

5-1-2014

Patent Dialogue

J. Jonas Anderson

Follow this and additional works at: <http://scholarship.law.unc.edu/nclr>



Part of the [Law Commons](#)

Recommended Citation

J. J. Anderson, *Patent Dialogue*, 92 N.C. L. REV. 1049 (2014).

Available at: <http://scholarship.law.unc.edu/nclr/vol92/iss4/3>

This Article is brought to you for free and open access by Carolina Law Scholarship Repository. It has been accepted for inclusion in North Carolina Law Review by an authorized administrator of Carolina Law Scholarship Repository. For more information, please contact law_repository@unc.edu.

PATENT DIALOGUE*

J. JONAS ANDERSON**

This Article examines the unique dialogic relationship that exists between the Supreme Court and Congress concerning patent law. In most areas of the law, Congress and the Supreme Court engage directly with each other to craft legal rules. When it comes to patent law, however, Congress and the Court often interact via an intermediary institution: the U.S. Court of Appeals for the Federal Circuit. In patent law, dialogue often begins when Congress or the Supreme Court acts as a dialogic catalyst, signaling reform priorities to which the Federal Circuit often responds.

Appreciating the unique nature of patent dialogue has important implications for patent law in particular and for all legal areas with specialized courts more generally. Encouraging the Supreme Court and Congress to debate patent policy through the Federal Circuit situates law making at the institution most capable of crafting efficient legal rules. Additionally, the Federal Circuit's participation in the dialogue over patent law and policy can reduce many of the drawbacks of specialized adjudication, namely tunnel vision, doctrinal ossification, and power expansion.

But policy dialogue with a specialized court also involves unique supervisory and catalytic roles for the Supreme Court and Congress. Thus, while "patent dialogue" holds out the promise of increased institutional input regarding patent reform, the Supreme Court and Congress must develop new methods of catalyzing the Federal Circuit to action and of overseeing the Federal Circuit's responsiveness to policy signals.

* © 2014 J. Jonas Anderson.

** Assistant Professor, American University Washington College of Law. Previous versions of this Article benefitted from the input of Dan Burk, Michael Burstein, Jorge Contreras, Rochelle Dreyfuss, Sean Flynn, Paul Gugliuzza, Tim Holbrook, William Hubbard, Megan LaBelle, Amanda Leiter, Benjamin Leff, Peter Menell, Kristen Osenga, Greg Reilly, Christopher Seaman, Sean Seymore, Glen Staszewski, Melissa Wasserman, Lindsay Wiley, and Corey Yung.

INTRODUCTION	1050
I. A DIALOGIC MODEL FOR PATENT LAW	1058
A. <i>Dialogic Theory</i>	1058
B. <i>Patent Dialogue</i>	1062
1. Comparing Patent Dialogue to Traditional Dialogues Between Courts and Congress	1064
2. The Federal Circuit as Dialogic Partner	1067
II. THE EMERGENCE OF PATENT DIALOGUE: THE SUPREME COURT, CONGRESS, AND THE FEDERAL CIRCUIT	1069
A. <i>The Legislative Branch</i>	1069
1. Dialogue During the Passage of the America Invents Act: Damages	1071
2. Dialogue During the Passage of the America Invents Act: Claim Construction	1074
3. Dialogue During the Passage of the America Invents Act: Summary	1075
B. <i>Judicial Branch</i>	1076
1. Judicial Dialogue: Grants and Denials of Certiorari	1077
2. Judicial Dialogue: Call for the View of the Solicitor General	1080
3. Judicial Dialogue: Summary	1083
III. THE FEDERAL CIRCUIT'S ABILITY TO RESPOND TO REFORM SIGNALS	1083
A. <i>Judicial Review</i>	1083
1. Non-Discretionary Review	1084
2. Discretionary Review	1086
B. <i>The Court's Teaching Function</i>	1087
C. <i>Direct Advocacy</i>	1090
IV. USING DIALOGUE TO LEVERAGE JUDICIAL EXPERTISE	1093
A. <i>The Relationship Between Specialization and Quality</i>	1094
B. <i>Using Patent Dialogue to Leverage Expertise</i>	1097
C. <i>The Future of Dialogue</i>	1102
CONCLUSION	1107

INTRODUCTION

Across a variety of legal fields, scholars have studied how the three branches of government engage each other in a form of "governance as dialogue."¹ In patent law, such interbranch dialogue is

1. See, e.g., Barry Friedman, *Dialogue and Judicial Review*, 91 MICH. L. REV. 577, 580-81 (1993) (arguing that the judicial function is best understood in terms of constitutional dialogue).

complicated by the presence of a powerful, specialized court: the U.S. Court of Appeals for the Federal Circuit (“the Federal Circuit”).² This Article describes and analyzes how dialogue operates in patent law—specifically, how Congress and the Supreme Court leverage the unique nature of the Federal Circuit in order to shape the law of patents.

The Federal Circuit has jurisdiction over all appeals arising under the patent laws of the United States.³ The court has become a powerful institution in patent policy. The Federal Circuit’s control of patent law began almost immediately upon its founding in 1982. During the first two decades of the court’s existence, the two institutions that had previously dominated patent law—the Supreme Court and Congress—demonstrated little interest in substantive patent law.⁴ From 1982 until 2001, the Supreme Court heard only ten patent cases,⁵ addressing substantive patent issues in only two.⁶

2. See Mark D. Janis, *Patent Law in the Age of the Invisible Supreme Court*, 2001 U. ILL. L. REV. 387, 387 (referring to the Federal Circuit as “the de facto supreme court of patents”); R. Polk Wagner & Lee Petherbridge, *Is the Federal Circuit Succeeding? An Empirical Assessment of Judicial Performance*, 152 U. PA. L. REV. 1105, 1107 (2004) (“In the last two decades, the United States Court of Appeals for the Federal Circuit has become, by far, the most powerful and influential force in the U.S. patent system.” (footnotes omitted)).

3. See 28 U.S.C. § 1295(a)(4) (2012) (listing cases falling under the Federal Circuit’s jurisdiction). There are some patent-related appeals over which the Federal Circuit does not have jurisdiction; for instance, when the patent issue is pleaded only as a defense, see *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 809 (1988), or when patent issues arise only in counterclaims, see *Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 830, 834 (2002).

4. See John F. Duffy, *The Federal Circuit in the Shadow of the Solicitor General*, 78 GEO. WASH. L. REV. 518, 522 (2010) (“The Court’s level of interest in the patent system dropped even further immediately after the creation of the Federal Circuit.”); Janis, *supra* note 2, at 387; Arti K. Rai, *Patent Validity Across the Executive Branch: Ex Ante Foundations for Policy Development*, 61 DUKE L.J. 1237, 1238 (2012) (stating that Congress has largely delegated responsibility for interpretation of the patent statute to the courts).

