”).

78. Dreyfuss, *Specialized Adjudication*, *supra* note 75, at 427.

79. *Id.* at 440.

80. Dreyfuss, *Forums of the Future: The Role of Specialized Courts in Resolving Business Disputes*, *supra* note 77, at 13–14.

81. Dreyfuss, *The Federal Circuit: A Continuing Experiment in Specialization*, *supra* note 2, at 775–76.

82. *Id.* at 777–78.

83. *Id.* at 780.

84. *Id.*

85. *Id.* at 782.

ventors and followers on, or whether the narrowness is creating patent thickets that increase the cost of working in the field.”⁸⁶ Indeed, she highlights that numerous legal and economic scholars had been studying these issues and yet the Federal Circuit had not cited their scholarship.⁸⁷ She presents a similar portrait with respect to her second example, the doctrine of equivalents more generally.⁸⁸ In seeking to limit the application of the doctrine of equivalents, the court failed to consider “the accelerating pace of technological innovation” and “the ease with which this technology can now be used to replace elements of the invention as literally claimed in the patent,” despite extensive academic literature on both points.⁸⁹ She suggests that the Federal Circuit “back up its holdings with . . . policy arguments and empirical data.”⁹⁰

In contrast to Judges Plager and O’Malley, Professor Dreyfuss has indicated she believes the Patent Act, like the Sherman Act, requires “common law elaboration.”⁹¹ In that vein, she has also provided more detail regarding how Federal Circuit judges might write opinions that discuss the policies the court is trying to achieve and how its decisions advance those policies.⁹² Emphasizing concerns with formalistic case-parsing,⁹³ she has encouraged express consideration of “whether the law is developing in a manner that reflects policies that meet the needs of the creative sector and further federal interests in promoting technological progress.”⁹⁴ She believes this type of opinion writing would make patent law more understandable and therefore easier to follow, as well as create coherency between legal doctrines.⁹⁵ In her view, Federal Circuit opinions

86. *Id.*

87. *Id.* at 782 & n.49. Lee Petherbridge and David Schwartz have used empirical data to analyze criticisms of courts’ use of academic scholarship, including the Supreme Court and the Federal Circuit. See generally Lee Petherbridge & David L. Schwartz, *An Empirical Assessment of the Supreme Court’s Use of Legal Scholarship*, 106 *Nw. U.L. Rev.* 995 (2012); ; Lee Petherbridge & David L. Schwartz, *Legal Scholarship and the United States Court of Appeals for the Federal Circuit: An Empirical Study of a National Court*, 26 *BERKELEY TECH. L.J.* 1561 (2011); Lee Petherbridge & David L. Schwartz, *The End of an Epithet? An Exploration of the Use of Legal Scholarship in Intellectual Property Decisions*, 50 *Hous. L. Rev.* 523 (2012); Lee Petherbridge & David L. Schwartz, *The Use of Legal Scholarship by the Federal Courts of Appeals: An Empirical Study*, 96 *CORNELL L. Rev.* 1345 (2011).

88. Dreyfuss, *The Federal Circuit: A Continuing Experiment in Specialization*, *supra* note 2, at 783.

89. *Id.* at 783 & n.54.

90. *Id.* at 788.

91. Dreyfuss, *In Search of Institutional Identity: The Federal Circuit Comes of Age*, *supra* note 2, at 801; see also Dreyfuss, *What the Federal Circuit Can Learn from the Supreme Court—And Vice Versa*, *supra* note 2, at 794 (“Although patent law is nominally statutory, it leaves wide gaps for judge-made law.”).

92. Dreyfuss, *In Search of Institutional Identity: The Federal Circuit Comes of Age*, *supra* note 2, at 803.

93. *Id.* at 791 (“Formalistic case-parsing, refusals to consider policy arguments, and reluctance to revise positions once taken are, it is said, particularly inappropriate in a court established for the express purpose of orchestrating the development of patent jurisprudence.”).

94. *Id.* at 800.

95. *Id.* at 803.

suffer from “a kind of formalism that is more characteristic of legal thinking in the nineteenth century than in the twenty-first.”⁹⁶ Rather than articulating goals of patent law doctrines, she criticizes the court for reciting merely standard justifications for statutory terms, parsing precedent, and relying on dictionary definitions.⁹⁷ One particular example she provides is Judge Rich’s opinion in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*,⁹⁸ which she says did not focus on issues like “whether inventors of software or business methods require patents to spur their ingenuity,” but instead “parsed the traditional common law limitations” on patent-eligible subject matter and rejected them based on the legislative history of the governing statutory section.⁹⁹

As the tenor of her criticism already makes clear, Professor Dreyfuss has indicated that she expects the Federal Circuit to do better. She expects the judges to do serious thinking about policy, to articulate policy-based justifications for their views of disputed issues, and more generally to articulate policy-based justifications for their decisions.¹⁰⁰ In her view the judges should interpret statutes and fill in statutory interstices with common law based on policy, and then “agree [] to agree” so that the law is clear rather than hold onto their rejected positions.¹⁰¹ She upholds the Supreme Court’s opinion-writing as an example, suggesting that “it explains to the lower courts the policies that it is trying to achieve.”¹⁰² At the same time she considers the Supreme Court’s “testiness” with the Federal Circuit’s deviation from Supreme Court precedent as “often inappropriate” given “ancient” Supreme Court case law “that no one wants to resurrect.”¹⁰³ In short, she views the Federal Circuit—rather than Congress, the Supreme Court, or the PTO—as the best institution within the current system to craft policies for patent law.¹⁰⁴ But to do so the Federal Circuit must “explain what policies it is adopting.”¹⁰⁵ Despite all her criticism, Professor Dreyfuss notably still deems the Federal Circuit a “raging success” in most respects, including with respect to the development of patent law.¹⁰⁶

Arti Rai is another law professor who has analyzed the prevalence of formalism at the Federal Circuit and criticized it. She has suggested that

96. *Id.* at 809.

97. *Id.*

98. 149 F.3d 1368 (Fed. Cir. 1998).

99. Dreyfuss, *In Search of Institutional Identity: The Federal Circuit Comes of Age*, *supra* note 2, at 822.

100. See Dreyfuss, *The Federal Circuit as an Institution: What Ought We to Expect?*, *supra* note 2, at 834.

101. *Id.* at 835.

102. *Id.* at 836-37; see also *id.* at 837 (“More persuasive opinions that better articulate the reasons behind the approach the court chooses would lead to fewer reversals. These opinions would also help the bar’s understanding of the law and thus might reduce the number of cases appealed.”).

103. Dreyfuss, *What the Federal Circuit Can Learn from the Supreme Court—And Vice Versa*, *supra* note 2, at 801.

104. *Id.* at 802.

105. *Id.*

106. *Id.* at 790-91.

“rule-formalism that is opaque to policy considerations . . . is a poor fit for [the] patent statute.”¹⁰⁷ Like Professor Dreyfuss, she believes Congress left the “language of the [Patent Act] open to policy-oriented interpretation by the judiciary,” and therefore that interpretation of the patent statute without analysis of policy-based considerations is improper.¹⁰⁸ She highlights what she believes to be wrong-headed decisions with costly consequences made in the absence of policy-based considerations, such as the Federal Circuit’s broad rule-based test for patent eligibility in *State Street Bank & Trust Co.*¹⁰⁹ Taking a slightly different tack compared to Professor Dreyfuss, Professor Rai criticizes both the Federal Circuit and the Supreme Court because she believes neither has analyzed and articulated patent law with the attention to policy encouraged by the vague language of the patent statute.¹¹⁰ In particular, she criticizes the Federal Circuit’s practice of writing opinions that “betray little interest in economic or policy analysis” because “[w]ithout such explicit consideration, there can be no policy evaluation and evolution.”¹¹¹ According to Professor Rai, the Federal Circuit’s failure to consider policy is particularly problematic because, “[d]espite the well-theorized institutional shortcomings of courts when it comes to policymaking, in the specific area of patent law, policy development through the court system is probably the best of the available options.”¹¹²

Professor John Thomas likewise has expressed concern that formalism distances patent law from innovation policy.¹¹³ He recognizes that the Federal Circuit serves as the “maker of substantive patent policy,”¹¹⁴ but notes that it has focused on “old judicial precedents and legislation” and “seemed disinterested in considering whether the patenting of business methods and other post-industrial inventions presents sound innovation policy.”¹¹⁵ Like Professor Dreyfuss, he points out that the Federal Circuit’s early test for application of the on-sale bar allowed for a policy-driven, contextual analysis; indeed, the test included as one factor the purposes of the on-sale bar.¹¹⁶ But he notes that the Supreme Court rejected that test in favor of a rule-based test and questions whether that rejection may have caused the Federal Circuit to adopt a more formalist approach to patent law.¹¹⁷ He ultimately concludes that “sound innovation policy and due regard for administrative ramifications, along with a healthy skepticism over whether certainty can be practically achieved, suggests the desirability of more nuanced alternatives” to the use of rules

107. Rai, *supra* note 2, at 1102.

108. *Id.* at 1037–41; *see also id.* at 1118–20.

109. *Id.* at 1120, 1121.

110. *Id.* at 1040–41.

111. *Id.* at 1073.

112. *Id.* at 1135.

113. Thomas, *supra* note 2, at 774.

114. *Id.* at 794.

115. *Id.* at 800.

116. *Id.* at 778–79.

117. *Id.* at 779–81

to decide patent cases.¹¹⁸

Professors Dan Burk and Mark Lemley have gone one step beyond criticizing the Federal Circuit for failing to embrace a role in setting policy in patent law or expressing policy in written opinions. They identify particular legal standards—they call them “policy levers”—courts may use to tailor patent law to the needs of specific technologies.¹¹⁹ Thus, they suggest that the Federal Circuit should explicitly consider policy to determine whether the law should be applied differently from one technology to the next.¹²⁰ If policy dictates that it should, then they suggest using particular policy levers to effectuate differential applications where appropriate, rather than “setting rules that affect patent owners and accused infringers without considering the policy consequences those rules will have.”¹²¹

Most recently, Professor Lucas Osborn has taken a different view of the perceived problem of formalism in patent law adjudication. He believes that, while the Federal Circuit writes opinions as if deriving the law “inevitably from controlling precedent, . . . in fact it appears that policy motives, not precedent, dictate the outcomes.”¹²² In his view “the Federal Circuit appears to overemphasize the precedent and deemphasize the policy.”¹²³ He believes the policy that is actually driving the Federal Circuit—unstated in its written opinions but highlighted in the extra-judicial materials written by some of its judges as summarized above—is the goal of predictability.¹²⁴ But hiding this driving policy and engaging in “hyperconstruction of precedent,” he says, ironically increases uncertainty and, moreover, may lead to cynicism and ultimately undermine the Federal Circuit’s legitimacy.¹²⁵ In the end, his prescription is consistent with the prescriptions of the other law professors writing on this same subject. He suggests that the Federal Circuit “be forthright about its judicial philosophy” and include analysis of policy in its written opinions.¹²⁶

As shown, the recent, consistent theme of law professors is that the Federal Circuit for the most part is not articulating—at least in its written opinions addressing disputes in patent cases—the policy-based justifications for its holdings, and that it should be doing so. Moreover, this summary shows that the difference in viewpoints of these law professors as compared to Federal Circuit judges on the normative question of the appropriateness and desirability of discussing policy in patent cases could not be any more stark. What is left to consider is the relative practices of the Federal Circuit and Supreme Court regarding policy analysis in pat-

118. *Id.* at 810.

119. *See generally* Burk & Lemley, *supra* note 2, at 1675–95.

120. *Id.* at 1696.

121. *Id.* at 1674.

122. Osborn, *supra* note 2, at 422.

123. *Id.*

124. *Id.* at 457.

125. *Id.* at 463.

126. *Id.* at 460–61.

ent cases and ways to bridge the gap between the diverging viewpoints on the usefulness and appropriateness of policy-based analysis of legal doctrines in patent cases.

III. THE FEDERAL CIRCUIT AND SUPREME COURT'S PRACTICES REGARDING THE EXPRESSION OF POLICY IN PATENT CASES

As discussed, a recurring theme in criticism of the Federal Circuit as a formalistic court regards the Federal Circuit's purported failure to express and analyze policy in patent cases. In this Part, I engage in a rigorous analysis of the Federal Circuit's practice expressing and analyzing policy, juxtaposed with a similarly rigorous analysis of the Supreme Court's practice. I seek to identify particular instances where the Federal Circuit has and has not expressed policy, and to consider what motivated its judges in those instances. I also examine the Supreme Court's treatment of policy in its cases directly reviewing the Federal Circuit's holdings on patent-law issues. In this second respect I seek to shift the focus—at least temporarily—to the Supreme Court and how it may set an example—whether good or bad—for the Federal Circuit and its judges on the propriety of considering and expressing policies.

