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A Retrospective of the Federal Circuit's First 25 Years

By Donald R. Dunner

> *In my view, when you are dealing with a matter that concerns the general welfare of the United States, it is not wise to create a small group of men who become, like the Egyptian Priests, the sole custodians of a body of knowledge and who sooner or later begin to talk a language that nobody else understands but which is common only to them and the practitioners that appear before them and who drift away from those general principles of equity and morality, which pervade the entire judicial system.*

Those familiar with the origins of the Federal Circuit and the debate that preceded it will know that the words I have just quoted are not mine. They are, on the contrary, those of Judge Simon Rifkind, Co-Chairman of President Johnson's Commission on the Patent System, delivered to the House of Representatives on April 26, 1967.

Judge Rifkind's remarks were, of course, directed to the concept of a specialized patent court in general, not the Federal Circuit, which had not been conceived at the time. The concept behind the Federal Circuit, which evolved about ten years later, was designed to respond to Judge Rifkind's fears: the creation of a court with exclusive appellate patent jurisdiction but that was not specialized because it would be assigned cases from diverse segments of the law.

Opponents of a specialized court were not, however, convinced. Indeed, in short order a whole array of opponents appeared and lodged a fierce campaign against the formation of the Federal Circuit.

Their concerns were many. In addition to Judge Rifkind's Egyptian Priest fears, they were convinced that the new court would become a dumping ground for political has-beens and would inevitably become too pro-patent, among other things..

Proponents of the new court felt that the fears of the opponents were greatly exaggerated. Moreover, they felt that a court like the Federal Circuit was needed to eliminate the huge conflicts and disparities between the views in patent cases of the various federal courts of appeals and to create much needed uniformity in the law. They also believed that such a court would do much to eliminate the mad and undignified races to the courthouse fostered by the wide variety of views on patent law issues expressed by the different federal courts of appeals.

We all know that the proponents of the Federal Circuit won the debate. And now that the court has been in existence almost twenty-five years, it is appropriate to ask how the court has done. To what extent have the fears of the court's opponents been realized? And to what extent have the aspirations of its proponents been achieved?

As I think most will agree, the concern that the court would become a dumping ground for spent politicians has disappeared. The quality of the Federal Circuit judges compares with the best of the federal courts of appeals. Indeed, as I write, the court's judges include three former Supreme Court law clerks,[1] two former lower court judges,[2] two Ph.D. chemists,[3] and two law professors,[4] one of whom was a law school dean.[5] Four of the twelve active judges were patent attorneys before they joined the court.[6]

As to Judge Rifkind's Egyptian Priest concern, I doubt many would characterize the court in that manner. While the language the Federal Circuit judges use in their opinions is more uniformly the language one would hope and expect to appear in opinions on patent law, it is understandable to the courts whose opinions they review and is based on the general principles of equity and morality that pervade the entire judicial system, with an occasional lapse here and there.

What about the concerns that the new court would become too pro-patent? The short answer to this question is that there is ample evidence that the court has become neither too pro-patent nor too anti-patent.

It is true, of course, that the court has – on the pro-patent side – opened the doors to new technologies such as business methods[7] and has interpreted the law in such a way as to make possible meaningful patent protection in the biotechnology industry.[8] It has also been somewhat unreceptive to Section 103 obviousness arguments,[9] has removed the straightjacket from the grant of preliminary injunctions in patent cases,[10] and has sustained huge damage awards.[11]

The court, however, has balanced its pro-patent jurisprudence with what many would regard as anti-patent holdings. By way of example, it has made it much harder to prove infringement (best illustrated by its § 112 ¶ 6[12] and its prosecution history estoppel holdings, the most celebrated of which is *Festo*[13]), to obtain totally speculative damage verdicts,[14] and to rein in juries (e.g., taking claim construction away from juries[15] and requiring particularized testimony and linking arguments to support doctrine of equivalents verdicts[16]).

In sum, the court would appear to have struck a balance between its pro- and anti-patent holdings.

To what extent has the court eliminated conflicts in the law and provided greater uniformity in patent jurisprudence? The early years of the court were devoted to clearing up existing conflicts in the patent law decisions of the federal appellate courts and to developing a body of law that would instruct the bar and the district courts in the proper application of the patent laws. Former Chief Judge Markey reported with pride that "in its first three years . . . [the Federal Circuit] identified and resolved all of the thirteen conflicts in the previous patent law decisions of the regional circuit courts and removed the slogans that for years had barnacled the patent law."[17] More significantly, in those first few years, the court wrote uncharacteristically long and detailed opinions which—in full effect—constituted tutorials on sound patent law as the court saw it for the benefit of the lower courts and the bar.[18] The court also rendered a number of en banc decisions, the most notable of which were its *Markman*[19] and *Warner-Jenkinson*[20] decisions, all designed to provide uniformity in the law.