5. *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 630 (1999) (concerning whether a federal statute abrogating a state’s sovereign immunity in patent infringement cases is constitutional); *Dickinson v. Zurko*, 527 U.S. 150, 152 (1999) (concerning the standard of review for Patent & Trademark Office board appeals); *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 57 (1998) (concerning the on-sale bar); *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 21 (1997) (concerning the doctrine of equivalents); *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996) (concerning whether patent claim construction is a question of law for the court); *Cardinal Chem. Co. v. Morton Int’l Inc.*, 508 U.S. 83, 85 (1993) (concerning counterclaims of patent invalidity); *Eli Lilly & Co. v. Medtronic, Inc.*, 496 U.S. 661, 663–64 (1990) (concerning premarketing activity for FDA compliance and patent infringement); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 143 (1989) (concerning preemption); *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 803–04 (1988) (concerning jurisdiction);

Congress's single foray into patent law during that time dealt primarily with procedural issues at the U.S. Patent & Trademark Office ("PTO").⁷ Similarly, Congress made virtually no substantive changes to patent law between 1952 and 2011.⁸

The Federal Circuit's influence over patent law and policy has been a rich source of study for academics. Scholars have developed a valuable and voluminous literature concerning the proper role of the Federal Circuit within the institutional dynamics of patent law.⁹ While

Dennison Mfg. Co. v. Panduit Corp., 475 U.S. 809, 810 (1986) (concerning Rule of Civil Procedure 52(a)); *see also* Duffy, *supra* note 4, at 539 fig.8 (listing patent cases in which the Supreme Court granted certiorari).

6. *Pfaff*, 525 U.S. at 57 (concerning the on-sale bar); *Warner-Jenkinson Co.*, 520 U.S. at 21 (concerning the doctrine of equivalents); John M. Golden, *The Supreme Court as "Prime Percolator": A Prescription for Appellate Review of Questions in Patent Law*, 56 UCLA L. Rev. 657, 723 tbl. (2009). Since 2001, the Supreme Court has become much more interested in patent law. *See* Timothy R. Holbrook, *Explaining the Supreme Court's Interest in Patent Law*, 3 IP Theory 62, 63–64 (2013); *see also infra* Part II.B (discussing the Supreme Court's grants and denials of certiorari over patent law cases).

7. *See* American Inventors Protection Act, Pub. L. No. 106-113, 113 Stat. 1501A-552 (1999) (codified in scattered sections of 35 U.S.C.). The Act made one substantive change to patent law by creating a "first inventor" defense for users of business method patents. *Id.* § 4302 (codified as amended at 35 U.S.C. § 273 (2012)). That change is discussed in more detail *infra* Part IV.C.

8. *See* Rai, *supra* note 4, at 1237–38 (discussing statutory patent reforms from 1952 to 2011).

9. *See, e.g.*, DAN L. BURK & MARK A. LEMLEY, *THE PATENT CRISIS AND HOW THE COURTS CAN SOLVE IT* 60–61 (2009) (arguing that the Federal Circuit applies the law differently across different types of technology and that the district courts have followed accordingly); Dan L. Burk & Mark A. Lemley, *Policy Levers in Patent Law*, 89 VA. L. REV. 1575, 1674–75 (2003) (same); Rochelle Cooper Dreyfuss, *What the Federal Circuit Can Learn from the Supreme Court—and Vice Versa*, 59 AM. U. L. REV. 787, 787–90 (2010) (analyzing the historical development of the Federal Circuit and the concerns over its specialized role); Rochelle Cooper Dreyfuss, *In Search of Institutional Identity: The Federal Circuit Comes of Age*, 23 BERKELEY TECH. L.J. 787, 813–14 (2008) (proposing solutions at the Supreme Court level to recent problematic developments); Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 74 (1989) (finding the Federal Circuit has improved uniformity, predictability, and policy implementation, while creating procedural problems); John F. Duffy, *The Festo Decision and the Return of the Supreme Court to the Bar of Patents*, 2002 SUP. CT. REV. 273, 284 (noting that the Federal Circuit can signal and illuminate cases that most require review to the Supreme Court); Golden, *supra* note 6, at 657–58; Gary M. Hoffman & Robert L. Kinder, *Supreme Court Review of Federal Circuit Patent Cases – Placing the Recent Scrutiny in Context and Determining if it will Continue*, 20 DEPAUL J. ART, TECH. & INTELL. PROP. L. 227, 227–29 (2010) (examining recent Supreme Court scrutiny of the Federal Circuit and assessing their future relationship); Glynn S. Lunney, Jr., *Patent Law, the Federal Circuit, and the Supreme Court: A Quiet Revolution*, 11 SUP. CT. ECON. REV. 1, 2 (2003) (arguing that the Supreme Court has allowed the Federal Circuit to fundamentally alter patent law); Rebecca S. Eisenberg, *The Supreme Court and the Federal Circuit: Visitation and Custody of Patent Law*, 106 MICH. L. REV. FIRST

the literature primarily focuses on the Supreme Court's ability to intervene doctrinally in patent law,¹⁰ scholars have identified a host of other potential institutional competitors for the court, including federal district courts,¹¹ federal circuit courts,¹² state courts,¹³ the PTO¹⁴ and other administrative agencies,¹⁵ Congress,¹⁶ and the

IMPRESSIONS 28, 28 (2007), <http://www.michiganlawreview.org/assets/fi/106/eisenberg.pdf> (“[T]he Federal Circuit is, for all practical purposes, the parent in charge.”).

10. See *supra* note 9.

11. See, e.g., Jeanne C. Fromer, *District Courts as Patent Laboratories*, 1 U.C. IRVINE L. REV. 307, 319–22 (2011) (proposing specialized patent district courts); Kimberly A. Moore, *Are District Court Judges Equipped to Resolve Patent Cases?*, 15 HARV. J. L. & TECH. 1, 39 (2001) (same); Arti K. Rai, *Specialized Trial Courts: Concentrating Expertise on Fact*, 17 BERKELEY TECH. L.J. 877, 877 (2002) (same); William C. Rooklidge & Matthew F. Weil, *Judicial Hyperactivity: The Federal Circuit's Discomfort with Its Appellate Role*, 15 BERKELEY TECH. L.J. 725, 726 (2000) (examining the expanding role of the Federal Circuit).

12. See, e.g., Craig Allen Nard & John F. Duffy, *Rethinking Patent Law's Uniformity Principle*, 101 NW. U. L. REV. 1619, 1664–67 (2007) (proposing “debate” of patent law between the Federal Circuit and other circuit courts of appeals).

13. See Christopher A. Cotropia, “*Arising Under*” Jurisdiction and Uniformity in Patent Law, 9 MICH. TELECOMM. & TECH. L. REV. 253, 298–302 (2003) (explaining how state courts can review patent decisions and substantively intervene with the Federal Circuit's decisions); Mark J. Henry, *State Courts Hearing Patent Cases: A Cry for Help to the Federal Circuit*, 101 DICK. L. REV. 41, 48–59 (1996) (looking at how patent issues arise in state courts cases for non-payment of patent royalties and describing the difficulties state courts have in deciding patent issues); Paul R. Michel & Meredith Martin Addy, *State and Federal Court Adjudication of Federal Patent Issues*, in PRINCIPLES OF PATENT LAW 1410 (Donald S. Chisum et al. eds., 1998); Sean B. Seymore, *The Competency of State Courts to Adjudicate Patent-Based Malpractice Claims*, 34 AIPLA Q.J. 443, 464, 475–85 (2006) (discussing when state courts can review patent issues and the relationship between substantive patent law issues and state tort law).