A. THE FEDERAL CIRCUIT

Here I analyze the opinions of Federal Circuit judges in their patent cases that were subsequently reviewed by the Supreme Court. I do so for many reasons, not the least of which is to examine the veracity of the law professors' and Federal Circuit judges' claims regarding the use of policy in patent cases, but also to determine whether there are any consistent themes regarding consideration of policy in these opinions. As will be seen, the Federal Circuit has a somewhat checkered history regarding analysis of policy in these cases, but in many cases it has expressly done so. Moreover, a few recurring themes will also emerge regarding its analysis of policy.

1. *Parsing of Precedent*

Some Federal Circuit panel opinions later reviewed by the Supreme Court simply omit any discussion of policy. An example is *Morton International, Inc. v. Cardinal Chemical Co.*, where the panel vacated a judgment of validity after affirming a judgment of non-infringement based on the court's historical practice of doing so.¹²⁷ Consideration of policy occurred only in a concurring opinion and in an opinion dissenting from the denial of en banc review, as discussed in more detail below. Another example is *Prometheus Labs, Inc. v. Mayo Collaborative Services*, where the panel simply applied the tests it derived from precedent—the preemption

127. *Morton Int'l, Inc. v. Cardinal Chem. Co.*, 959 F.2d 948, 952 (Fed. Cir. 1992) (per curiam), *vacated and remanded*, 508 U.S. 83 (1993).

test and the machine or transformation test—to determine whether the subject matter of the claim at issue was eligible for patenting.¹²⁸ Yet another example is *Pioneer Hi-Bred International, Inc. v. J.E.M. Ag Supply, Inc.*, where the panel consulted the relevant statutes, legislative history, and precedent—but did not engage in any policy-based analysis—related to the issue of whether sexually-reproduced plants are eligible for utility patent protection.¹²⁹ Notably, the first case addressed a practice not controlled by any statute, the second case addressed a judicially created exception to patent eligibility, and the third case addressed the intersection of several statutes. Thus, there is no unifying explanation of the Federal Circuit's practice in these cases at least by reference to the subjects addressed by the court.

Consistent with the law professors' critiques of the Federal Circuit, one might question whether the Federal Circuit in consulting any historical practice, precedent, or relevant statute might consider identifying the policy furthered by the law derived from those sources. This question is particularly salient in the latter two cases where, respectively, the Supreme Court justices had indicated an interest in reviewing the law governing the dispute but had not done so,¹³⁰ and the case presented a controlling question of law over which there was substantial ground for a difference of opinion.¹³¹ The Federal Circuit's identification and analysis of the policy goals supporting the historical practice, precedent, and relevant statute not only may help the court reach the correct result in a particular case, but also may assist the en banc court and Supreme Court in deciding whether to grant discretionary review; if review is granted, moreover, it may assist on the merits.

Beyond opinions that simply omit discussion of policy, a few of the Federal Circuit's opinions later reviewed by the Supreme Court are prime examples of so-called "parsing of precedent." That is, the Federal Circuit provides detailed analysis of circumstances confronted in prior cases and derives rules from the prior application of the law to those circumstances. One such opinion is the per curiam majority opinion of the en banc court in *Hilton Davis Chemical Co. v. Warner-Jenkinson Co.*¹³² The opinion

128. *Prometheus Labs, Inc. v. Mayo Collaborative Servs.*, 628 F.3d 1347, 1353–59 (Fed. Cir. 2010), *rev'd*, 132 S. Ct. 1289 (2012).

129. *Pioneer Hi-Bred Int'l, Inc. v. J.E.M. Ag Supply, Inc.*, 200 F.3d 1374, 1375–78 (Fed. Cir. 2000), *aff'd*, 534 U.S. 124 (2001).

130. See *Prometheus Labs, Inc.*, 628 F.3d at 1356 n.2 (declining even to address Justice Breyer's policy-based arguments in his dissent in *Laboratory Corp. v. Metabolite Laboratories, Inc.*, 548 U.S. 124, 125–39 (2006) (Breyer, J., dissenting to dismissal of writ of certiorari as improvidently granted)).

131. See *Pioneer Hi-Bred Int'l, Inc.*, 200 F.3d at 1375 n.2 (indicating that the Federal Circuit granted a petition for interlocutory appeal of a denial of summary judgment on the issue of whether sexually reproduced plants are patentable subject matter within the scope of 35 U.S.C. § 101); 28 U.S.C. § 1292 (indicating that an interlocutory appeal may be appropriate when a district judge is of the opinion that an order, *inter alia*, "involves a controlling question of law as to which there is substantial ground for difference of opinion").

132. *Hilton Davis Chem. Co. v. Warner-Jenkinson Co.*, 62 F.3d 1512, 1516–28 (Fed. Cir. 1995) (en banc), *rev'd and remanded*, 520 U.S. 17 (1997).

relies heavily on precedent and includes little if any discussion of policy when confronting issues related to the doctrine of equivalents.¹³³ For example, the court states that “[i]nfringement is, and should remain, a strict liability offense” based on the absence of any intent requirement in any precedent, but notably fails to explain why this “should remain” the law.¹³⁴ Similarly, the court indicated that “[l]imiting the range of potentially infringing substitutions to those known at the time of the patent’s issuance would undermine the doctrine, denying patent owners protection of the substance of their inventions against new forms of infringement.”¹³⁵ While undoubtedly true, the opinion does not go on to explain the policy behind the conclusion that the doctrine should cover substitutions unknown at the time of the patent’s issuance. Should the Federal Circuit have provided policy-based explanations for these basic points?

In answering this question, it must be recognized that sometimes the Federal Circuit is justified in relying upon a statute or precedent to the exclusion of policy. A first example of this situation is where the Federal Circuit panel believes a statute is controlling—that is, Congress has already set the law as applied to particular circumstances based on its own view of the appropriate balance of any competing policies. A good example of this situation is the Federal Circuit’s decision in *Christianson v. Colt Industries Operating Corp.*¹³⁶ There, the Federal Circuit rejected the view that Congress “inten[ded] to deprive the regional circuits of jurisdiction over every appeal that remotely involves a patent issue.”¹³⁷ Significantly, even though the court did not rely on policy to justify its holding, this did not prevent the court from addressing a policy-based argument for holding to the contrary. In particular, the court expressly considered and rejected an argument that the policy of uniformity supported a finding of appellate jurisdiction. Chief Judge Markey explained that such a holding would contradict the statute, and therefore there was “no basis or rationale . . . for an expanded, open-ended view that this court has been granted jurisdiction over all appeals in cases that contain patent issues, in talismanic reliance on ‘patent law uniformity’ or otherwise.”¹³⁸ On the other hand, when the governing statute is ambiguous and does not supply a ready answer to the question being addressed, and in the absence of appropriate agency interpretation, the court would be well-advised at least to attempt to identify the purpose for the enactment of the statute and to consider the court’s ability to effectuate that purpose based on a reasonable interpretation of the governing statute. Notably, in *Eli Lilly & Co. v. Medtronic, Inc.*, the Federal Circuit attempted to do just this in the

133. *Id.*

134. *Id.* at 1527.

135. *Id.* at 1528.

136. *Christianson v. Colt Indus. Operating Corp.*, 822 F.2d 1544 (Fed. Cir. 1987), *vacated and remanded*, 486 U.S. 800 (1988).

137. *Id.* at 1550–51.

138. *Id.* at 1553. Chief Judge Markey also cited and rejected similar policy-based arguments made in law review articles. *Id.* at 1553 n.12, 1556 n.17.

context of examining a particular question of first impression related to a statutory non-infringement defense.¹³⁹

A second situation where the Federal Circuit may not rely on its own views of appropriate policy is where Supreme Court precedent governs because it is indistinguishable. The best example of this situation is *Independent Ink, Inc. v. Illinois Tool Works Inc.*, where the Federal Circuit panel relied upon Supreme Court precedent rather than policy to resolve the question of whether a party bringing an antitrust claim must prove market power over a tying product when that product is covered by a patent.¹⁴⁰ The panel explained that the “fundamental error” made by the party arguing that market power must be proven was “ignor[ing] the fact that it is the duty of a court of appeals to follow the precedents of the Supreme Court until the Court itself chooses to expressly overrule them.”¹⁴¹ The panel concluded that the Supreme Court “cases in this area squarely establish that patent . . . tying, unlike other tying cases, do not require an affirmative demonstration of market power.”¹⁴² Thus, it did not matter “that the Supreme Court precedent in this area has been subject to heavy criticism” based on economic theory.¹⁴³ According to the panel, even if policy indicates that “[t]he time may have come to abandon the doctrine . . . it is up to the Congress or the Supreme Court to make this judgment.”¹⁴⁴ At the same time, however, the Federal Circuit’s discussion of the policy-based arguments calling into question the basis for the Supreme Court’s precedent no doubt made it easy for the Supreme Court to decide to grant certiorari in the case. Thus, even in this circumstance the court’s discussion of policy was beneficial.

A third situation where the Federal Circuit should not rely on its own analysis of policy is where a panel confronts an issue indistinguishable from Federal Circuit precedent. This, of course, is because a panel, as opposed to the en banc court, does not have the power to overturn the court’s precedent. An example of this situation is *i4i Ltd. v. Microsoft Corp.*, where a panel relied upon the court’s precedent to reject a request for a jury instruction indicating that a standard lower than clear and convincing applies to prove invalidity when prior art used in litigation was not before the PTO: “[B]ased on our precedent, we cannot discern any error in the jury instructions.”¹⁴⁵ Nevertheless, when controlling precedent is called into question, as it no doubt was in the *i4i* case, the panel

139. *Eli Lilly & Co. v. Medtronic, Inc.*, 872 F.2d 402, 405–06 (Fed. Cir. 1989) (examining whether the non-infringement defense of 35 U.S.C. § 271(e)(1) applies to medical devices and concluding that it does based on Congress’s intent to overrule *Roche Products, Inc. v. Bolar Pharmaceutical Co.*, 733 F.2d 858 (Fed. Cir. 1984)), *aff’d and remanded*, 496 U.S. 661 (1990).

140. *Indep. Ink, Inc. v. Ill. Tool Works Inc.*, 396 F.3d 1342, 1351 (Fed. Cir. 2005), *vacated and remanded*, 547 U.S. 28 (2006).

141. *Id.*

142. *Id.* at 1348.

143. *Id.* at 1350.

144. *Id.* at 1351.

145. *i4i Ltd. v. Microsoft Corp.*, 598 F.3d 831, 848 (Fed. Cir. 2010), *aff’d*, 131 S. Ct. 2238 (2011).

would assist the en banc court and the Supreme Court by providing reasoning why the precedent makes sense (if it does) in terms of policy. The en banc court and the Supreme Court would have a better basis to determine whether to grant discretionary review, as well as to decide the merits if review is granted. Thus, even in the circumstance of binding Federal Circuit precedent, policy-based reasoning would be helpful.

On the other hand, when it is not apparent that a particular patent law doctrine is being challenged and subject to review either by the en banc court or the Supreme Court, Federal Circuit judges have less of a reason to engage in a policy-based analysis, particularly when the matter is clearly resolved by resorting to a statute, Supreme Court precedent, or Federal Circuit precedent. Indeed, in these situations the judges may rely on the statute or the precedent as a short-hand way of invoking any policy-based justification for the relied-upon doctrine. That may have been the situation in *Teleflex Inc. v. KSR International Co.*, where a Federal Circuit panel issued a nonprecedential opinion relying on precedent for the requirement that a party arguing a patent claim is obvious based on a combination of prior art references must show a teaching, suggestion, or motivation to combine those references.¹⁴⁶ The panel did not engage in any analysis of policy-based justifications for the teaching, suggestion, or motivation test.¹⁴⁷ Significantly, however, after the Supreme Court granted certiorari in the case on a question directed to the propriety of the test, other Federal Circuit panels did engage in a policy-based analysis of the test and, ultimately, found reason to defend its use.¹⁴⁸

Regardless, because the en banc Federal Circuit is not bound to follow its own precedent, one would think that policy-based reasoning would be more apparent in opinions issued after requests for en banc rehearing. That is what makes the majority opinions for the en banc court in *Hilton Davis Chemical Co. v. Warner-Jenkinson Co.*¹⁴⁹ and *In re Bilski*¹⁵⁰ so striking. In both cases, the en banc court addressed areas of patent law—

146. *Teleflex Inc. v. KSR Int'l Co.*, 119 F. App'x 282, 285–88 (Fed. Cir. 2005), *rev'd and remanded*, 550 U.S. 398 (2007).

147. *Id.*

148. See, e.g., *DyStar Textilfarben GmbH v. C.H. Patrick Co.*, 464 F.3d 1356, 1360–61 (Fed. Cir. 2006) (explaining that the test “prevent[s] statutorily proscribed hindsight reasoning when determining the obviousness of an invention”) (quoting *Alza Corp. v. Mylan Labs., Inc.*, 464 F.3d 1286, 1290 (Fed. Cir. 2006)); *In re Kahn*, 441 F.3d 977, 987 (Fed. Cir. 2006) (explaining that the test “is consistent with governing obviousness law, . . . and helps ensure predictable patentability determinations”). Whether these analyses of the teaching, suggestion, or motivation-to-combine test impacted the Supreme Court’s review of the test is unclear, but they certainly gained the attention of the Supreme Court and may have led to the Supreme Court’s decision not to jettison the test completely. See *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 418, 421 (2007) (“[I]t can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does. . . . We note the Court of Appeals has since elaborated a broader conception of the TSM test than was applied in the instant matter.”).