The common view is that the court has largely succeeded in its uniformity efforts. Many still feel, however, that Federal Circuit predictability is not what it should be and that its

decisions are often panel-dependent and result-oriented, a characterization that perhaps is applicable to all federal appellate courts.

What about the jurisdictional and venue-related conflicts that pre-dated the Federal Circuit? Having a single reviewing court for essentially all of the patent-based holdings of the district courts necessarily reduced the number of races to the courthouse to secure a favorable venue, but not completely. Litigants still perceive an advantage in litigating in their home venues, and many continue to flock to rocket dockets such as the Eastern District of Virginia and the District of Delaware, both of which are stocked with patent-savvy jurists, and to the Eastern District of Texas, perceived by many to be a pro-patentee venue. On balance, the Federal Circuit has had a beneficial effect in this area, but perhaps not as great as its proponents envisaged.

And what about the quality of its decision making? To be sure, some voices of concern have been raised about the functioning of the Federal Circuit. A group of intellectual property law professors has filed amicus briefs challenging several important Federal Circuit patent holdings.[21] Two of those professors have written a scholarly article urging the need to change the system to supplement the Federal Circuit with a small number of additional circuit courts to create competition and diversity in the rendering of appellate patent decisions.[22] One article has suggested that the Federal Circuit system is broken and seriously in need of repair.[23]

I respectfully dissent from these views. It is my view and that of many of my colleagues in the bar that the appellate experiment that began twenty-five years ago has been a hugely successful one, for the reasons spelled out above.

But what about the professors' proposal to supplement the Federal Circuit with a few appellate courts to create competition and diversity in appellate review of patent cases? In my view, the cost of that proposal in terms of decreased uniformity and predictability greatly outweighs its benefits. More significantly, considerable competition and diversity of views already exist in the court, as reflected in the court's resort to the en banc process to resolve intra-circuit conflicts and the generation of strong dissents when necessary, which are not lost on the Supreme Court in its review of certiorari petitions. To this must be added the increased scrutiny of Federal Circuit decisions provided by scholarly articles, amicus briefs and the frequent review of Federal Circuit decisions by the Solicitor General under the CVSG[24] process. Much of the benefit of multi-circuit patent jurisdiction is therefore currently available without the negatives of decreased predictability and uniformity of decision making. And the current high frequency of Supreme Court review of Federal Circuit decisions[25] demonstrates that circuit conflicts are not necessary to ensure appropriate monitoring of Federal Circuit decisions.

To be sure, there is room for improvement and change. Merely by way of example, a recent Federal Circuit opinion[26] suggests a dialogue is currently ongoing as to whether the court will change its "no deference" rule in claim construction, a rule that has been widely criticized inside and outside the court. The court also has recognized the desirability of adding a district court trial judge to its bench, as reflected by the large number of such judges recently sitting with the court by designation. And I could add still other examples of the court's ongoing effort to improve and refine the quality of its decision making.

The bottom line at the conclusion of these first twenty-five years is that the court has more than delighted its early proponents and surprised its opponents with its high level of performance. May the next twenty-five be even better.

Portions of this paper were submitted to the Federal Circuit Bar Association Fourth Bench and Bar Conference, San Diego, California, on June 28, 2002, to the Sedona Conference on November 7-8, 2002, and on the occasion of the twenty-fifth anniversary of the signing of the legislation creating the Court of Appeals for the Federal Circuit on April 2, 2007. This entire article was published in the ABA IPL Newsletter, Summer 2007, Copyright © 2007, by the American Bar Association (reprinted with permission). It was also published in the Federal Bar Association Journal, Donald R. Dunner, *A Retrospective of the Federal Circuit's First 25 Years*, 17 Fed. Cir. B.J. 127 (2007). The entire article has also been submitted to the University of Akron School of Law at its March 10, 2008 Tenth Annual Richard C. Sughrue Symposium on Intellectual Property Law and Policy, and to the 23rd Annual Intellectual Property Law Conference of the American Bar Association Section of Intellectual Property Law on April 10, 2008.

Donald R. Dunner *is a partner with Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, in Washington, D.C.. He was assisted by Alexis Fairweather, a summer associate at Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, Atlanta, Georgia.*

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[1] Judges Bryson, Dyk, and Plager.

[2] Judges Mayer and Rader.

[3] Judges Lourie and Newman.

[4] Judges Plager and Moore.

[5] Judge Plager.

[6] Judges Linn, Lourie, Moore, and Newman. (Judge Gajarsa spent a brief period as a patent attorney at the beginning of his career.)

[7] *State St. Bank & Trust Co. v. Signature Fin. Group*, 149 F.3d 1368 (Fed. Cir. 1998), *cert. denied*, 119 S.Ct. 851 (1999); *AT&T Corp. v. Excel Communs., Inc.*, 172 F.3d 1352 (Fed. Cir. 1999), *cert. denied*, 120 S.Ct. 368 (1999).