14. See, e.g., Stuart Minor Benjamin & Arti K. Rai, *Fixing Innovation Policy: A Structural Perspective*, 77 GEO. WASH. L. REV. 1, 6–7 (2008) (proposing creation of an executive branch position to supervise innovation policy); Stuart Minor Benjamin & Arti K. Rai, *Who's Afraid of the APA? What the Patent System Can Learn from Administrative Law*, 95 GEO. L.J. 269, 272 (2007) (examining the deference afforded to the PTO as an administrative entity); Michael J. Burstein, *Rules for Patents*, 52 WM. & MARY L. REV. 1747, 1747 (2011) (arguing that Congress should grant the PTO rule-making authority); John M. Golden, *Patentable Subject Matter and Institutional Choice*, 89 TEX. L. REV. 1041, 1051 (2011) (suggesting that the PTO is a weak administrative agency but arguing that it should be entrusted with more policy-making authority); Sapna Kumar, *The Accidental Agency?*, 65 FLA. L. REV. 229, 229 (2013) (analyzing the Federal Circuit's role as a policy maker and suggesting a pending showdown between the Supreme Court and Congress, in which the Federal Circuit is caught); Ryan Vacca, *Acting Like an Administrative Agency: The Federal Circuit En Banc*, 76 MO. L. REV. 733, 754–57 (2011) (analyzing the PTO's potential for patent policy making); Melissa F. Wasserman, *The Changing Guard of Patent Law: Chevron Deference for the PTO*, 54 WM. & MARY L. REV. 1959, 1984–89 (2013) (analyzing the potential analysis of post-grant review under *Chevron*).

15. See, e.g., Rai, *supra* note 4, at 1239–42.

16. See, e.g., J. Jonas Anderson, *Congress as Catalyst*, 63 AM. U. L. REV. (forthcoming Apr. 2014) (manuscript at 7) (arguing that legislative proposals often “catalyze” the

Solicitor General.¹⁷ The literature's focus on institutional doctrinal competition, however, has obscured the ways in which institutions can (and do) engage with each other in a form of "dialogue" regarding patent law and policy.

This Article examines the challenges and promises of the unique dialogic relationship that arises in doctrinal areas overseen by a specialized court of appeals. In doing so, this Article builds on insights from the "governance as dialogue" movement.¹⁸ Dialogic theory suggests that all three branches of government "interact constantly to shape and influence the laws under which Americans live."¹⁹ Courts, for their part, engage in a "continual colloquy" with the more political branches of government.²⁰ Traditional dialogic theory focuses on interactions between Congress and the Supreme

Federal Circuit to revisit its patent jurisprudence); Dan L. Burk, *Patent Reform in the United States: Lessons Learned*, REGULATION, Winter 2012–2013, at 20, 22 (noting that pressing issues before Congress have been "rendered moot by judicial resolution"); Paul R. Gugliuzza, *The Federal Circuits as a Federal Court*, 54 WM. & MARY L. REV. 1791, 1857 (2013) (noting that the Federal Circuit has opposed legislative proposals affecting its jurisdiction).

17. See, e.g., Duffy, *supra* note 4, at 550 (arguing that the Solicitor General is the "de facto 'competitor'" to the Federal Circuit in patent cases at the Supreme Court).

18. See generally ALEXANDER M. BICKEL, *THE LEAST DANGEROUS BRANCH: THE SUPREME COURT AT THE BAR OF POLITICS* 254 (2d ed. 1986) (arguing that courts must engage in "continual colloquy" with the more political branches of government); LOUIS FISHER, *CONSTITUTIONAL DIALOGUES: INTERPRETATION AS POLITICAL PROCESS* (1988) (arguing that the Supreme Court does not have the sole responsibility for constitutional interpretation, but rather is part of a larger dialogue); CHARLES GARDNER GEYH, *WHEN COURTS & CONGRESS COLLIDE: THE STRUGGLE FOR CONTROL OF AMERICA'S JUDICIAL SYSTEM* (2006) (exploring the institutional norms shielding the judiciary from encroachment by Congress and their effect on judicial independence); GEORGE I. LOVELL, *LEGISLATIVE DEFERRALS: STATUTORY AMBIGUITY, JUDICIAL POWER, AND AMERICAN DEMOCRACY* (2003) (analyzing the role of the judicial branch in democratic dialogue, suggesting that legislators invite judges to make policy); MARK C. MILLER, *THE VIEW OF THE COURTS FROM THE HILL: INTERACTIONS BETWEEN CONGRESS AND THE FEDERAL JUDICIARY* (2009) (surveying Court-Congress interactions); *id.* at 5–12 (surveying "governance as dialogue" literature); J. MITCHELL PICKERILL, *CONSTITUTIONAL DELIBERATION IN CONGRESS: THE IMPACT OF JUDICIAL REVIEW IN A SEPARATED SYSTEM* (2004) (analyzing the effect of judicial review on the legislative process); William N. Eskridge, Jr., *Overriding Supreme Court Statutory Interpretation Decisions*, 101 YALE L.J. 331 (1991) (arguing that congressional-Court relations occur in a complex milieu of interbranch relations); William N. Eskridge, Jr., *Reneging on History? Playing the Court/Congress/President Civil Rights Game*, 79 CAL. L. REV. 613 (1991) (same); Friedman, *supra* note 1, at 580–81 (arguing that the judicial function is best understood in terms of constitutional dialogue).

19. ROGER H. DAVIDSON, WALTER J. OLESZEK & FRANCES E. LEE, *CONGRESS AND ITS MEMBERS* 369 (13th ed. 2012).

20. BICKEL, *supra* note 18, at 254.

Court.²¹ For example, when the Supreme Court interprets a statute, it invites Congress to review that interpretation. In response, Congress may choose to acquiesce to the Court's interpretation, or it may choose to modify the statute to codify a different interpretation: a so-called "legislative override."²² These back-and-forth interpretive actions form the basis for Court-Congress dialogue.

In contrast, institutional dialogue in patent law often involves the Federal Circuit, a mid-level appellate court. Oftentimes, dialogue in patent law begins when Congress or the Supreme Court acts as a signaler, identifying areas of the law that are out of step with perceived policy needs.²³ When Congress or the Supreme Court initiates dialogue, the Federal Circuit can respond through a variety of means. Once the Federal Circuit reacts, or suggests a change to the law, the signaler has several choices in how to respond. First, it can accept or acquiesce to the Federal Circuit's suggested change. Second, Congress or the Court can reject the Federal Circuit's suggested change by legislative override or judicial reversal. Lastly, the signaler can choose to continue the discussion by signaling to the Federal Circuit that its suggested change is insufficient, while leaving the law intact.

Why does the Court-Congress dialogue in patent law often occur through interactions with an appellate court whereas in other areas of the law dialogue flows more directly between Congress and the Supreme Court? This Article argues that patent dialogue occurs this way largely because of the centralization of patent appeals at the Federal Circuit. Centralization has created a court that has both the incentive and ability to engage directly with other institutions in shaping patent law and policy. Because the work of judges on the Federal Circuit is acutely impacted by legal interventions from other

21. See generally *supra* note 18 (listing sources discussing the "governance as dialogue" movement).

22. See Eskridge, *Overriding Supreme Court Statutory Interpretation Decisions*, *supra* note 18, at 332.

23. Of course, this is not always the way that dialogue begins. At times, Congress can react to the Federal Circuit by legislatively overruling decisions by the court. See, e.g., *In re Portola Packaging, Inc.*, 110 F.3d 786, 787 (Fed. Cir. 1997) (reversing a decision by the PTO after determining that it exceeded its statutory authority by basing its decision solely on prior art previously considered by the PTO), *superseded by statute*, 21st Century Department of Justice Appropriations Authorization Act, Pub. L. No. 107-273, § 13105, 116 Stat. 1758, 1900 (2002) (codified at 35 U.S.C. § 303(a) (2012)) as recognized in *In re Bass*, 314 F.3d 575, 576-77 n.* (Fed. Cir. 2002). This form of dialogue—known as a legislative override—has been the source of much of the "governance as dialogue" movement. See generally *supra* note 18 (listing sources discussing the "governance as dialogue" movement).

institutional actors, the court is keenly aware of those actors' actions. Whereas generalist appellate courts cannot hope to stay abreast of every legal change that occurs within their jurisdictional ambit, the Federal Circuit need only follow changes in a few legal areas.²⁴ Furthermore, because of the centralization of patent appeals, the Federal Circuit has numerous opportunities to change the law formally. Even if generalist appellate courts were keen to alter the law in a particular area, they might have to wait years for the proper case to come before them. Not so with a court that hears over 600 patent cases every year.²⁵ Lastly, theory suggests that specialized courts will seek to maintain and increase influence in their area of specialization.²⁶ Thus, the Federal Circuit has an incentive to be the first mover in the market for patent policy. Indeed, this Article's conclusions suggest that specialized courts' ability to preempt other potential institutional policy makers is an under-recognized consequence of specialized adjudication generally.