149. *Hilton Davis Chem. Co. v. Warner-Jenkinson Co.*, 62 F.3d 1512 (Fed. Cir. 1995) (en banc), *rev'd and remanded*, 520 U.S. 17 (1997).

150. *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008), *aff'd*, 130 S. Ct. 3218 (2010).

the doctrine of equivalents and subject-matter eligibility respectively—that are unchecked by statute (particularly in the case of the doctrine of equivalents given that there is no applicable statutory section), but nevertheless subject to extensive Supreme Court and Federal Circuit precedent. I have already discussed *Hilton Davis Chemical Co.* and the majority opinion’s failure to provide policy-based justifications for basic-but-challenged principles. The majority opinion in *In re Bilski*, however, takes the cake. There, Chief Judge Michel engaged in detailed parsing of Supreme Court precedent to identify the “machine-or-transformation” test.¹⁵¹ The opinion, however, did not address policy. The case no doubt provides an extreme example, consistent with Judge Plager and Judge O’Malley’s views, that the court does not often confront “an empty landscape” but instead a “crowded field” of binding precedent. Nevertheless, opinions that seek to make sense of extensive precedent within a particular area of patent law would do well to attempt to identify unifying policy explaining the course of the common law. Often policy provides a roadmap the court may use to extrapolate concepts from the law to apply to new circumstances. Indeed, that is the very nature of the common law.

Thus, even when the Federal Circuit confronts cases governed by statute and precedent, there are reasons to articulate governing policies. These policy discussions provide guidance, for example, to the en banc court and to the Supreme Court, both of which might review a panel’s decision. They also provide guidance to potential parties and courts deciding future cases in the same area. And while analyzing policy no doubt requires additional time and effort, the time and effort appears particularly valuable when parties are challenging precedent or presenting novel questions of law.

2. *Ruminating over Policy*

I have provided examples where the Federal Circuit has not engaged in analysis of policy and instead has relied upon a statute or invoked (or parsed) precedent without regard to policy-based reasoning. Sometimes, however, the Federal Circuit’s opinions not only rely upon a statute or invoke (or parse) precedent but also seek to identify policy-based reasons explaining those statutes and prior decisions, and thereby reveal policy that might guide decisions in newly confronted circumstances.

Indeed, in patent cases later reviewed by the Supreme Court, majority opinions issued by the Federal Circuit often identify the underlying and basic purpose behind a statute or a judicially-created doctrine. One example is *Pfaff v. Wells Electronics, Inc.*, where the opinion explains “[t]he foremost purpose of the [statutory] on-sale bar.”¹⁵² Another is *Integra*

151. *Id.* at 951–63.

152. *Pfaff v. Wells Elecs., Inc.*, 124 F.3d 1429, 1433 (Fed. Cir. 1997) (identifying the “foremost purpose of the on-sale bar” as to “prevent[] inventors from exploiting the commercial value of their inventions while deferring the beginning of the statutory term” (quoting *Ferag Ag v. Quipp Inc.*, 45 F.3d 1562, 1567–68 (Fed. Cir. 1995))), *aff’d*, 525 U.S. 55 (1998).

Lifesciences I, Ltd. v. Merck KGaA, where the opinion identifies two purposes behind the statutory safe harbor against infringement.¹⁵³ Similarly, in *Board of Trustees of Leland Stanford Junior University v. Roche Molecular Systems, Inc.*, the opinion analyzes application of the Bayh-Dole Act by reference to its “primary purpose.”¹⁵⁴ Likewise, in *LG Electronics, Inc. v. Bizcom Electronics, Inc.*, the opinion explained the basic policy behind the non-statutory first-sale or exhaustion doctrine.¹⁵⁵ Thus, the Federal Circuit quite routinely considers the primary purpose behind particular patent law doctrines, particularly statutory ones.

That, of course, does not mean that the Federal Circuit’s holding, even if it is based on an identified primary purpose of a legal doctrine, will be deemed correct. Indeed, the Supreme Court reversed two of these four cases. Nor will Federal Circuit judges always agree on the primary purpose of a particular patent law doctrine. In *Novo Nordisk v. Caraco Pharmaceutical Laboratories, Ltd.*, for example, both the majority opinion and the dissenting opinion analyzed the disputed issue from the perspective of Congress’s purpose in enacting the relevant statute, but the judges disagreed on the underlying purpose.¹⁵⁶ Similarly, Judge Lourie filed a concurring opinion in *Morton International Inc. v. Cardinal Chemical Co.* addressing arguments by both parties and amici that the court reconsider its practice of vacating invalidity judgments upon affirming non-infringement judgments.¹⁵⁷ Based on his analysis of policy, he would have re-

153. *Integra Lifesciences I, Ltd. v. Merck KGaA*, 331 F.3d 860, 865 (Fed. Cir. 2003) (identifying “restor[ing] patent term to pharmaceutical inventions to compensate for the often-lengthy period of pre-market testing pending regulatory approval to sell a new drug,” and “ensur[ing] that a patentee’s rights did not *de facto* extend past the expiration of the patent term . . . [by] permit[ing] those competitors to conduct experiments in advance of the patent expiration as long as those activities were reasonably related to securing regulatory approval”), *vacated and remanded*, 545 U.S. 193 (2005).

154. *Bd. of Trs. of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 583 F.3d 832, 845 (Fed. Cir. 2009) (identifying “regulat[ing] relationships of small business and non-profit grantees with the Government,” not relationships “between grantees and the inventors who work for them” (quoting *Fenn v. Yale Univ.*, 393 F. Supp. 2d 133, 141–42 (D. Conn. 2004))), *aff’d*, 131 S. Ct. 2188 (2011).

155. *LG Elecs., Inc. v. Bizcom Elecs., Inc.*, 453 F.3d 1364, 1369–70 (Fed. Cir. 2006) (“The theory . . . is that . . . the patentee has bargained for, and received, an amount equal to the full value of the goods,” unless the transaction (sale or license) is expressly conditional because in those situations “it is more reasonable to infer that the parties negotiated a price that reflects only the value of the ‘use’ rights conferred by the patentee.” (quoting *B. Braun Med. Inc. v. Abbott Labs.*, 124 F.3d 1419 (Fed. Cir. 1997))), *rev’d*, 553 U.S. 617 (2008).

156. *See generally* *Novo Nordisk v. Caraco Pharm. Labs., Ltd.*, 601 F.3d 1359 (Fed. Cir. 2010), *rev’d and remanded*, 132 S. Ct. 1670 (2012). Judge Rader’s majority opinion explains that the relevant statute seeks to “to deter pioneering manufacturers from listing patents that were not related at all to the patented product or method.” *Id.* at 1365. Judge Dyk’s dissenting opinion, however, indicates that the majority “construes the statute contrary to its manifest purpose.” *Id.* at 1368 (Dyk, J., dissenting). According to Judge Dyk, the statute “was designed to permit the courts to order correction of information published in the Orange Book, yet under the majority’s opinion, erroneous Orange Book method of use information cannot be corrected.” *Id.* at 1368–69.

157. *Morton Int’l, Inc. v. Cardinal Chem. Co.*, 959 F.2d 948, 952–54 (Fed. Cir. 1992) (Lourie, J., concurring), *vacated and remanded*, 508 U.S. 83 (1993) .

viewed invalidity judgments first.¹⁵⁸ As support he cited two journal articles and the “public interest involved in the question of the validity of a patent.”¹⁵⁹ Likewise, Judge Rader dissented in *AT&T Corp. v. Microsoft Corp.* based on his view that the “court’s reasoning misses the policy behind section 271(f).”¹⁶⁰

As mentioned above, because the en banc Federal Circuit is not bound to follow the court’s precedent, one would think that policy-based reasoning would be more apparent in opinions issued after requests for en banc rehearing. In fact, despite the exceptions noted above, in the Federal Circuit’s cases that have reached the Supreme Court for resolution of patent-related disputes, this phenomenon is seen repeatedly. Indeed, in these cases the Federal Circuit judges—and in particular Judge Newman—seem more willing to invoke concerns related to innovation policy.

First, consider opinions dissenting from denials of petitions for en banc rehearing. In *Eli Lilly & Co. v. Medtronic, Inc.*, Judge Newman’s dissenting opinion criticized the panel decision because “[t]he panel’s judicial legislation has affected an important high-technology industry, without regard to the consequences for research and innovation or the public interest.”¹⁶¹ Similarly, in *Morton International, Inc. v. Cardinal Chemical Co.*, Chief Judge Nies’s dissenting opinion raised the question of whether public policy militated in favor of reviewing judgments on counterclaims of invalidity after affirming judgments of non-infringement.¹⁶² Likewise Judge Newman’s dissenting opinion in *Asgrow Seed Co. v. Winterboer* repeatedly cites policy and argues that the panel’s decision is “contrary to the statute and its purpose.”¹⁶³

Second, consider opinions issued after grants of petitions for en banc rehearing. While I mentioned above two en banc majority opinions striking for their lack of analysis of policy, in one of those cases, *Hilton Davis Chemical Co. v. Warner-Jenkinson Co.*, Judge Newman filed a concurring opinion that expressly, and in significant detail, weighed policy considerations including innovation policy.¹⁶⁴ After recognizing that “there ha[d] been little objective policy exploration, economic analysis, legislative proposal, or even a search for consensus” in prior cases related the doctrine of equivalents, she engaged in the missing inquiry.¹⁶⁵ She explained that this inquiry led her “into the thicket of the sociology and economics of

158. *Id.*

159. *Id.* at 954.

160. *AT&T Corp. v. Microsoft Corp.*, 414 F.3d 1366, 1375 (Fed. Cir. 2005) (Rader, J., dissenting), *rev’d*, 550 U.S. 437 (2007).

161. *Eli Lilly & Co. v. Medtronic, Inc.*, 879 F.2d 849, 850 (Fed. Cir. 1989) (Newman, J., dissenting from denial of en banc rehearing).

162. *Morton Int’l, Inc. v. Cardinal Chem. Co.*, 967 F.2d 1571, 1577–78 (Fed. Cir. 1992) (Nies, C.J., dissenting from denial of en banc rehearing).

163. *Asgrow Seed Co. v. Winterboer*, 989 F.2d 478, 479 (Fed. Cir. 1993) (Newman, J., dissenting from denial of en banc rehearing).

164. *Hilton Davis Chem. Co. v. Warner-Jenkinson Co.*, 62 F.3d 1512, 1529–36 (Fed. Cir. 1995) (Newman, J., concurring), *rev’d and remanded*, 520 U.S. 17 (1997).

165. *Id.* at 1529.

patent law, for [she] attempted to place the basic question—the role and application of the doctrine of equivalents—into the practical context of the purposes and workings of the patent system, as informed by modern scholarship.”¹⁶⁶ After citing numerous legal and economic publications, she concluded that “the doctrine of equivalents, on balance, serves the interest of justice and the public interest in the advancement of technology, by supporting the creativity of originators while requiring appropriators to adopt more than insubstantial technologic change.”¹⁶⁷ Yet she also weighed concerns with certainty and predictability.¹⁶⁸ Likewise, in *In re Bilski*, each of the dissenting opinions by Judges Newman, Mayer, and Rader go beyond analyzing precedent and focus attention on relevant policy concerns, including certainty and its effects on decisions of inventors, investors, competitors, and the public to engage in inventive activity;¹⁶⁹ whether affording patent protection to business methods “serves to hinder rather than promote innovation and usurps that which rightfully belongs in the public domain”;¹⁷⁰ and whether some categories of invention deserve no patent protection in the context of the purpose served by the expansive language of 35 U.S.C. § 101.¹⁷¹

In several other en banc cases later reviewed by the Supreme Court, the Federal Circuit majority opinions (as well as concurring and dissenting opinions) explicitly analyze considerations of policy. One example is *Markman v. Westview Instruments, Inc.*, where the majority opinion considered the ability of competitors to “be able to ascertain to a reasonable degree the scope of the patentee’s right to exclude,” cited treatises and law review articles, and discussed why the court concluded that a jury is not needed to help construe patent claims.¹⁷² Chief Judge Mayer, in dissent, likewise highlighted what he deemed the “policy argument supporting the traditional roles of judge and jury in patent cases.”¹⁷³ Another example is *In re Zurko*, where the unanimous en banc court indicated that reviewing the PTO’s factual decision for clear error was justified as an exception to the Administrative Procedure Act based not only on pre-

166. *Id.*

167. *Id.* at 1533–34.

168. *Id.* at 1534 (“When applied to a particular patented invention, it should be reasonably predictable whether a specific device will be found ‘equivalent.’”).

169. *In re Bilski*, 545 F.3d 943, 977, 992, 995 (Fed. Cir. 2008) (Newman, J., dissenting) (“Uncertainty is the enemy of innovation. . . . Stable law, on which industry can rely, is a foundation of commercial advance into new products and processes. . . . For inventors, investors, competitors, and the public, the most grievous consequence is the effect on inventions not made or not developed because of uncertainty as to patent protection.”), *aff’d*, 130 S. Ct. 3218 (2010).