[8] *Regents of Univ. of Cal. v. Eli Lilly & Co.*, 119 F.3d 1559 (Fed. Cir. 1997), *cert. denied*, 118 S.Ct. 1548 (1998); *In re Lundak*, 773 F.2d 1216 (Fed. Cir. 1985); *Amgen, Inc. v. Chugai Pharmaceutical Co.*, 927 F.2d 1200 (Fed. Cir. 1991), *cert. denied*, 112 S.Ct. 169 (1991).

[9] *See Teleflex Inc. v. KSR Int'l Co*., 119 Fed.Appx. 282 (Fed. Cir. 2005), *rev'd*, 127 S.Ct. 1727 (2007).

[10] *Atlas Powder Co. v. Ireco Chem.*, 773 F.2d 1230 (Fed. Cir. 1985).

[11] *Polaroid Corp. v. Eastman Kodak Co.*, 789 F.2d 1556 (Fed. Cir. 1986), *cert. denied*, 107 S.Ct. 178 (1986); *Fonar Corp. v. Gen. Elec. Co.*, 107 F.3d 1543 (Fed. Cir. 1997), *cert. denied*, 118 S.Ct. 266 (1997).

[12] *See, e.g., Braun Med., Inc. v. Abbott Lab.*, 124 F.3d 1419 (Fed. Cir. 1997); *Mas-Hamilton Group. v. La Gard, Inc.*, 156 F.3d 1206 (Fed. Cir. 1998); *JVW Enter., Inc. v. Interact Accessories, Inc.*, 424 F.3d 1324 (Fed. Cir. 2005).

[13] *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 234 F.3d 558 (Fed. Cir. 2000) (en banc), *vacated on other grounds*, 535 U.S. 722 (2002).

[14] *See, e.g., Oiness v. Walgreen Co.*, 88 F.3d 1025 (Fed. Cir. 1996), *cert. denied*, 117 S.Ct. (1997).

[15] *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (1995), *aff'd*, 517 U.S. 370 (1996).

[16] *Lear Siegler, Inc. v. Sealy Mattress Co. of Mich., Inc.*, 873 F.2d 1422 (Fed. Cir. 1989); *Malta v. Schulmerich Carillons, Inc.*, 952 F.2d 1320 (Fed. Cir. 1991), *cert. denied*, 504 U.S. 974 (1992); *Texas Instruments Inc., v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1566-67 (Fed. Cir. 1996), *cert. denied*, 117 S.Ct. 1818 (1997).

[17] Howard T. Markey, The Federal Circuit and Congressional Intent, 41 Am. U. L. Rev. 577 (1992).

[18] *See, e.g., Lindemann Maschinenfabrik GMBH v. Am. Hoist & Derrick Co.*, 730 F.2d 1452 (Fed. Cir. 1984); *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530 (Fed. Cir. 1983); *Envtl. Designs, Ltd. v. Union Oil Co.*, 713 F.2d 693 (Fed. Cir. 1983), *cert. denied*, 104 S.Ct. 709 (1984).

[19] *Markman*, 52 F.3d 967.

[20] *Hilton Davis Chem. Co. v. Warner-Jenkinson Co.*, 62 F.3d 1512 (Fed. Cir. 1995), *rev'd*, 117 S.Ct. 1040 (1997).

[21] *See, e.g.*, *Microsoft Corp. v. AT&T Corp.*, 127 S.Ct. 1746 (2007); *KSR Int'l Co. v. Teleflex Inc.*, 127 S.Ct. 1727 (2007).

[22] Craig Allen Nard & John F. Duffy, *Rethinking Patent Law's Uniformity Principle*, Case Legal Studies Research Paper No. 06-17, George Washington University Legal Studies Research Paper No. 225 (September 5, 2006).

[23] Harold C. Wegner, *The Invention Court Reinvented: The Federal Circuit at Age 25* (2007) (unpublished manuscript, on file with author).

[24] "CVSG" is an acronym for "call for the views of the Solicitor General." Under a procedure that has been used with increasing recent frequency, the Supreme Court has sought the views of the Solicitor General on whether it should grant certiorari review of cases before it. A meaningful number of patent cases have been included in this process.

[25] *See, e.g.*, *MedImmune, Inc. v. Genentech, Inc.*, 127 S.Ct. 764 (2007); *Microsoft Corp.*, 127 S.Ct. 1746; *KSR Int'l Co.*, 127 S.Ct. 1727.

[26] *Amgen, Inc. v. Hoechst Marion Roussel, Inc.*, 469 F.3d 1039 (Fed. Cir. 2006), *denying reh'g of* 457 F.3d 1293 (2006).