Dialogic policy making involving the Federal Circuit, when used judiciously, holds out promise for an improved process for creating patent doctrine. By leveraging the advantages of specialized judicial review while minimizing the drawbacks of such specialization, dialogue has the potential to greatly improve patent policy making. Because the Federal Circuit has more expertise with and knowledge of patent law than other institutions, it is often desirable to have the court make a first attempt at law making. Initiating dialogue about that law making allows other institutions (Congress, the Supreme Court, as well as the executive branch²⁷) to identify doctrinal areas

24. The Federal Circuit does supervise other areas of the law, including veterans' affairs, trademark registration appeals, and appeals from the merit systems protection board. See *Appeals Filed, by Category FY 2012*, U.S. CT. APPEALS FOR THE FED. CIRCUIT (2012) [hereinafter *Appeals Filed, by Category*], http://www.cafc.uscourts.gov/images/stories/the-court/statistics/Caseload_by_Category_Appeals_Filed_2012.pdf. Despite this jurisdictional diversity, nearly half of the court's time and attention is devoted to patent law. See *id.*

25. See *Historical Caseload*, U.S. CT. APPEALS FOR THE FED. CIRCUIT (Dec. 10, 2012), http://www.cafc.uscourts.gov/images/stories/the-court/statistics/Caseload_Overall_1983-2012_REV.pdf (calculating 1,381 cases in fiscal year 2012, forty-five percent of which were patent cases); see also *Appeals Filed, by Category*, *supra* note 24.

26. See, e.g., LAWRENCE BAUM, *SPECIALIZING THE COURTS* 54 (2011) (describing the preference of specialized courts to enlarge their jurisdiction); RICHARD A. POSNER, *THE FEDERAL COURTS: CHALLENGE AND REFORM* 245 (1996) (noting the Federal Circuit's increase of jurisdiction at the expense of the regional courts of appeals).

27. This Article focuses on dialogic interactions between the Federal Circuit and Congress and the Federal Circuit and the Supreme Court. It does not focus on interactions between the executive branch and the Federal Circuit because of the hierarchical differences between the dialogic interactions described in this Article (in which the

that are out of step with current policy goals. Thus, indirect law making can lead to increased expertise in decision making while minimizing tunnel vision, doctrinal ossification, and other assorted problems associated with specialized courts.

The theory of Court-Congress dialogue that this Article describes sheds new light on how Congress and the Supreme Court can monitor and influence patent law short of creating new legal rules. For example, viewed through a dialogic lens, many recent Supreme Court patent cases that provide general standards but fail to provide specific legal rules have been subject to scholarly critique.²⁸ However, criticizing the Court for failing to articulate coherent rules may miss the point when viewed through a dialogic lens; writing opinions that enunciate broad standards rather than clear rules allows the Supreme Court to engage the Federal Circuit in dialogue, rather than simply correcting for doctrinal errors.²⁹ This form of decision making may be preferable when the appellate court being reviewed is a specialized court. Indeed, the Supreme Court can shape patent law without issuing any opinion whatsoever. Actions such as granting requests for certiorari and requesting views of the U.S. Solicitor General generate doctrinal responses at the Federal Circuit. Congress enjoys similar (albeit underutilized) means for shaping patent law, without having to formally alter the patent statute.

This Article proceeds in four parts. Part I sketches the dialogic model for patent law. As an introduction, this Part provides an overview of the literature on dialogic theory. Then, it models the dialogue that occurs between the judicial and legislative branches in patent law. It concludes by contrasting patent dialogue with dialogue in other legal areas.

Federal Circuit is constitutionally bound to follow congressional statutes and Supreme Court case law) and interactions involving the executive branch's primary patent policy-making institution, the PTO. The Federal Circuit reviews decisions from the PTO and does not afford *Chevron* deference to the agencies decisions. For those interested in the unique dynamics of the relationship between the PTO and the Federal Circuit, see generally Benjamin & Rai, *Fixing Innovation Policy: A Structural Perspective*, *supra* note 14. Arti Rai has written more broadly about the executive branch's policy role in patent law beyond the PTO. See generally Rai, *supra* note 4 (discussing the executive branch's role in patent policy).

28. See, e.g., Peter S. Menell, *Forty Years of Wondering in the Wilderness and Still No Closer to the Promised Land: Bilski's Superficial Textualism and the Missed Opportunity to Return Patent Law to Its Technology Mooring*, 63 STAN. L. REV. 1289, 1305 (2011) (stating that following the Supreme Court's *Bilski* decision, "courts will be left to deal with the fallout from the absence of effective guidance").

29. See *infra* Part II.B.

Part II provides descriptive support for the theoretical model of Part I. In doing so, this Part examines recent examples of inter-institutional dialogue. First, it traces back-and-forth policy debates between Congress and the Federal Circuit during the recent period of legislative patent reform. Then, it evaluates the relationship between the Supreme Court and the Federal Circuit, focusing on the high Court's recent tendency to enunciate broad standards rather than specific legal rules when deciding patent cases.

Part III elaborates by cataloging the Federal Circuit's responses to policy signals from the Supreme Court and Congress. As observed from the interactions described in Part II, the Federal Circuit's response mechanisms can be grouped into three relatively distinct categories: judicial review, direct advocacy, and instruction to lower-level institutions.

Part IV examines two questions that emerge from examination of patent dialogue, both of which are also fundamental to the study of specialized courts. First, why does the Federal Circuit play such a prominent role in dialogue that should, according to traditional dialogic theory, occur primarily between the Supreme Court and Congress? Second, when is it preferential for policy making to occur with input from the Federal Circuit, and when is the more direct form of Court-Congress dialogue preferable? This Part concludes by proposing ways to improve future interbranch dialogue in patent law.

I. A DIALOGIC MODEL FOR PATENT LAW

A. *Dialogic Theory*

The U.S. Constitution grants separate and distinct powers to the three branches of government: to Congress, the Constitution grants the power to create federal laws;³⁰ to the executive, it grants the power to execute those laws;³¹ to the judiciary, it grants the power to review cases arising under those laws.³² The separation of powers between the branches encompasses the notion that distinct functions

30. U.S. CONST. art. I, § 1. That power is limited to some extent by the executive branch's veto power. *Id.* § 7, cl. 2.

31. *Id.* art. II, § 1, cl. 1 ("The executive Power shall be vested in a President of the United States of America."); see also *id.* § 3 (The President "shall take Care that the Laws be faithfully executed.").