170. *Id.* at 998 (Mayer, J., dissenting); *see also id.* at 1000–08 (analyzing whether business method patents should be eligible for patenting at a matter of policy).

171. *Id.* at 1013–15 (Rader, J., dissenting) (analyzing “the purpose of the expansive language of section 101” as well as the practical consequences of the test articulated by the court).

172. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 978–79, 984–87 (Fed. Cir. 1995) (en banc), *aff’d*, 517 U.S. 370 (1996).

173. *Id.* at 992 (Mayer, C.J., dissenting).

cedent but on policy.¹⁷⁴ In *Hyatt v. Kappos*, the majority opinion mainly investigated the language of the statute, its legislative history, and Supreme Court precedents, but in the end also considered and rejected various policy considerations.¹⁷⁵

The most significant example of the en banc court considering and weighing policy, including innovation policy, however, is *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*¹⁷⁶ Given that every Federal Circuit opinion in this case expressly considered policy and that the Supreme Court's reversal was based on a rejection of the Federal Circuit's weighing of policy, this particular case deserves extended examination.

The Federal Circuit's majority opinion, after analyzing precedent and finding the question presented unresolved, engaged in a policy-based analysis of whether prosecution history estoppel should result in a "complete bar" or a "flexible bar" to the doctrine of equivalents.¹⁷⁷ Considering "ever-increasing 'uncertainty and confusion' in patent litigation," the "notice function of patent claims," and "the need for certainty as to the scope of patent protection," the court adopted the complete bar.¹⁷⁸ In the words of the court, given the complete bar "[t]he public will be free to improve on the patented technology and design around it without being inhibited by the threat of a lawsuit."¹⁷⁹ The court explained that "[t]his certainty will stimulate investment in improvements and design-arounds because the risk of infringement will be easier to determine."¹⁸⁰ Without providing any detailed explanation, it succinctly concluded that "[a]lthough a flexible bar affords the patentee more protection under the doctrine of equivalents," the court did "not believe that the benefit outweighs the costs of uncertainty."¹⁸¹

The concurrences also emphasized policy considerations. Judge Plager underscored the court's "attempt[] to limit some of the indeterminacy of the doctrine with a set of bright-line rules, trading off areas of uncertainty for a degree of rigidity."¹⁸² Judge Lourie likewise stressed that "important policy considerations relating to achieving the certainty contemplated by Congress justifies departing from an older unworkable rule."¹⁸³ Recognizing that "[o]ccasional injustices may occur," he believed "that such occasional injustices will be greatly outnumbered by competitors

174. *In re Zurko*, 142 F.3d 1447, 1459 (Fed. Cir. 1998) (en banc) ("Our ability to oversee complex legal determinations such as obviousness would be undermined if the board's underlying factual determinations were reviewed more deferentially than for clear error."), *rev'd and remanded*, 527 U.S. 150 (1999).

175. *Hyatt v. Kappos*, 625 F.3d 1320, 1326–38 (Fed. Cir. 2010) (en banc), *aff'd*, 132 S. Ct. 1690 (2012).

176. *See generally Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. 2000) (en banc), *vacated and remanded*, 535 U.S. 722 (2002).

177. *Id.* at 569–78.

178. *Id.* at 573, 575.

179. *Id.* at 577.

180. *Id.*

181. *Id.* at 578.

182. *Id.* at 592 (Plager, J., concurring).

183. *Id.* at 597 (Lourie, J., concurring).

who will be able to introduce innovative products outside the scope of claims without fear of unjustified, protracted, and expensive litigation.”¹⁸⁴ In the end, when he weighed the competing policies he concluded that the complete bar “should encourage innovation, lessen uncertainty, and diminish the volume of unnecessary litigation, while providing patentees with protection commensurate with the disclosed and allowed scope of their inventions.”¹⁸⁵

The dissents also emphasized policy. Chief Judge Michel expressed his view that the Supreme Court had decided that the all-elements rule and a flexible bar were “sufficient to balance the competing needs of granting meaningful protection to patentees and of notifying the public of the effective scope of a patentee’s claims.”¹⁸⁶ Judge Linn likewise stated his position that the majority’s reasons did “not justify this dramatic policy shift.”¹⁸⁷ In his view, “the majority’s new bright line rule . . . reflects an unjustified faith in the draftsman to select language to perfectly describe a new and unobvious invention at an early stage of the development process.”¹⁸⁸ He included a section in his opinion, labeled “Public Policy,” that rejected the majority’s reliance on the need for certainty in patent law as supporting the complete bar.¹⁸⁹ In particular, he rejected the majority’s view that the rule would promote the progress of the useful arts because it is “likely to encourage insubstantial changes to an established product, rather than investment in break-through technological advancements” and therefore “promotes free riding and undercuts the return on a patentee’s investment.”¹⁹⁰

Judge Newman’s dissent also emphasized policy, but she—much more than any other judge—summarized and cited to numerous economic analyses of patent law.¹⁹¹ Indeed, she criticized the majority for focusing almost exclusively on the notice function of patent claims, stating that “the optimum balance between innovator and imitator in a technology-dependent economy involves many considerations in addition to the primacy of notice.”¹⁹² She then provided a detailed analysis of “innovation and competition policy,” citing extensive scholarship concerning the basic function of the patent system to encourage invention and investment in new ideas and their embodiments, with a particular emphasis on economic studies.¹⁹³ In the end, she concluded that “[t]he public and private interests served by the doctrine of equivalents derive from its deterrence of close imitation, thereby helping to assure to the patentee the benefit of the invention, while obliging would-be competitors to advance the tech-

184. *Id.*

185. *Id.*

186. *Id.* at 598 (Michel, C.J., dissenting).

187. *Id.* at 620 (Linn, J., dissenting).

188. *Id.* at 624.

189. *Id.* at 626.

190. *Id.* at 627.

191. *Id.* at 630–42 (Newman, J., dissenting).

192. *Id.* at 636.

193. *Id.* at 638–42.

nology instead of simply skirting the edge of the claims.”¹⁹⁴ In sum, in her view “a preference for the neatness of precise ‘notice’ does not justify major tinkering with the overall strength of the patent system, with unknown consequences” but instead “is a change in industrial policy that requires public discussion in advance of, not after, the law has been changed.”¹⁹⁵

There are many things that make the *Festo* case intriguing. One is that while all of the opinions indicate that the Federal Circuit judges considered policy-based reasons for the two options they confronted—the complete bar or the flexible bar to the doctrine of equivalents—the judges in the majority focused on policies of clear notice, certainty, and predictability. Another is that the Supreme Court reversed the Federal Circuit’s decision based on its consideration of these same policies in the broader context of innovation policy, as will be discussed below. But before proceeding to consider the Supreme Court’s treatment of policy in these cases, it is important to reiterate that the Federal Circuit judges did expressly consider policy in this case.

Based on these opinions—not just in *Festo*, but in numerous other cases—it is clear that the Federal Circuit and its judges do indeed consider and express policy-based justifications for their positions in some instances. In particular, they sometimes identify the underlying and basic purpose behind a statute or a judicially-created doctrine. They also more often (but not always) invoke policy-based considerations in opinions ruling on petitions for en banc reconsideration and in opinions after en banc reconsideration has been granted.

Importantly, the policies they invoke vary. These policies include basic ones underlying any type of law—e.g., certainty and predictability of the law and eliminating unnecessary and costly litigation. They also include policies relevant to patent law in general—e.g., the Constitutional goal of “Progress of the useful Arts,” uniformity of patent law, certainty of patent scope, rewarding invention and innovation, providing incentives for disclosure, encouraging competition in the form of designing around patented technology, and weeding out invalid patents. And they include policies particular to certain patent law doctrines—e.g., the purposes of the on-sale bar, statutory safe harbor against infringement, Bayh-Dole Act, first-sale or exhaustion doctrine, statute governing correction of Orange Book patent information, doctrine of equivalents, prosecution history estoppel, and patent eligibility.

In short, neither the Federal Circuit judges’ relatively uniform insistence that policies do not play a major role in Federal Circuit decision-making, nor the law professors’ relatively uniform contrary view appears to reflect the judges’ actual practice, particularly after a petition for en banc rehearing has been filed. Thus, on the whole, the Federal Circuit may fall somewhere between the two extreme positions of formalism and

194. *Id.* at 641.

195. *Id.* at 641–42.

antiformalism with respect to willingness to identify and analyze policy, even if particular cases may fall closer to one extreme or the other.

B. THE SUPREME COURT

Next, consider the Supreme Court's practice with respect to analyzing precedent and policy in its review of patent-law issues in patent cases decided by the Federal Circuit. Like the Federal Circuit, the Supreme Court has engaged in parsing of precedent as well as exploration of policy. While the Federal Circuit's practice may turn on whether a petition for en banc rehearing has been filed, the Supreme Court's practice may depend on the nature of the case and possibly the Supreme Court justice writing the opinion.

1. Parsing of Precedent

Some of the Supreme Court's opinions in patent cases, like the Federal Circuit's opinions, simply omit discussion of policy. Consider, first, four majority opinions written by Justice Thomas. In *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred International, Inc.*, Justice Thomas's opinion did not analyze whether, as a matter of policy, two schemes are necessary or appropriate to spur innovation in the field of asexually reproduced plants.¹⁹⁶ Rather, the opinion focused on the breadth of 35 U.S.C. § 101 as interpreted by the Supreme Court in past cases as well as the language of the other governing statutes.¹⁹⁷ Another example is *eBay Inc. v. MercExchange, LLC*, where Justice Thomas's opinion articulated a four-part test for determining whether to issue a permanent injunction that was based only on "well-established principles of equity" the Court derived from precedent; the opinion did not expressly consider whether, as a matter of policy, patent law should deviate from typical equity practice.¹⁹⁸ In *Quanta Computer, Inc. v. LG Electronics, Inc.*, Justice Thomas likewise resolved the dispute over the exhaustion doctrine without discussing the doctrine's underlying policies but instead with reference to the Court's precedent.¹⁹⁹ Finally, in *Kappos v. Hyatt*, Justice Thomas again resolved the dispute by referencing precedent without any detailed discussion of policy.²⁰⁰

Outside of opinions written by Justice Thomas, however, there are several other majority opinions that resolve patent law disputes without reference to policy-based reasoning. In *Bilski v. Kappos*, for example, Justice Kennedy expressly rejected any attempt to characterize his opin-

196. See *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc.*, 534 U.S. 124, 127–146 (2001).

197. *Id.*

198. *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 391 (2006). The Court did not address policy-based reasons for rejecting the Federal Circuit's presumption that injunctive relief is appropriate in cases of infringement of patent claims shown not to be invalid. See *id.* at 391–94.

199. *Quanta Comp., Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 625–38 (2008).

200. *Kappos v. Hyatt*, 132 S. Ct. 1690, 1693–1701 (2012).

ion as an attempt to set policy regarding the appropriate scope of patent eligibility. In his words, “patent law faces a great challenge in striking the balance between protecting inventors and not granting monopolies over procedures that others would discover by independent, creative application of general principles,” but “[n]othing in [his] opinion should be read to take a position on where that balance ought to be struck.”²⁰¹ Similarly, Justice Sotomayor’s opinion for the court in *Microsoft Corp. v. i4i Ltd.* relied upon precedent rather than policy to determine that invalidity of patent claims always must be proven by clear and convincing evidence.²⁰² Chief Justice Roberts also omitted policy analysis from his opinion in *Board of Trustees of Leland Stanford Junior University v. Roche Molecular Systems, Inc.*, relying instead upon his conclusion that 220 years of consistent statutory and case law gave inventors rather than employers the right to patent inventions.²⁰³ Justice Alito in *Global-Tech Appliances, Inc. v. SEB S.A.* likewise relied upon “the long history of willful blindness and its wide acceptance in the Federal Judiciary” rather than overt policy concerns to adopt the doctrine of willful blindness for purposes of induced patent infringement.²⁰⁴

Thus, the Supreme Court itself certainly is not immune to the critique that its opinions omit policy-based reasoning. The decisions in these cases to follow precedent, however, do reflect a policy, even if that policy is not expressly discussed in any of the opinions. That policy, of course, is *stare decisis*, which itself reflects the belief that the law should be stable and therefore predictable, even if in a particular case the correct result may not be achieved.²⁰⁵ Under one conception of the doctrine of *stare decisis*, it should be invoked only after analyzing the weight of the underlying reliance interests as compared to the importance of reaching the correct

201. *Bilski v. Kappos*, 130 S. Ct. 3218, 3228 (2010). Notably, the concurring opinion by Justice Stevens is based at least in part on functional considerations. *Id.* at 3231–57 (Stevens, J., concurring).

202. *Microsoft Corp. v. i4i Ltd.*, 131 S. Ct. 2238, 2245, 2252 (2011) (“Our decision in *RCA* is authoritative. . . . We find ourselves in no position to judge the comparative force of these policy arguments.” (citation omitted)). The Court thus looked past the numerous policy reasons to apply a standard less than clear and convincing evidence. *See generally* David O. Taylor, *Clear but Unconvincing: The Federal Circuit’s Invalidity Standard*, 21 *FORDHAM INTELL. PROP. MEDIA & ENT. L.J.* 293 (2011) (describing policy-based reasons to apply a lower standard of review than clear and convincing evidence on the issue of invalidity in certain situations).

203. *Bd. of Trs. of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 131 S. Ct. 2188, 2194–99 (2011).

204. *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2069 (2011). In *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007), Justice Scalia similarly based the Court’s decision on the precedent of various lower federal courts and state courts having “long accepted jurisdiction” in similar circumstances. *Id.* at 130. But while he declined to rule based on policy, he did leave “the equitable, prudential, and policy arguments in favor of . . . a discretionary dismissal for the lower court’s consideration on remand.” *Id.* at 136.

205. *See generally* Randy J. Kozel, *Stare Decisis as Judicial Doctrine*, 67 *WASH. & LEE L. REV.* 411 (2010) (analyzing the *stare decisis* doctrine and concluding that it should involve the weighing of reliance interests and the value of reaching the correct result on the merits).

result on the merits.²⁰⁶ And the importance of reaching the correct result on the merits necessarily involves weighing the underlying policy goals of the substantive legal doctrines in play. To be clear, this is not to say that *stare decisis* should not apply in particular circumstances based solely on the importance of the underlying legal doctrine and the policy it seeks to further, but instead to encourage the express weighing of the importance of stability and predictability with the importance of competing underlying policies. In this regard, it may be that the underlying policies give way to the policies of stability and predictability. Indeed, the Supreme Court has recognized—in an intellectual property case nonetheless—that “[u]niformity and certainty in rules of property are often more important and desirable than technical correctness.”²⁰⁷ But recording that weighing of the competing policies in written opinions, rather than just announcing the conclusion of the analysis (assuming it has occurred), would ensure a rigorous analysis, provide missing transparency, and legitimize both the decision-making process and the substantive outcomes of particular cases.

2. *Ruminating over Policy*

Despite the examples of opinions not recording any analysis of policy, the Supreme Court in other instances has analyzed policy in the form of statutory purposes and functional considerations of legal doctrines. First, consider examples where the Court has endeavored to identify Congress’s objectives in passing statutes (to the extent one is able to identify objectives of Congress or even individual members of Congress) and functional purposes of particular statutes.

In *Christianson v. Colt Industries Operating Corp.*, Justice Brennan’s opinion for the Court expressly considered “Congress’ objectives in creating a Federal Circuit with exclusive jurisdiction over certain patent cases.”²⁰⁸ Likewise in *Eli Lilly & Co. v. Medtronic, Inc.*, Justice Scalia interpreted the relevant statute in part by considering why one might want the statute to have its natural meaning—that is, he identified policy-based reasons for interpreting the statute consistent with its natural meaning.²⁰⁹ Justice Scalia engaged in a similar analysis in *Asgrow Seed Co. v. Winterboer*, where he interpreted a statute to “comport[] with the statutory purpose.”²¹⁰ Another example is *Merck KGaA v. Integra Lifesciences I, Ltd.*, where Justice Scalia focused on the statutory text and in-

206. *Id.* at 466.

207. *Rock Spring Distilling Co. v. W.A. Gaines & Co.*, 246 U.S. 312, 330 (1918) (quoting *Layton Pure Food Co. v. Church & Dwight Co.*, 182 F. 35, 39 (8th Cir. 1910)).

208. *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 813 (1988) (indicating objectives were “to reduce the widespread lack of uniformity and uncertainty of legal doctrine that exist[ed] in the administration of patent law.” (quoting H.R. Rep. No. 97-312, at 23 (1981))).

209. *Eli Lilly & Co. v. Medtronic, Inc.*, 496 U.S. 661, 668 (1990) (“On the other side of the ledger, however, one must admit that while the provision more naturally means what respondent suggests, it is somewhat difficult to understand why anyone would *want* it to mean that.”).

210. *Asgrow Seed Co. v. Winterboer*, 513 U.S. 179, 192 (1995).

terpreted it in light of its context, the purposes of the various statutes and regulations, and the realistic effect of the Federal Circuit's narrow interpretation.²¹¹ Similarly, in *Pfaff v. Wells Electronics, Inc.*, Justice Stevens affirmed the judgment of the Federal Circuit with respect to application of the on-sale bar based "not only in the text of the statute but also in the basic policies underlying the statutory scheme."²¹² Likewise, in *Caraco Pharmaceutical Laboratories, Ltd. v. Novo Nordisk*, Justice Kagan ultimately resolved the case based on the context of the statute in the statutory scheme.²¹³

In a few cases, moreover, the Supreme Court weighed the policy underlying a statute with complementary or competing policies derived from other sources. In *Dickinson v. Zurko*, for example, Justice Breyer expressly considered not just the policy reflected in the passage of the Administrative Procedure Act (APA) but also the "policy reasons [that] in [the Federal Circuit's] view militate against use of APA standards of review."²¹⁴ Similarly, in *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*, Justice Scalia interpreted the text of the relevant statute in light of "longstanding policies underlying [the Court's] precedents."²¹⁵

Sometimes statutes, however, provide little direction. In *Illinois Tool Works Inc. v. Independent Ink, Inc.*, for example, the Court confronted the sparseness of the Sherman Act and ultimately interpreted it in light of Congress's decision to eliminate the presumption of market power in the context of patent misuse law, as well as the vast majority of academic literature criticizing the presumption in the context of affirmative anti-trust claims.²¹⁶ Likewise, in *KSR International Co. v. Teleflex Inc.*, the Court confronted the obviousness doctrine, which is governed by a similarly vague statutory section, and applied it flexibly based largely on the "principles underlying" the doctrine's precedent in the area.²¹⁷

Another statute that provides little direction, at least according to the Supreme Court, is 35 U.S.C. § 101. Consider together two of the Supreme Court's recent cases²¹⁸ reviewing the Federal Circuit's interpretation and

211. *Merck KGaA v. Integra Lifesciences I, Ltd.*, 545 U.S. 193, 202–08 (2005).

212. *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 68 (1998). After summarizing the holdings of a few patent cases, the Court explained that "[t]he patent laws . . . seek both to protect the public's right to retain knowledge already in the public domain and the inventor's right to control whether and when he may patent his invention." *Id.* at 65. The Court also considered the "interest in providing inventors with a definite standard for determining when a patent application must be filed." *Id.* This last consideration was dispositive when coupled with the statutory text. According to Justice Stevens, "A rule that makes the timeliness of an application depend on the date when an invention is 'substantially complete' seriously undermines the interest in certainty. Moreover, such a rule finds no support in the text of the statute." *Id.* at 65–66.

213. *Caraco Pharm. Labs., Ltd. v. Novo Nordisk*, 132 S. Ct. 1670, 1680–88 (2012).

214. *Dickinson v. Zurko*, 527 U.S. 150, 161 (1999).

215. *Holmes Grp. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 829–32 (2002).

216. *Ill. Tool Works Inc. v. Indep. Ink, Inc.*, 547 U.S. 28, 40–46 (2006).

217. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 417–18 (2007).

218. The Supreme Court released its decision in a third case following this writing. *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107 (2013) (holding that naturally occurring, isolated DNA segments are not patentable subject matter but that

application of this statutory section. In these cases the Court has indicated that, despite the apparent simplicity and clarity of the statutory text governing patent eligibility,²¹⁹ there are three judicially-created exceptions: abstract ideas, natural phenomena, and laws of nature.²²⁰ Perhaps surprisingly based on the fact that these exceptions are judicially created, the Court's cases treating these exceptions have not consistently relied upon a policy-based analysis.

The Supreme Court's majority opinion in *Bilski*, as discussed above, specifically indicated a decision had been made not to take a position on where the balance ought to be struck between competing policies of "protecting inventors and not granting monopolies over procedures that others would discover by independent, creative application of general principles."²²¹ But in his opinion concurring in the judgment, Justice Stevens did take a position on where the balance ought to be struck, and based on his analysis of history, precedent, and functional considerations, he concluded that methods of doing business should not be eligible for patent protection.²²² In the process, he explained that,

although it is for Congress to "implement the stated purpose of the Framers by selecting the policy which in its judgment best effectuates the constitutional aim," we interpret ambiguous patent laws as a set of rules that "wee[d] out those inventions which would not be disclosed or devised but for the inducement of a patent," and that "embod[y]" the "careful balance between the need to promote innovation and the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy."²²³

Thus, Justice Stevens indicated that it is the role of the courts to fill in interstices in the Patent Act based on the Constitutional purpose—which I call innovation policy—of providing incentives for invention and innovation through the use of grants of exclusive rights that are exceptions to the typical goal of competition in the marketplace. In that vein, he ultimately addressed whether patents on business methods are necessary to encourage business innovation and, even if so, whether on balance they

nonnaturally occurring cDNA is patentable subject matter under 35 U.S.C. § 101). The opinion for the Court, written by Justice Thomas, expresses the essence of innovation policy. *See, e.g. id.* at 2116 ("As we have recognized before, patent protection strikes a delicate balance between creating 'incentives that lead to creation, invention, and discovery' and 'imped[ing] the flow of information that might permit, indeed spur, invention.'" (alteration in original) (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1305 (2012))).

219. The categories listed in 35 U.S.C. § 101 are often denominated "statutory subject matter," but that description might actually be a misdescription given the Court's creation of the exceptions.

220. *E.g.*, *Bilski v. Kappas*, 130 S. Ct. 3218, 3225 (2010).

221. *Id.* at 3228.

222. *Id.* at 3236–57 (Stevens, J., concurring).

223. *Id.* at 3252 (citations omitted) (first two quotations quoting *Graham v. John Deere Co.*, 383 U.S. 1, 6, 11 (1966); second two quotations quoting *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989)).

benefit or harm society.²²⁴

In *Mayo Collaborative Services v. Prometheus Labs, Inc.*, Justice Breyer's opinion for a unanimous Supreme Court was consistent with Justice Stevens's policy-based approach to application of the judicially-created exceptions to the statute.²²⁵ While he indicated the Court resolved the case based on "the particular claims before us in light of the Court's precedents," the analysis primarily focused on a policy-based approach to the question of patent eligibility as reflected in various previous cases.²²⁶ According to Justice Breyer, the Court had "repeatedly emphasized . . . a concern that patent law not inhibit further discovery by improperly tying up the future use of laws of nature."²²⁷ Thus, the Court fashioned a test for patent eligibility based at least in part upon the "underlying functional concern" of "how much future innovation is foreclosed relative to the contribution of the inventor."²²⁸

The Supreme Court's opinion in *Bilski*, particularly in view of its opinion in *Mayo*, may be an aberration. Indeed, in various cases where the Court has confronted other patent law doctrines not controlled by a statute, the Court has sought to identify and apply governing policies. A simple example is *Cardinal Chemical Co. v. Morton International, Inc.*, where the Court in an opinion by Justice Stevens relied on underlying policy considerations, as well as scholarly criticism, to reject any per se rule of mootness of invalidity judgments in situations where the Federal Circuit

224. *Id.* at 3252–57. Justice Stevens concludes that "even if patents on business methods were useful for encouraging innovation and disclosure, it would still be questionable whether they would, on balance, facilitate or impede the progress of American business." *Id.* at 3255. And in the end he believes on balance that business method patents harm society: "The breadth of business methods, their omnipresence in our society, and their potential vagueness . . . invite a particularly pernicious use of patents that we have long criticized." *Id.* at 3256. Moreover, he explained that the "many costs of business method patents not only may stifle innovation, but they are also likely to 'stifle competition,'" *id.* at 3256–57 (quoting *Bonito Boats*, 489 U.S. at 146), and "unlike virtually every other category of patents, they are by their very nature likely to depress the dynamism of the marketplace," *id.* at 3257.

225. See *Mayo Collaborative Servs. v. Prometheus Labs, Inc.*, 132 S. Ct. 1289, 1293–1305 (2012).

226. *Id.* at 1294.

227. *Id.* at 1301. In more detail, Justice Breyer concluded that "even though rewarding with patents those who discover new laws of nature and the like might well encourage their discovery, those laws and principles, considered generally, are 'the basic tools of scientific and technological work.'" *Id.* (quoting *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)). He indicated that there

is a danger that the grant of patents that tie up their use will inhibit future innovation premised upon them, a danger that becomes acute when a patented process amounts to no more than an instruction to 'apply the natural law,' or otherwise forecloses more future invention than the underlying discovery could reasonably justify.

Id.