32. *Id.* § 2, cl. 1.

are maintained by distinct governmental bodies, each body “in its own area, none to operate in the realm assigned to another.”³³

However, the distinction between the legislative, executive, and judicial branches’ respective powers is not so stark as to foreclose interbranch dialogue regarding interpretation of laws. For example, courts (often the Supreme Court) and Congress engage in a form of dialogue when federal statutes are challenged as unconstitutional.³⁴ Courts have the power to strike down federal legislation as unconstitutional³⁵ and use this power with some frequency.³⁶ In response to a court declaring a statute unconstitutional, Congress may attempt to either enact legislation or amend the Constitution in order to “override” that judicial decision.³⁷ For instance, on various occasions Congress has proposed constitutional amendments outlawing flag burning in order to override the Supreme Court’s decision that flag burning is speech protected by the First Amendment.³⁸ However, because of the high hurdle that Congress

33. Philip B. Kurland, *The Rise and Fall of the “Doctrine” of Separation of Powers*, 85 MICH. L. REV. 592, 593 (1986).

34. See generally PICKERILL, *supra* note 18 (describing the process by which the language of court opinions influences the content of legislation and congressional deliberation).

35. See *Marbury v. Madison*, 5 U.S. 137, 177 (1803).

36. See, e.g., *Shelby Cnty. v. Holder*, 133 S. Ct. 2612, 2631 (2013) (striking down section 4(b) of the 1968 Voting Rights Act as unconstitutional); *Citizens United v. Fed. Election Comm’n*, 558 U.S. 310, 365 (2010) (striking down certain provisions of the 2002 Bipartisan Campaign Reform Act as unconstitutional); *U.S. v. Morrison*, 529 U.S. 598, 602 (2000) (removing the civil rights provisions of the Violence Against Women Act as an unconstitutional expansion of the U.S. Commerce Clause and remedial powers of the Fourteenth Amendment); *Printz v. United States*, 521 U.S. 898, 933–34 (1997) (striking down provisions of the Brady Act as unconstitutionally commandeering state executive officers).

37. William Eskridge defines a congressional override as a statute that “(1) completely overrules the holding of a statutory interpretation decision, just as a subsequent Court would overrule an unsatisfactory precedent; (2) modifies the result of a decision in some material way . . . ; or (3) modifies the consequences of the decision” Eskridge, *Overriding Supreme Court Statutory Interpretation Decisions*, *supra* note 18, at 332 n.1; see, e.g., Carl Hulse, *Flag Amendment Narrowly Fails in Senate Vote*, N.Y. TIMES (June 28, 2006), <http://www.nytimes.com/2006/06/28/washington/28flag.html> (reporting on a proposed constitutional amendment that would overturn the Supreme Court’s decision granting First Amendment protection to flag burning); see also GUIDO CALABRESI, A COMMON LAW FOR THE AGE OF STATUTES 12–13 (1982) (stating that a Supreme Court ruling that a law is unconstitutional is an invitation to amend the Constitution and that reversal of some constitutional decisions is desirable).

38. Mike Allen, *House Passes Constitutional Amendment to Ban Flag Burning*, WASH. POST (June 23, 2005), <http://www.washingtonpost.com/wp-dyn/content/article/2005/06/22/AR2005062202155.html>. Constitutional amendments to ban flag burning have passed the House of Representatives on numerous occasions. See, e.g., H.R.J. Res. 10, 109th Cong. (2005).

faces in amending the Constitution,³⁹ courts' constitutional pronouncements usually remain unchallenged in Congress.⁴⁰

Unlike judicial decisions concerning the constitutionality of federal statutes, Congress can override judicial *interpretations* of federal statutes passing clarifying legislation. Due to the relative ease with which Congress can modify legislation, Congress overrides judicial interpretation of its statutory provisions with some frequency.⁴¹ For example, in 2009 Congress passed the Lilly Ledbetter Fair Pay Act,⁴² which reestablished the statute of limitations for filing an equal-pay discrimination lawsuit with each paycheck affected by discriminatory action.⁴³ The Act was a direct response to the Supreme Court's decision in *Ledbetter v. Goodyear Tire & Rubber Co.*,⁴⁴ which fixed the statute of limitations upon receipt of the initial discriminatory paycheck.⁴⁵

Jeb Barnes describes the idealized pluralistic dialogic model—which begins with judicial interpretation of statutes followed by a reaction (or acquiescence) from Congress—thusly:

If litigation reveals statutory flaws, or produces objectionable judicial interpretations, interest groups can appeal to Congress, which can scrutinize the courts' decisions and revise the original statute in light of lessons learned from litigation.⁴⁶

Much of the dialogic theory literature follows Barnes's framing of Court-Congress dialogue: courts initiate interpretive debates by giving meaning to statutory text; Congress then has the option of

39. Constitutional amendments require the vote of two-thirds of Congress and three-quarters of the state legislatures. U.S. CONST. art. V.

40. Richard L. Hasen, *End of the Dialogue? Political Polarization, the Supreme Court, and Congress*, 86 S. CAL. L. REV. 205, 211 (2013) ("But the very difficult supermajority requirements for a constitutional amendment . . . usually leaves the Court's constitutional decisions standing.").

41. *Id.* at 209 (finding that congressional overrides of statutory Supreme Court decisions occurred twelve times per congressional term, on average, between 1975 and 1990). Hasen notes that the frequency of overrides has significantly dropped since 2001. *Id.*

42. Lilly Ledbetter Fair Pay Act of 2009, Pub. L. No. 111-2, 123 Stat. 5 (codified as amended at 42 U.S.C. § 2000e (Supp. 2009) and at 29 U.S.C. § 626 (2012)).

43. *Id.* § 3 (codified as amended at 42 U.S.C. § 2000e-5(e) (Supp. 2009)).

44. 550 U.S. 618 (2007), *superseded by statute*, Lilly Ledbetter Fair Pay Act of 2009, Pub. L. No. 111-2, 123 Stat. 5.

45. *Id.* at 621.

46. JEB BARNES, *OVERRULED? LEGISLATIVE OVERRIDES, PLURALISM, AND CONTEMPORARY COURT-CONGRESS RELATIONS* 6 (2004).

either overriding the court's interpretation or accepting the court's interpretation.⁴⁷

Legislative overrides are not the only form of dialogue between Congress and the courts, however.⁴⁸ For example, Congress can respond positively to a court case interpreting a congressional statute by codifying the case. Alternatively, members of Congress can comment publicly on the Court's decisions. Indeed, one empirical study found that fifty-four percent of Supreme Court tax cases have been mentioned by name by legislators in a formal legislative context.⁴⁹ Congress also interacts directly with the judicial branch during nomination proceedings.⁵⁰ During such proceedings, members of Congress can express to future Justices their support or displeasure for Supreme Court rulings, while also performing a signaling function to the current Court. Also, Congress can threaten to limit the jurisdiction of the federal courts.⁵¹ Congress rarely carries through with such threats,⁵² but the threat of legislation provides a platform from which to express dissent with a court's legal interpretation.

47. See *supra* note 23; see also Henry J. Friendly, *The Gap in Lawmaking—Judges Who Can't and Legislators Who Won't*, 63 COLUM. L. REV. 787, 790–92 (1963) (discussing the judicial involvement in statutory interpretation); Ruth B. Ginsburg, *A Plea for Legislative Review*, 60 S. CAL. L. REV. 995, 995 (1987) (discussing “the failure of Congress to review and revise statutes that slip from the [circuit courts’] grasp”); Ruth B. Ginsburg & Peter W. Huber, *The Intercircuit Committee*, 100 HARV. L. REV. 1417, 1417 (1987) (proposing ways to “achieve greater uniformity and coherence in the application of federal law”); Carl McGowan, *The View from an Inferior Court*, 19 SAN DIEGO L. REV. 659, 665 (1982) (discussing interactions between the courts and Congress regarding the abolition of diversity jurisdiction).

48. Nancy Staudt, René Lindstädt, and Jason O’Conner have quantified the dialogic relationship of the Court and Congress. They find that only thirty-six percent of Court–Congress interactions regarding tax statutes are legislative overrides. Nancy C. Staudt, René Lindstädt & Jason O’Connor, *Judicial Decisions as Legislation: Congressional Oversight of Supreme Court Tax Cases, 1954–2005*, 82 N.Y.U. L. REV. 1340, 1343 (2007).

49. *Id.* at 1352–53.

50. See, e.g., Senator Arlen Specter, *Concluding Address: On the Confirmation of a Supreme Court Justice*, 84 NW. U. L. REV. 1037, 1045 (1990) (“In my judgment . . . judicial philosophy is an appropriate subject for in-depth questioning by the Judiciary Committee.”).

51. See Akhil Reed Amar, *The Two-Tiered Structure of the Judiciary Act of 1789*, 138 U. PA. L. REV. 1499, 1500–01 (1990) (noting that the “jurisdiction stripping . . . could at any moment get put back on [the congressional agenda]”). See generally Richard H. Fallon, Jr., *Jurisdiction-Stripping Reconsidered*, 96 VA. L. REV. 1043 (2010) (discussing jurisdiction-stripping in the post-*Boumediene* era); Ralph A. Rossum, *Congress, the Constitution, and the Appellate Jurisdiction of the Supreme Court: The Letter and the Spirit of the Exceptions Clause*, 24 WM. & MARY L. REV. 385, 389 (1983) (looking at the relationship between Congress and the Supreme Court, and specifically “Congress’ power to make exceptions to the Court’s appellate jurisdiction”).

52. For example, conservative lawmakers introduced bills to strip the federal courts of jurisdiction over school prayer cases after the Supreme Court disallowed prayer in public

Although the “governance as dialogue” movement encompasses a wide variety of specific approaches, the literature is grounded in the view that legislative and judicial functions operate in the context of a complex and continuous conversation between the legislative and judicial branches.⁵³

B. Patent Dialogue

Court-Congress dialogue in patent law has taken on a decidedly different shape than other areas of the law. For the first twenty years after Congress created the Federal Circuit, Congress and the Supreme Court largely ignored patent law.⁵⁴ But times have changed. As the value of technological innovations has increased, so too has the economic importance of patents. Major companies now make corporate acquisitions largely for the patent portfolios involved.⁵⁵ Not coincidentally, legislative, judicial, and executive branch interest in patent law has also increased during that time.⁵⁶ For example, in 2011, Congress passed the most sweeping reform of patent law in over fifty years: the America Invents Act (“AIA”).⁵⁷ Most significantly, the AIA changed the U.S. patent system from a “first-to-invent” system to a “first-to-file” system, fundamentally altering the way in which the

schools on First Amendment grounds. See S. 88, 98th Cong. (1983); H.R. 525, 98th Cong. (1983); H.R. 253, 98th Cong. (1983).

53. See MILLER, *supra* note 18, at 9 (“[M]ost works from [the governance as dialogue] movement reject the notion of either total legislative supremacy or total judicial supremacy in favor of a much more complicated and nuanced, continuous process of interaction among the institutions.”). Similarly, the executive and legislative branches engage in a form of dialogue regarding legal interpretation. For example, in the modern administrative state, the President has substantial power to “make law” when he directs administrative agencies to prescribe rules in the interstices of broad statutory directives. See Michael Stokes Paulsen, *The Most Dangerous Branch: Executive Power to Say What the Law Is*, 83 GEO. L.J. 217, 220 (1994). Congress, of course, can choose to amend its statutes in response to administrative rule making. As noted earlier, the executive-judicial dialogue in patent law is outside of the scope of this Article due to the structural differences between the executive-judicial relationship and legislative-judicial relationship in patent law.

54. See *supra* notes 3–8 and accompanying text.

55. For instance, Google’s \$12.5 billion acquisition of Motorola “would probably not have [happened]” if not for Motorola’s attractive patent portfolio and Google’s relative lack of one. Jay Greene, *Yes, Google Needed Motorola for the Patents*, CNET (Apr. 5, 2012, 10:00 AM), http://news.cnet.com/8301-1023_3-57409828-93/yes-google-needed-motorola-for-the-patents/ (conducting an interview with Google’s deputy general counsel, Allen Lo).

56. For more on the executive branch’s current role in patent policy, see generally Rai, *supra* note 4 (discussing the executive branch’s involvement in policy development).

57. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified as amended at 35 U.S.C. §§ 102, 282 (2012)).

patent system treats inventive activity.⁵⁸ Among other substantive changes to patent law, the AIA expanded the definition of prior art used in patentability determinations, eliminated tax strategy patents, established prior user rights, and significantly diminished the importance of the best mode requirement.⁵⁹

The Supreme Court is also more interested in patent law than ever before.⁶⁰ The Court has recently ruled on issues ranging from the patent-eligibility of business methods,⁶¹ diagnostic testing,⁶² and DNA,⁶³ to the scope of the nonobviousness requirement.⁶⁴ Those and other recent rulings have limited the types of inventions eligible for patenting,⁶⁵ have restricted the use of injunctions in patent cases,⁶⁶ and have reaffirmed the clear and convincing evidence standard for patent invalidity.⁶⁷ The Supreme Court's renewed interest in patent law has not only attracted the attention of legal scholars, but has been prominently reported in the popular press as well.⁶⁸

The AIA and the recent increase in the Supreme Court patent cases demonstrate newfound engagement by Congress and the Court with substantive patent law. Despite these changes, however, the most important changes to the patent system in recent years have been the result of the Federal Circuit *reacting* to policy signals from

58. First-to-invent systems reward a patent to the first person to develop a patentable invention, regardless of whether that person was the first person to file for a patent. First-to-file systems reward the patent to the first person to patent. Rob Merges has described the AIA as a "first-inventor-to-file" system because it has the structure of a first-to-file system, but it has a grace period of up to one year to protect first inventors. Robert P. Merges, *Priority and Novelty Under the AIA*, 27 BERKELEY TECH. L.J. 1023, 1028 (2012).

59. Leahy-Smith America Invents Act, §§ 3(b)(1), 14, 15, 125 Stat. at 285, 327–28 (codified as amended at 35 U.S.C. §§ 102, 282 (2012)).

60. See Holbrook, *supra* note 6, at 63.

61. *Bilski v. Kappos*, 130 S. Ct. 3218, 3222 (2010).

62. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1305 (2012).

63. *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2120 (2013).

64. *KSR Int'l Co. v. Teleflex, Inc.*, 550 U.S. 398, 426–27 (2007).

65. See *supra* notes 61–63.

66. *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 394 (2006).

67. *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238, 2252 (2011).