228. *Id.* at 1303. In the end, the Court refused to create a special law governing discoveries of diagnostic laws of nature based on policy. *Id.* at 1305 ("We need not determine here whether, from a policy perspective, increased protection for discoveries of diagnostic laws of nature is desirable.").

affirms a judgment of noninfringement.²²⁹ Likewise, in *Markman v. Westview Instruments, Inc.*, Justice Souter's opinion for the Court ultimately turned on "functional considerations" impacting "the choice between judge and jury to define terms of art."²³⁰ The Court concluded that the construction of written instruments is something that judges "often do and are likely to do better than jurors," and anyway "the importance of uniformity in the treatment of a given patent [is] an independent reason to allocate all issues of construction to the court."²³¹

Next, consider the two cases addressing the doctrine of equivalents, another issue not governed by any statute. First, in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, Justice Thomas—who, based on my analysis above, is prone to follow precedent without express analysis of policy—considered policies related to the doctrine of equivalents.²³² He noted that "[t]here can be no denying that the doctrine of equivalents, when applied broadly, conflicts with the definitional and public-notice functions of the statutory claiming requirement."²³³ As a result, the Court adopted specific limitations on the doctrine, including the all-elements rule and putting the burden on the patentee to establish that the reason for an amendment was unrelated to a requirement of patentability in order to avoid prosecution history estoppel.²³⁴ The Court rejected other limitations, however, including a requirement to prove some level of intent when invoking the doctrine of equivalents and limiting possible equivalents to those known at the time the patent issued.²³⁵ The court rejected these limitations less based on precedent and more based on a policy-based analysis of the effect of the law governing the doctrine of equivalents.²³⁶

229. *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 89–103 (1993). The Court turned to consideration of countervailing policies and concerns: (1) the "interest in the efficient management of the court's docket," (2) whether "validity issues are generally more difficult and time consuming to resolve," (3) the "interest of the successful litigant in preserving the value of a declaratory judgment" obtained at "great effort and expense," (4) the "strong public interest in the finality of judgments in patent litigation" and particularly the question of validity given that it "has the greater public importance," (5) the "ongoing burdens on competitors who are convinced that a patent has been correctly found invalid," and (6) the interest of the patentee who desires appellate review to ensure that the validity issue is adjudicated correctly. *Id.* at 99–102. Furthermore, the Court noted that "[t]he Federal Circuit's practice has been the subject of a good deal of scholarly comment, all of which has consistently criticized the practice." *Id.* at 102 n.25.

230. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 388–91 (1996). The Court first analyzed common-law practice at the time of the Constitution's framing to determine whether the Seventh Amendment required a jury to construe patent claims, and in the absence of a clear answer to that question proceeded to consult the Court's precedent. *Id.* at 376–88. Finding a lack of a clear answer based on these resources, the Court considered functional considerations. *Id.* at 388–91.

231. *Id.* at 388, 390.

232. *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 28–37 (1997).

233. *Id.* at 29.

234. *Id.* at 29, 33–34.

235. *Id.* at 35–37.

236. *See id.*

Notably, in the second case addressing the doctrine of equivalents, *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, the Supreme Court rejected the Federal Circuit's policy-based analysis of the doctrine of equivalents based on its own reweighing of policy.²³⁷ Justice Kennedy—throughout his opinion for the Court—highlighted that precedent related to the doctrine of equivalents and prosecution history estoppel had attempted to balance the competing interests of allowing for a sufficient return on investments to inventors and eliminating uncertainty in the scope of patent rights.²³⁸ Citing the definiteness requirement of 35 U.S.C. § 112, for example, the Court explained that the patent statute seeks to provide for clarity but, “[u]nfortunately, the nature of language makes it impossible to capture the essence of a thing in a patent application.”²³⁹ Moreover, the Court explained, “If patents were always interpreted by their literal terms, their value would be greatly diminished.”²⁴⁰ Thus, the Court rejected the Federal Circuit's adoption of a complete bar on the doctrine of equivalents in circumstances where claims are narrowed for purposes of patentability.²⁴¹ In the words of the Court, “Unimportant and insubstantial substitutes for certain elements could defeat the patent, and its value to inventors could be destroyed by simple acts of copying.”²⁴² “For this reason,” the Court continued, “the clearest rule of patent interpretation, literalism, may conserve judicial resources but is not necessarily the most efficient rule.”²⁴³ In short, “uncertainty [i]s the price of ensuring the appropriate incentives for innovation.”²⁴⁴

As I mentioned above, the Supreme Court's opinion in *Festo* is notable because the Court rejects the Federal Circuit's weighing of the policies of certainty, predictability, clear notice, and the appropriate level of incentives for innovation based on the scope of the right to exclude. While at

237. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 726–42 (2002).

238. See, e.g., *id.* at 726 (“[A] patent protects its holder against efforts of copyists to evade liability for infringement by making only insubstantial changes to a patented invention. At the same time, . . . extending protection beyond the literal terms in a patent the doctrine of equivalents can create substantial uncertainty about where the patent monopoly ends.”).

239. *Id.* at 731.

240. *Id.*

241. *Id.* at 741 (noting that the presumption of estoppel “is not . . . just the complete bar by another name”).

242. *Id.* at 731.

243. *Id.* at 731–32.

244. *Id.* at 732. The Court justified its policy-based explanation by summarizing its precedents on point. In reversing the complete bar, it noted that “[t]he complete bar [is] a per se rule [that] is inconsistent with the purpose of applying the estoppel in the first place—to hold the inventor to the representations made during the application process and to the inferences that may reasonably be drawn from the amendment.” *Id.* at 737–38. Thus, “[t]here is no reason why a narrowing amendment should be deemed to relinquish equivalents unforeseeable at the time of the amendment and beyond a fair interpretation of what was surrendered.” *Id.* at 738. Indeed, the Court's precedents show that it had “considered what equivalents were surrendered during the prosecution of the patent, rather than imposing a complete bar that resorts to the very literalism the equivalents rule is designed to overcome.” *Id.*

the Federal Circuit certainty, predictability, and clear notice prevailed, at the Supreme Court innovation policy prevailed. To some degree certainty, predictability, and clear notice are consistent with innovation policy—the clarity of patent law, after all, allows decision-makers to invest in research and development knowing, rather than wondering about, relevant legal rewards and risks. But the Supreme Court's analysis highlights that certainty, predictability, and clear notice can be inconsistent with innovation policy and that, in the end, innovation policy governs.²⁴⁵

Significantly, the Supreme Court's treatment of the Federal Circuit's weighing of these policy concerns may have stifled the Federal Circuit's openness to consideration and reliance on policy to resolve disputed matters of patent law. Indeed, after *Festo* the Federal Circuit notably engaged in significant parsing of precedent in *In re Bilski*. Moreover, Judge O'Malley seem to have interpreted the Supreme Court's decision in *Festo* as a condemnation of policy-based reasoning in patent cases.²⁴⁶ But what the Supreme Court's decision in *Festo* should have done is merely emphasize that any analysis of patent law principles not closely circumscribed by statute should take innovation policy into account. Moreover, the Supreme Court indicated that innovation policy may trump competing concerns with certainty, predictability, and clear notice in particular circumstances.

Given my analysis of the Supreme Court's practice, a few themes emerge. First, the Supreme Court has as checkered a history as the Federal Circuit in terms of its analysis of policy in patent cases. In some cases it has sought out and expressly analyzed governing policy, and in some cases it has not. While Justice Thomas has not done so in several cases and Justice Kennedy did not do so in *Bilski*, in other instances the Supreme Court has identified and analyzed relevant policy considerations in reaching its conclusions. Particularly when the patent law doctrine is not governed by statute, a searching inquiry into policy seems most justified. But even when the resolution of a case is governed by statute, the Supreme Court often identifies and analyzes the relevant policy considerations, both those adopted by Congress and those complementary or contradictory policy considerations in play, regardless from where they are derived.

To the extent law professors seek explicit analysis of patent law doctrines based on innovation policy, the Supreme Court has been apt to do

245. Take an admittedly absurd example to make the point: A rule that every patent owner is entitled to \$1 million upon proving infringement would provide clarity, but no one would argue that this clarity confers the appropriate incentives to potential patent applicants or potential infringers. In short, the Supreme Court addressed the potential tension between certainty and innovation policy in *Festo*, and it came out on the side of innovation policy. *See id.* at 732 (“Each time the Court has considered the doctrine [of equivalents], it has acknowledged this uncertainty as the price of ensuring the appropriate incentives for innovation, and it has affirmed the doctrine over dissents that urged a more certain rule.”).

246. *See O'Malley, supra* note 1, at 100 (stating that urging the Federal Circuit to advance particular policy objectives “is counterproductive . . . because it is sure to be met with disapproval by the Supreme Court”).

so, in particular with respect to the doctrine of equivalents, non-obviousness, and eligible subject matter—doctrines either not subject to any statutory constraint (the doctrine of equivalents) or subject only to loose statutory constraints (obviousness and eligible subject matter). To the extent innovation policy is derived from the Constitution’s authorization of Congress to develop laws to “promote the Progress of . . . useful Arts,” this policy is a governing one and therefore is at least relevant to some degree to any patent law doctrine. Thus, like the general policies of certainty, predictability, and clear notice, a court analyzing a dispute over a patent law doctrine seemingly would not commit error to at least consider and analyze how innovation policy might impact the court’s decision. But innovation policy should not be used to contradict clear statutory direction (or a doctrine delegated to an administrative agency) or clear binding precedent. And although one might argue that the courts have done just this with respect to eligible subject matter, innovation policy appears to be most useful in the areas of patent law not subject to strict statutory constraints, including the three already mentioned (the doctrine of equivalents, obviousness, and eligible subject matter), given the absence of a decision by Congress as to the appropriate weight of innovation policy as compared to other competing policies. Finally, it is important to note, in this regard, that when called upon to weigh competing policies in *Festo*, the Supreme Court balanced the policies of clear notice, certainty, and predictability as subservient to basic innovation policy.

IV. THE ADVANTAGES OF A HEALTHY POLICY DISCOURSE INVOLVING THE FEDERAL CIRCUIT AND HOW TO ACHIEVE IT

In the previous Part, I explored the practices of the Federal Circuit and Supreme Court of analyzing relevant policies in patent cases. At a high level, what I found was, despite the expressed reluctance of various Federal Circuit judges to use policy to decide patent cases, sometimes the Federal Circuit and its judges do just that. In particular, its judges are apt to do so after motions for en banc rehearing. And its judges have shown a particular interest in the policies of certainty, predictability, and clear notice. The Supreme Court also sometimes analyzes policy when reviewing Federal Circuit patent cases. The Court does so more often in cases not strictly governed by the Patent Act’s statutory text. Moreover, as compared to the Federal Circuit, it gives more weight to innovation policy than potentially competing policies of certainty, predictability, and clear notice. Thus, in sum, my analysis seems to confirm Judge Plager’s view that, as a descriptive matter, the reality—at least in Federal Circuit cases that ultimately reach the Supreme Court for resolution of matters of patent law—is somewhere in the middle of the extremes of formalism and antiformalism with respect to analysis of policy.²⁴⁷

247. See S. Jay Plager, *The Federal Circuit as an Institution: On Uncertainty and Policy Levers*, *supra* note 1, at 774.

As I highlighted above, however, as a normative matter, Judge Plager is not sure whether “explicitly articulat[ing] the underlying policies that present themselves in any particular case”—assuming they are “visible and describable”—would improve the decision-making process or instead “only change the nature of the debate about it.”²⁴⁸ For reasons that will become apparent, I do not intend here to provide a normative argument for or against the general use of policy in patent law adjudication—to address, for example, his expressed concerns with dicta and not straying outside the record, which are of course legitimate and serious. Rather, in this Part, I address the over-arching advantages of and ways to achieve a *healthy* policy discourse—one that includes the Federal Circuit judges’ views on innovation policy—to the extent any policy debate is occurring.

A. THE ADVANTAGES OF A HEALTHY POLICY DISCOURSE INVOLVING THE FEDERAL CIRCUIT

I have already described the divergent views of Federal Circuit judges and law professors regarding the use of policy in patent law adjudication. What I hope to highlight is that, to the extent that there is an ongoing policy debate in patent cases at the Supreme Court that involves consideration of innovation policy, the Federal Circuit has an important role to serve in that debate. Thus, the threshold question is whether there is an ongoing debate.

In this regard, consider the diverging views of Judge Lourie, on the one hand, and Justice Breyer, on the other hand, regarding the respective roles of the two courts on which they serve. Judge Lourie, in an address to patent law practitioners, has stated that the Federal Circuit is not a “debating society having debates with outside groups on what the law should be.”²⁴⁹ Justice Breyer, by contrast, in *Laboratory Corp. v. Metabolite Laboratories, Inc.*, stated that a decision from the generalist Supreme Court could “contribute to the important ongoing debate, among both specialists and generalists, as to whether the patent system, as currently administered and enforced, adequately reflects the ‘careful balance’ that ‘the federal patent laws . . . embod[y].’”²⁵⁰ Thus, at least according to Justice Breyer, there is an “ongoing debate” regarding the “careful balance that the federal patent laws embody,” whether or not Judge Lourie wishes to engage in it.

Make no mistake whether Justice Breyer’s reference to “careful balance” is a reference to innovation policy. It is. He cites Justice O’Connor’s majority opinion in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.* to support the Supreme Court’s use of a policy-based analysis

248. *Id.* at 773.