68. See, e.g., Jon Healey, *Angelina Jolie, the Supreme Court and Gene Patents*, L.A. TIMES (May 14, 2013), <http://articles.latimes.com/2013/may/14/news/la-ol-angelina-jolie-gene-patents-20130514> (discussing celebrity headlines and the Supreme Court's consideration of "whether a gene sequence can be patented"); Adam Liptak, *Supreme Court Supports Monsanto in Seed-Replication Case*, N.Y. TIMES (May 13, 2013), <http://www.nytimes.com/2013/05/14/business/monsanto-victorious-in-genetic-seed-case.html> (reporting on the Supreme Court's decision concerning genetically altered soybean patents).

the Supreme Court and Congress.⁶⁹ The Federal Circuit's reaction to congressional policy signals exemplifies what this Article calls "patent dialogue." This Part sketches the contours of patent dialogue before proceeding to support the theory through recent examples of dialogic interactions in patent law in Part II.

1. Comparing Patent Dialogue to Traditional Dialogues Between Courts and Congress

In patent law, dialogue often begins when Congress or the Supreme Court acts as a signaler, identifying areas of patent law that are out of step with policy concerns. In essence, Congress or the Supreme Court can send signals to the Federal Circuit regarding those areas of the Federal Circuit's case law that are in need of updating. These policy signals can take many forms, as described more fully in Part II.⁷⁰ In general, however, policy signals consist of any action by Congress or the Supreme Court that identifies doctrinal areas in need of change. Examples of policy signals include proposing patent reform legislation or granting certiorari on a fundamental question of patent law.

The Federal Circuit can respond in various ways. For instance, the Federal Circuit can issue opinions that attempt to align patent doctrine better with the policy goals identified by Congress or the Supreme Court. While issuing precedential opinions is the most familiar way for the Federal Circuit to respond, it is not the only way. The Federal Circuit has a range of other potential responses, including instructing lower tribunals (district courts, the international trade commission, the PTO, etc.) about procedural improvements that will further the identified policy goals. Similarly, the Federal Circuit can engage in direct conversation with Congress or the Supreme Court through a variety of means, including direct advocacy, testifying before Congress, and public speeches.

However the Federal Circuit chooses to react, the signaler (Congress or the Supreme Court) can then continue the dialogue in a variety of ways. First, it can accept or acquiesce to the Federal Circuit's suggested change, usually by doing nothing. This occurs anytime the Federal Circuit alters the law with no subsequent

69. See Burk, *supra* note 16, at 22 (arguing that the most important result of the AIA are areas of law that the Federal Circuit addressed before congressional action was necessary).

70. See *infra* Part II.

response from Congress.⁷¹ For a Supreme Court with a full docket and a Congress working on a host of legal issues, this is usually, but not always, the chosen option. A second option is for Congress or the Court to reject the Federal Circuit's suggested change by legislative override or judicial reversal.⁷² Lastly, the signaler can choose to continue the discussion by signaling to the Federal Circuit that its suggested change is insufficient while leaving the law intact.⁷³

Patent dialogue differs in fundamental ways from traditional dialogic relationships. For example, the Supreme Court's dialogic role in patent law may differ from its role in other areas of the law. In the traditional model, the Supreme Court initiates dialogue by interpreting statutory or constitutional text.⁷⁴ In patent law, on the other hand, John Golden has identified instances in which the Supreme Court acts as a policy "percolator."⁷⁵ In this role, the Supreme Court reviews the Federal Circuit's decisions not to settle circuit splits, but rather to send signals to the Federal Circuit regarding areas of doctrinal ossification.⁷⁶

Patent dialogue also frequently differs from traditional notions of Court-Congress dialogue in that debates often begin at a high level of interpretive authority (Congress or the Supreme Court) and then travel to a lower interpretive level (the Federal Circuit). In the traditional model, courts initiate the dialogue by interpreting statutory or constitutional text. Patent dialogue, on the other hand, often begins when Congress or the Supreme Court indicates a policy preference by some means other than creating new law. This difference largely stems from (1) the Federal Circuit's position in the institutional hierarchy of patent law and (2) the patent statute's

71. For instance, the Federal Circuit altered the law on written description in *Ariad Pharms., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1340 (Fed. Cir. 2010) (en banc). Neither Congress nor the Supreme Court has indicated that it wants to revisit that decision.

72. For instance, the Supreme Court has reversed the Federal Circuit numerous times in recent years regarding the Federal Circuit's doctrine on patent-eligible subject matter. See, e.g., *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2111 (2013) (affirming in part and reversing in part the judgment of the Federal Circuit); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1305 (2012) (reversing the judgment of the Federal Circuit); *Bilski v. Kappos*, 130 S. Ct. 3218, 3231 (2010) ("[N]othing in today's opinion should be read as endorsing interpretations of § 101 that the Court of Appeals for the Federal Circuit has used in the past.").

73. For suggestions on how Congress and the Supreme Court could more effectively signal the continuing need for legal change to the Federal Circuit, see *infra* Part IV.C.

74. Scholars have developed a variety of doctrines designed to enable the Supreme Court to avoid initiating interpretive dialogue with Congress. See generally BICKEL, *supra* note 18 (extolling the "passive virtues" which permit dialogic avoidance).

75. See Golden, *supra* note 6, at 662–64.

76. *Id.* at 662.

relative vagueness.⁷⁷ Much like the Sherman Act, the Patent Act requires judges to engage in common law-like decision making.⁷⁸ Because of this, Congress largely takes a supervisory role in the process of crafting rules to fill in the interstices of the statute.⁷⁹ Similarly, the Supreme Court generally delegates rule making to the Federal Circuit due to that court's superior expertise with patent law.⁸⁰ Thus, the need to provide common law development places Congress and the Supreme Court in a supervisory role, intervening when the law develops contrary to the policies underlying the statutory scheme.

Patent dialogue also differs from the traditional dialogic model in the identity of the reactionary institution. In the traditional model, Congress is the reactor, choosing to either override the Supreme Court's interpretive decision or to leave the Court's decision in place.⁸¹ In patent law, however, the Federal Circuit is the reacting institution. The Federal Circuit, through a variety of means described in Part II.B, can "suggest" legal reforms designed to carry out the policy signals sent from the Supreme Court or Congress. The Federal Circuit's prominent presence in dialogue is largely due to its exclusive jurisdiction over cases arising under the patent laws, an issue more fully explored in Part IV.

Patent dialogue does, however, resemble the traditional model in the response step. The initiator of dialogue can either acquiesce to the suggestions made by the reactor, or it can overrule that suggestion.

The table below compares the two dialogic models.

77. See Dreyfuss, *In Search of Institutional Identity: The Federal Circuit Comes of Age*, *supra* note 9, at 801 ("[T]he Patent Act bears some resemblance to the Sherman Act: it has always depended on common law elaboration."); Frank H. Easterbrook, *Statutes' Domains*, 50 U. CHI. L. REV. 533, 544 (1983) ("The statute books are full of laws, of which the Sherman Act is a good example, that effectively authorize courts to create new lines of common law."). See generally 35 U.S.C. §§ 100–112 (Supp. 2013) (exhibiting the vagueness of patent law codification).

78. Craig Allen Nard, *Legal Forms and the Common Law of Patents*, 90 B.U. L. REV. 51, 53 (2010) ("[T]he patent code . . . is a common law enabling statute." (footnotes omitted)).