249. Lourie, *supra* note 1, at 41.

250. *Lab. Corp. v. Metabolite Labs., Inc.*, 548 U.S. 124, 138 (2006) (Breyer, J., dissenting from dismissal) (quoting *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989)).

of a patent law doctrine.²⁵¹ There, Justice O'Connor highlighted the "patent statute's careful balance between public right and private monopoly to promote certain creative activity."²⁵² In her words, "The Patent Clause itself reflects a balance between the need to encourage innovation and the avoidance of monopolies which stifle competition without any concomitant advance in the 'Progress of Science and useful Arts.'"²⁵³ As a result, "the federal patent laws have embodied a careful balance between the need to promote innovation and the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy."²⁵⁴ These concerns are the essence of innovation policy.

Moreover, regardless of whether the Supreme Court *should* be engaging in a debate over innovation policy, the reality is that it *is*. Indeed, beyond Justice Breyer's comments in *Laboratory Corp. v. Metabolite Laboratories, Inc.*—where he was actually dissenting from the Court's decision not to review the case—consider again my analysis above of the Supreme Court's treatment of policy in patent cases. As shown, the Supreme Court is involved in an ongoing debate regarding innovation policy in the context of patent law doctrines, particularly those not strictly controlled by statute, such as the judicially-created exceptions to the patent eligibility categories listed in 35 U.S.C. § 101. Indeed, Justice Breyer seems to be one of the central figures in the debate.²⁵⁵

Because this debate is ongoing, the Federal Circuit and its judges deserve to be heard. Indeed, to the extent the Supreme Court's debate involves simply itself, the parties in the case before it, and amici including the Solicitor General of the United States—the debate is not a healthy one. A healthy debate must include the participation of the Federal Circuit and its judges. I say so for a number of related reasons. First, the Federal Circuit and its judges should be heard because of the reasons that Congress conferred on the Federal Circuit exclusive intermediate appellate jurisdiction in patent cases, primarily the Supreme Court's lack of interest, experience, and expertise in patent cases.²⁵⁶ Second, the Federal

251. *Id.*

252. *Bonito Boats, Inc.*, 489 U.S. at 167.

253. *Id.* at 146 (quoting U.S. CONST. art. I, § 8, cl. 8).

254. *Id.* It is actually odd that Justice Breyer, in dissenting from the Supreme Court's decision not to rule on the applicability of a judicially-created exception to 35 U.S.C. § 101, would cite to *Bonito Boats* for support for engaging in a wide-ranging policy-based analysis. As the context of *Bonito Boats* shows—the case involved an allegation that federal patent law preempts state trade secret law—patent law's balance is set by the Constitution in the Patent Clause and by Congress in the patent statute. *Id.* Thus, Justice O'Connor's opinion for the Court in *Bonito Boats*, if anything, highlights the appropriateness of the Supreme Court deferring to Congress's setting of policy as reflected in the patent statute, so long as it does not exceed the limitations of the Patent Clause. It does not justify boundless attempts by the courts to set policy in the area of patent law.

255. See *Mayo Collaborative Servs. v. Prometheus Labs, Inc.*, 132 S. Ct. 1289, 1293–1305 (2012) (Breyer, J.).

256. See Taylor, *supra* note 16 (discussing that "the Federal Circuit exists as a semi-specialized court with nationwide jurisdiction over appeals in patent cases at least in part to achieve goals related to patent law that the Supreme Court singularly failed to achieve"). I

Circuit and its judges should be heard because certain Federal Circuit judges have extensive, career-long experience with patent law. As the court is presently constituted, Judges Newman, Lourie, Linn, Moore, Taranto, and Chen all have significant experience with patent law predating their time on the court and therefore have experience the Supreme Court justices sorely lack.²⁵⁷ Third, the Federal Circuit and its judges—regardless of their background prior to joining the court—hear a large volume of patent cases, providing its judges with a breadth of experience that exposes them to all areas of patent law. Fourth, the Federal Circuit and its judges should be heard because, as a result of their experiences, at least collectively,²⁵⁸ they know patent law. They know the history of statutes and precedent. They know which doctrines serve certain policy goals. They know how the various doctrines fit together. Fifth, the Federal Circuit and its judges should be heard because they deal with uncertainty and unpredictability in patent law. They see the effect of imprecise doctrines and precedent. Similarly, they know which doctrines are most disputed and litigated. Sixth, the Federal Circuit and its judges should be heard because, based on their experiences and knowledge, they likely have relevant suggestions regarding the appropriate application of innovation policy to various patent law doctrines. Thus, to the extent the Federal Circuit and its judges participate in a policy discourse related to particular patent law doctrines, patent law as a whole should improve.²⁵⁹

do not mean to say that Congress has given the Federal Circuit the sole power to decide policy as applied to the patent system. But, nonetheless, Congress has given the Federal Circuit a unique role to play in this area of the law in terms of contributing to its development.

257. Congress recently confirmed the nomination of Raymond Chen, the former Solicitor of the PTO.

258. As of this writing, three Federal Circuit judges (Judges Hughes, Reyna, and Wallach) have neither extensive prior professional experience with patent law nor extensive experience at the Federal Circuit given their recent addition to the court. The inexperience of some judges may signal an increased need for specific steps to be taken to improve policy-based decision-making at the Federal Circuit, including requests for policy-oriented briefing, increased involvement of amici, and exposure to secondary literature analyzing relevant policies, proposals I address in more detail below. *See infra* Part IV.B.4.

259. In stressing the importance of the Federal Circuit and its judges' participation in the ongoing debate over innovation policy, I do not denigrate the important role that the Supreme Court and its Justices can play in the debate. Indeed, there is concern that the Federal Circuit is subject to bias, capture, tunnel vision, formalism, and other problems given its semi-specialization. Golden, *supra* note 12, at 674–86 (addressing these and other grounds for concern with specialized courts and concluding that, “although there are certainly grounds for arguing that the Federal Circuit embodies many of the vices associated with specialized courts, these grounds appear shaky at best”). As a generalist court, the Supreme Court is able to provide a check on the Federal Circuit to the extent these problems become apparent. But, like others, I suggest that the Supreme Court should not play a leading role in determining innovation policy and its appropriate balance with potentially competing concerns like certainty, predictability, and clear notice. *See* Rochelle C. Dreyfuss, *What the Federal Circuit Can Learn from the Supreme Court—And Vice Versa*, *supra* note 2, at 802 (“Is the Supreme Court the best institution to be setting mid-range policy, by which I mean crafting the policies relevant to the administration of patent law? . . . Now that all patent cases are before the Federal Circuit, it is uniquely positioned to take on the job of filling that void. But for that to happen, the Federal Circuit has to act like a teacher: it has to explain what policies it is adopting.”); Golden, *supra* note 12, at

B. HOW TO ACHIEVE A HEALTHY POLICY DISCOURSE INVOLVING THE FEDERAL CIRCUIT

If a robust discourse regarding the applicability and importance of competing policies in patent cases would be advantageous, and if a robust discourse should include the views of the Federal Circuit and its judges, the next logical question to ask is how to achieve it. Here, I make several specific suggestions that might guide the Federal Circuit's judges as they consider how to engage in the ongoing debate over the applicability of innovation policy to various patent law doctrines.

1. Identifying Doctrines the Patent Act Does Not Constrain

An important first step is to resolve the dispute over whether the Patent Act constrains consideration of innovation policy. As seen, Federal Circuit judges and law professors differ regarding the extent to which the Patent Act effectively prohibits policy-based reasoning outside from determining the policy choices made by Congress.²⁶⁰ What this dispute calls for is an analysis of the Patent Act with respect to particular patent law doctrines, to identify whether the Patent Act speaks to them, and if so to what extent the Patent Act constrains courts' ability to consider innovation policy or any other policy when interpreting and applying these doctrines. As I have discussed, this is an important issue because the Patent Act necessarily circumscribes the extent to which the Federal Circuit and its judges' views of innovation policy should play a major role in the resolution of a dispute over certain patent doctrines. In this regard, here I begin the process of categorizing various patent law doctrines as either constrained or not constrained by the patent statute.

First, consider the following non-exhaustive list of patent law doctrines closely circumscribed by statute: the identification of prior art;²⁶¹ novelty and loss of right;²⁶² disclosure requirements including the written description, enablement, and best mode requirements;²⁶³ and literal, direct, and indirect infringement.²⁶⁴ The inclusion of particular doctrines in this list,

700, 720 (stating that the Supreme Court's "liability to manipulation and error leaves little reason for confidence that the Court will generally outperform the Federal Circuit in developing detailed doctrine for substantive patent law" and suggesting that the Court "leave primary responsibility for developing legal doctrine with the PTO, district courts, and Federal Circuit"). And, in my view, this suggestion is particularly *ap ropos* in the absence of participation by the Federal Circuit and its judges in any debate over these policies.

260. Compare the views of Federal Circuit judges that the Patent Act is comprehensive, specific, and does not leave room for policy choices by courts, Plager & Pettigrew, *supra* note 1, at 1737; Plager, *supra* note 1, at 770; O'Malley, *supra* note 1, at 95, with the contrary views of law professors that the Patent Act is vague and leaves room for common law elaboration based on policy-based considerations. Dreyfuss, *In Search of Institutional Identity: The Federal Circuit Comes of Age*, *supra* note 2, at 801; Dreyfuss, *What the Federal Circuit Can Learn from the Supreme Court—And Vice Versa*, *supra* note 2, at 794; Rai, *supra* note 2, at 1037–41, 1119–21.

261. See 35 U.S.C. § 102 (2006).

262. See *id.*

263. See *id.* § 112.

264. See *id.* § 271.

of course, is not to say that policy considerations are irrelevant to their proper interpretation and application. But their interpretation and application is closely circumscribed by relatively well-defined statutory language. Thus, there is a substantial need to follow the text of the patent statute and to consult precedent regarding the proper interpretation and application of these doctrines.

Next, consider the following non-exhaustive list of patent law doctrines not closely circumscribed by statute: eligible subject matter;²⁶⁵ utility;²⁶⁶ non-obviousness;²⁶⁷ claim construction;²⁶⁸ experimental use;²⁶⁹ infringement under the doctrine of equivalents; prosecution history estoppel; laches; equitable estoppel; inequitable conduct; patent misuse;²⁷⁰ exhaustion; injunctive relief;²⁷¹ damages;²⁷² and enhanced damages.²⁷³ The inclusion of particular doctrines in this list, likewise, is not to say that a court is free to interpret and apply these doctrines without reference to the patent statute or without reference to precedent in these areas. But particularly compared to the constraints the patent statute applies to other patent law doctrines, courts have more discretion to fine tune the application of these doctrines based on policy considerations when a case does not present a situation covered by binding precedent. Moreover, the en banc Federal Circuit (which has the power to overturn its own precedent) and the Supreme Court (which always has the power to overturn its own precedent but typically does so only after analyzing the doctrine of stare decisis) enjoy substantial leeway to consider the importance of policy in fashioning these equitable and common-law-driven doctrines.

2. *Reading Statute and Precedent with an Eye Towards Policy*

Even when confronting patent law doctrines constrained by statute, precedent, or both, the Federal Circuit should consider identifying the basic purpose of the statute and any unifying policy explaining the course of the common law. At least some of the Federal Circuit judges appear to dispute this basic point.²⁷⁴ As discussed above, this endeavor provides

265. *See id.* § 101.

266. *See id.*

267. *See id.* § 103.

268. *See id.* § 112(f) (2006 & Supp. V 2011).

269. *See id.* § 271(e) (2006).

270. *See id.* § 271(d).

271. *See id.* § 283.

272. *See id.* § 284. *But see id.* § 287.

273. *See id.* § 285.

274. In this regard, I tend to depart from the views of Judge O'Malley, who seems to indicate that policy should not be considered when confronting a statute, *see* O'Malley, *supra* note 1, at 94, and some of the law professors, who seem to advocate the primacy of policy over binding but old precedent, *see* Rochelle C. Dreyfuss, *What the Federal Circuit Can Learn from the Supreme Court—And Vice Versa*, *supra* note 2, at 801; Thomas, *supra* note 2, at 800. Indeed, in practice, both the Federal Circuit and the Supreme Court often try to identify the primary purpose behind particular statutory texts, as shown above. Moreover, this practice does not constitute unnecessary dicta. *Cf.* Plager & Pettigrew, *supra* note 1, at 1751–52. It is both integral to the resolution of questions of interpretation of statutes and the essence of the development of common law around statutes.

guidance to the court in interpreting and applying ambiguous statutory text and precedent, and moreover it provides guidance to the en banc Federal Circuit and to the Supreme Court both when they consider whether to grant discretionary review and when they review cases on the merits should they grant review. At the same time, however, the Federal Circuit should understand purposes and policies underlying statutes and precedent based on the overarching innovation policy, which is a fundamental constraint on patent law given the Patent Clause in the Constitution.

In this regard, it is important to note that the law professors' argument, taken to its extreme, would seem to indicate that the Federal Circuit should always consider and express policy in every opinion. That is unrealistic, of course, as a practical matter. Thus, in easy cases reliance on statute and precedent should be understood as shorthand for the policy underlying the statute or precedent.²⁷⁵ A close case or a case presenting a novel question based on novel circumstances, however, necessarily requires analyzing the policy behind the law to determine whether the law requires the court to treat the circumstances differently.²⁷⁶

3. *Considering All Applicable Policies*

One problem that the Federal Circuit and its judges should take care to avoid is tunnel vision with respect to a particular policy associated with a particular legal doctrine. The Federal Circuit seems to have experienced this problem in *Festo*, when the majority opinion highlighted certainty, predictability, and clear notice to the relative exclusion of discussion of innovation policy. Certainty, predictability, and clear notice together represent just one factor or guiding policy, albeit an important one. Indeed, while this policy is generally applicable to any area of the law, there is strong argument that this policy has special importance in patent cases given the need for inventors, investors, and potential infringers to have clarity before they undertake risk.²⁷⁷ That said, innovation policy, as I have described, is an overarching policy that should be considered in every case. Moreover, Federal Circuit and Supreme Court opinions highlight numerous other policies that may apply in particular circumstances. As described above, they can be grouped into three categories: basic policies underlying any type of law, policies relevant to patent law in general, and policies particular to certain patent law doctrines. Each type of policy may be considered in any particular case, and the Federal Circuit would do well to avoid focusing on any one policy to the effective exclusion of other policies.

There is a reason to think that Federal Circuit judges might view *Festo* as an example of a situation where the Federal Circuit was overruled be-

275. See Plager & Pettigrew, *supra* note 1, at 1753.

276. See Newman, *supra* note 1, at 683.

277. See Linn, *supra* note 36, at 7; Michel, *supra* note 38, at 1234–35.

cause it based its decision on policy.²⁷⁸ The Supreme Court's opinion itself quotes the admonition in *Warner-Jenkinson* that "various policy arguments now made by both sides are . . . best addressed to Congress, not this Court."²⁷⁹ However, in light of the nature of the Supreme Court's decision in *Festo* itself, which weighed policy-based considerations, and the Supreme Court's subsequent and continued reliance on policy in its review of other patent law doctrines not strictly governed by the patent statute, I disagree.

I view *Festo* as a situation where the Supreme Court believed the Federal Circuit overemphasized one set of policy-based factors (certainty, predictability, and clear notice) and should have given more consideration to innovation policy. Indeed, the Supreme Court's *Festo* opinion itself considers innovation policy in more detail than the Federal Circuit's majority opinion.²⁸⁰ If my view is correct, rather than decline to analyze policy in future cases, the Federal Circuit should do just the opposite: expressly analyze and weigh *all* relevant policies in disputes over patent doctrines not strictly governed by the patent statute or precedent.²⁸¹

The Federal Circuit majority in *Festo*, for example, could have, like the dissenting judges and the Supreme Court, provided detailed analysis of policy concerns associated with providing economic incentives to breakthrough innovations, not just follow-on inventions. In short, while the complete bar would provide certainty, predictability, and clear notice that would favor follow-on intentions, it would come at the price of the flexible bar's broad rights favoring breakthrough innovations. In other words, a relevant question is, "Would overall innovation increase by adopting the complete bar to the doctrine of equivalents rather than the flexible bar?"²⁸² Even if one cannot quantify the importance or effect of innova-

278. See O'Malley, *supra* note 1, at 98-100 (stating that the Supreme Court has indicated that reliance on policy is inappropriate and that reliance on policy is a recipe for being overruled); Osborn, *supra* note 2, at 452-59 (describing the Federal Circuit's "forced formalism"—parsing of precedent rather than analysis of policy—in response to increased Supreme Court scrutiny).

279. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 733 (2002) (quoting *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 28 (1997)).

280. See, e.g., *id.* at 732 ("It is true that the doctrine of equivalents renders the scope of patents less certain. It may be difficult to determine what is, or is not, an equivalent to a particular element of an invention. If competitors cannot be certain about a patent's extent, they may be deterred from engaging in legitimate manufactures outside its limits, or they may invest by mistake in competing products that the patent secures. In addition, the uncertainty may lead to wasteful litigation between competitors, suits that a rule of literalism might avoid. These concerns with the doctrine of equivalents, however, are not new. Each time the Court has considered the doctrine, it has acknowledged this uncertainty as the price of ensuring the appropriate incentives for innovation, and it has affirmed the doctrine over dissents that urged a more certain rule.").

281. A similar explanation for the Supreme Court's holding is that it simply disagreed with the Federal Circuit's weighing of the competing policies. To the extent that the Federal Circuit's judgments regarding competing policies deserve deference, however, a better explanation of the weight of innovation policy in the majority opinion in *Festo* would have been beneficial.

282. On this question, the majority opinion in *Festo* merely explained the court's conclusion. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 434 F.3d 558, 578 (Fed. Cir. 2000) (en banc) ("Although a flexible bar affords the patentee more protection under

tion policy on a particular disputed issue of patent law, Federal Circuit judges would still provide a benefit by analyzing the issue qualitatively. Indeed, without considering innovation policy expressly, the judges would effectively ignore the basic policy underlying the patent system.²⁸³

4. *Additional Specific Suggestions to Increase Policy Discourse at the Federal Circuit*

Here I endeavor to identify a few additional, brief, and specific suggestions that, largely as a matter of procedure, may increase the policy discourse involving the Federal Circuit.

First, Federal Circuit panels should consider requesting additional briefing in patent cases when the parties' briefs insufficiently address policy. In these circumstances, panels may specifically request briefing related to governing policies.

Second, the Federal Circuit as a whole, when it lists questions for consideration by the en banc court, should consider listing questions explicitly related to policy.²⁸⁴ In this way, the Federal Circuit would ask for and receive briefing on the policies advanced by particular statutes, the unifying policies explaining the course of the common law, and fundamental innovation policy. Briefing may be supplied by the parties to the appeal and by amici, including interested government entities, companies, non-profit organizations, and law professors. Indeed, amicus briefs provide a unique opportunity for these non-parties to interject policy issues into consideration.

Third, the Federal Circuit should continue to invite the government, and potentially other amici, to participate in briefing on petitions for rehearing, briefing on the merits in panel and en banc cases, as well as at oral argument in en banc cases. One option, consistent with the Supreme Court's approach in patent cases, is to ask for the views of the Office of

the doctrine of equivalents, we do not believe that the benefit outweighs the costs of uncertainty."), *vacated and remanded*, 535 U.S. 722 (2002). The court did not provide any detailed explanation of the "benefit" of giving the patent owner "more protection," although it did catalogue problems associated with this approach in term of problems with the flexible bar. *Id.*

283. Relevant policy considerations may also focus attention on empirical questions. In the worst case scenario, when empirical data is necessary but unavailable, by outlining the issues related to innovation policy, the Federal Circuit may provide direction to empiricists on Congressional staffs, and in academia for future research.

284. Often, upon granting a petition for en banc rehearing, the Federal Circuit lists questions that the en banc court will consider and that the parties to the appeal should address in a new set of briefs. *See, e.g.*, *Lighting Ballast Control LLC v. Philips Elecs. N.A. Corp.*, 500 F. App'x 951, 951-52 (Fed. Cir. 2013) (order granting en banc rehearing and requesting new briefs that "should address the following issues" followed by a list of questions); *Hyatt v. Kappos*, 366 F. App'x 170, 170-71 (Fed. Cir. 2010) (order granting en banc rehearing and requesting the parties "file new briefs addressing at least the following issues" followed by a series of questions); *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 187 F.3d 1381, 1381-82 (Fed. Cir. 1999) (order granting en banc rehearing and listing questions that "may be addressed in the briefs"). To date, however, these questions have not expressly asked for briefing on policy.

the Solicitor General.²⁸⁵ The Solicitor General, of course, represents the United States and not any particular agency—e.g., the PTO, the Food and Drug Administration, or others. Another approach is to ask only the PTO for its views.²⁸⁶ In requesting these views, the Federal Circuit may specifically ask the PTO or the Solicitor General's office for its views on the appropriate policies. These "sounding boards" may better take these policies into account given their long-term interest in the underlying policies driving the patent system rather than the short-term interests of the parties to the appeal.

Fourth, the Federal Circuit and its judges should make a special effort to familiarize themselves with relevant secondary materials related to innovation policy, such as law review articles and economic studies of the patent system generally and of particular patent law doctrines.

As these particular suggestions should make clear, it is not just the responsibility of the Federal Circuit to engage in the ongoing debate over innovation policy in patent law. It also is the responsibility of the parties to particular cases, amici (including the PTO, the Solicitor General, and other institutional stakeholders), and law professors and economists. If each will actively engage in the debate, there is hope that the patent system will, in the end, reap rich rewards.

V. CONCLUSION

The Federal Circuit has been criticized as a formalist court based in part on its purported failure to consider and analyze policy governing patent law doctrines in its written opinions in patent cases. Indeed, law professors have been as critical of the Federal Circuit as the Federal Circuit judges themselves have been defensive. The reality, having studied the Federal Circuit's opinions in patent cases subsequently reviewed by the Supreme Court, lies somewhere between the extremes. The Federal Circuit has analyzed policy in many of these cases. But it can do better. And it should, given the desire of the Supreme Court to engage in a discourse over innovation policy, particularly with respect to patent law doctrines not closely circumscribed by statute, and the need to get patent law correct.

Indeed, the Federal Circuit, in particular, plays an important role as an intermediate appellate court in terms of identifying, considering, and expressing policy—including innovation policy—in patent cases. Thus, I have presented several specific suggestions to guide the Federal Circuit's consideration and expression of policy. While in a world of unlimited re-

285. See generally John F. Duffy, *The Federal Circuit in the Shadow of the Solicitor General*, 78 GEO. WASH. L. REV. 518 (2010).

286. The Federal Circuit did not traditionally ask for the views of the Solicitor General's office or the PTO. This changed relatively recently. Compare *Lighting Ballast Control LLC v. Philips Elecs. N.A. Corp.*, 500 F. App'x 951, 951-52 (Fed. Cir. 2013) (requesting the views of the PTO), with *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 187 F.3d 1381, 1381-82 (Fed. Cir. 1999) (not requesting the views of the Solicitor General's office or the PTO).

sources a best practice might be to address policy in each case, a more realistic goal is to reach agreement on certain patent law doctrines where more detailed policy-based analysis is important or even necessary given the absence of detailed statutory constraints. The Federal Circuit should endeavor to identify and discuss relevant policies even for cases governed by statute or precedent, but particularly for patent law doctrines not closely circumscribed by statute. It should be careful to expressly analyze all policies relevant to patent doctrines, including innovation policy and not just concerns with certainty, predictability, and clear notice. Moreover, the Federal Circuit should consider taking several additional, specific steps I have delineated to better engage in the ongoing policy debate regarding patent law, including requesting briefing addressed specifically to policy-related concerns, obtaining participation by third parties with especially relevant, long-term policy-related views, and studying relevant secondary materials related to innovation policy. Ultimately, if the Federal Circuit will take these steps and then engage the Supreme Court in its ongoing debate over innovation policy, there is a better chance that the patent law will effectively and efficiently serve its Constitutional purpose of “promot[ing] the Progress of . . . useful Arts.”²⁸⁷

287. U.S. CONST. art. I, § 8, cl. 8.

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15. Extent and Nature of Circulation		Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date
a. Total Number of Copies (Net press run)		595	620
b. Paid Circulation (By Mail and Outside the Mail)	(1) Mailed Outside-County Paid Subscriptions (Based on PS Form 3541 (include paid distribution above nominal rate, advertiser's proof copies, and exchange copies)	365	404
	(2) Mailed In-County Paid Subscriptions (Based on PS Form 3541 (include paid distribution above nominal rate, advertiser's proof copies, and exchange copies)	—	—
	(3) Paid Distribution Outside the Mail (Including Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Paid Distribution Outside USPS®)	52	51
	(4) Paid Distribution by Other Classes of Mail Through the USPS (e.g., First-Class Mail®)	—	—
c. Total Paid Distribution (Sum of 15b (1), (2), (3), and (4))		417	455
d. Free or Nominal Rate Distribution (By Mail and Outside the Mail)	(1) Free or Nominal Rate Outside-County Copies included on PS Form 3541	—	—
	(2) Free or Nominal Rate In-County Copies included on PS Form 3541	—	—
	(3) Free or Nominal Rate Copies Mailed at Other Classes Through the USPS (e.g., First-Class Mail)	—	—
	(4) Free or Nominal Rate Distribution Outside the Mail (Carriers or other means)	22	64
e. Total Free or Nominal Rate Distribution (Sum of 15d (1), (2), (3) and (4))		22	64
f. Total Distribution (Sum of 15c and 15e)		439	519
g. Copies not Distributed (See instructions to Publishers #4 (page 83))		156	101
h. Total (Sum of 15f and 15g)		595	620
i. Percent Paid (15c divided by 15f times 100)		75%	88%

16. Total circulation includes electronic copies. Report circulation on PS Form 3526-X worksheet.

17. Publication of Statement of Ownership
 If the publication is a general publication, publication of the statement is required. Will be printed in the Spring issue of this publication.
 Publication not required.

18. Signature and Title of Editor, Publisher, Business Manager, or Owner
Lisa Browning Administrative Assistant Date **9/17/13**

I certify that all information furnished on this form is true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanctions (including civil penalties).