79. See *infra* Part II.A.

80. See *infra* Part II.B.

81. See *supra* Part I.A.

Table 1: Traditional Dialogic Model vs. Patent Dialogic Model

	Catalyst	Reaction	Response
Traditional Model	Supreme Court: Interprets a statutory or constitutional text	Congress: 1. Overrides (statute), 2. Accepts, or 3. Continues dialogue	Supreme Court: Interprets new statute or amendment
Patent Dialogue	Congress or the Supreme Court: Signals policy goals	Federal Circuit: 1. Alters case law, 2. Instructs district courts/PTO, or 3. Lobbies Congress or Supreme Court	Congress or the Supreme Court: 1. Overrides (statute/case law), 2. Accepts, or 3. Continues dialogue

2. The Federal Circuit as Dialogic Partner

The model of patent dialogue outlined above envisions a large policy-making role for the Federal Circuit; the court must convert the policy signals sent by Congress or the Supreme Court into legal rules. But why would Congress or the Supreme Court delegate policy-making functions to the Federal Circuit?⁸²

One answer might be that Congress and the Supreme Court recognize the Federal Circuit as an expert body. Congress created the Federal Circuit in order to interpret the vague contours of the patent statute.⁸³ Simultaneously, Congress chose not to grant rule making authority to the PTO. In doing so, Congress clearly intended to

82. Scholars have devoted great attention to the benefits of such a relationship to the Federal Circuit. *See supra* note 26 and accompanying text.

83. 128 CONG. REC. S14, 692 (daily ed. Dec. 8, 1981) (statement of Sen. Robert Dole) (outlining the need to reform the “doctrinal confusion” in patent law); *see also* Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, § 124, 96 Stat. 25, 36 (1982) (codified at 28 U.S.C. § 41 (2012)) (establishing the U.S. Court of Appeals for the Federal Circuit to review patent claims).

delegate at least some policy-making authority to the court.⁸⁴ Even the Supreme Court may recognize the value of the Federal Circuit's input, given the lower court's greater experience with patent law and litigation.⁸⁵

A second possibility is that Congress and the Supreme Court recognize the superior speed and agility with which the Federal Circuit can alter the law.⁸⁶ Centralized appeals give the Federal Circuit great flexibility in crafting new policy—if judges on the court want to change the law, they will quickly be presented with an opportunity to do so. Conversely, Congress's infinite procedural layers and complicated interest-group dynamics make it difficult, if not impossible, to generate enough congressional support for major changes to various areas of patent law.⁸⁷ The Supreme Court's limited docket means that it can only monitor small segments of the patent system at any given time. Thus, Congress and the Supreme Court may recognize the Federal Circuit as the best option for effectively crafting broad reforms to the patent laws.

Another possible answer is that Congress and the Supreme Court do not delegate; rather, the Federal Circuit inserts itself into discussions of policy without being invited. Indeed, scholars interested in specialized courts have noted that one drawback of specialized adjudication is a tendency towards policy making.⁸⁸ Whatever the current members of Congress and the Supreme Court may think about the Federal Circuit, the decision to create the court in the first place indicates that Congress intended to grant at least some policy-making role to the Federal Circuit.⁸⁹

84. See Rai, *supra* note 4, at 1238 ("Congress has instead delegated responsibility for interpreting the [patent] statute to the U.S. Patent & Trademark Office (PTO) and the courts—with a historical emphasis on the court.").

85. See Golden, *supra* note 6, at 674–86 (arguing that the Supreme Court is less equipped institutionally to craft efficient patent rules).

86. See, e.g., DAN L. BURK & MARK A. LEMLEY, *THE PATENT CRISIS AND HOW THE COURTS CAN SOLVE IT* 95 (arguing that courts are superior to Congress in crafting industry-specific patent rules).

87. Dan L. Burk & Mark A. Lemley, *Courts and the Patent System*, REGULATION, Summer 2009, at 18, 23 ("In democratically elected legislatures, an enormous commitment of political capital is typically required to draft, promulgate, and reach consensus on new intellectual property legislation[.]").

88. See *supra* note 26 and accompanying text; see also COMM'N ON REVISION OF THE FED. CT. APP. SYSTEM, STRUCTURE AND INTERNAL PROCEDURES: RECOMMENDATIONS FOR CHANGE, 67 F.R.D. 195, 234–35 (1975) (noting that judges in specialized courts might "impose their own views of policy").

89. See *supra* notes 83–84 and accompanying text.

II. THE EMERGENCE OF PATENT DIALOGUE: THE SUPREME COURT, CONGRESS, AND THE FEDERAL CIRCUIT

Although the unique dialogue between the Federal Circuit, Congress, and the Supreme Court is often the impetus for legal change in patent law, at other times the Federal Circuit enacts legal change without prompting. For instance, in 2010, the court settled an open debate in patent law: whether written description and enablement were distinct requirements for patentability.⁹⁰ In an en banc opinion in *Ariad Pharmaceuticals, Inc. v. Eli Lilly & Co.*,⁹¹ the court concluded that written description and enablement were distinct statutory requirements, both of which must be met in order to meet the statutory test for patentability.⁹² *Ariad* resolved an issue that had festered in the court for years; neither Congress nor the Supreme Court had attempted to resolve.

In contrast to the *Ariad* decision, in a series of recent examples, the Federal Circuit has engaged in a thorough restructuring of critical doctrinal areas only after prompting by either Congress or the Supreme Court. This Part traces recent examples of how this dialogue occurs.

A. The Legislative Branch

Despite the academic focus on institutional design in patent law,⁹³ little attention has been paid to the relationship between Congress and the Federal Circuit.⁹⁴ This lacuna in the scholarship is

90. *Ariad Pharms., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1342 (Fed. Cir. 2010) (en banc).

91. 598 F.3d 1336 (Fed. Cir. 2010) (en banc).

92. *Id.* at 1344–45.

93. See *supra* notes 9–17 and accompanying text.

94. There are some treatments of the topic. In previous work, I have discussed in detail the benefits of the interaction between Congress and the court. See Anderson, *supra* note 16 (manuscript at 38–40). Paul Gugliuzza has examined instances in which the Federal Circuit preempted congressional proposals. Paul R. Gugliuzza, *The Federal Circuit as a Federal Court*, 54 WM. & MARY L. REV. 1791, 1827–28 (2013) (“[T]he Federal Circuit has obstructed other institutions [including Congress] from shaping patent law.”). Dan Burk has discussed the normative implications of such preemptive law making. Burk, *supra* note 16, at 22 (arguing for congressional intervention only for structural and administrative changes to the patent system). Craig Nard has argued that Congress’s historical role of limited procedural reform should be the full extent of Congress’s engagement with patent law. See Nard, *supra* note 78, at 108 (arguing for a congressional role limited to procedural reform and correction legislation). John Thomas has argued for a prominent congressional role in patent policy. John R. Thomas, *Patent Governance in the United States: Lessons from Bilski v. Kappos*, in *BIOTECHNOLOGY AND SOFTWARE PATENT LAW* 193, 218 (Emanuela Arezzo & Gustavo Ghidini eds., 2011) (“For these

largely the result of Congress's general disinterest in patent law since it created the Federal Circuit in 1982.⁹⁵ Until recently, Congress had largely turned over the task of interpreting the patent statute to the courts, and to a lesser degree, to the PTO.⁹⁶

Congress's inattention to patent law abruptly ended when it passed the AIA in 2011.⁹⁷ The final bill represented the most comprehensive legislative reform of U.S. patent law in nearly sixty years.⁹⁸ The enacted law made two major changes to the patent system. First, it changed the U.S. system from a "first-to-invent" system to a "first-to-file" system—similar, but not identical, to the system used in nearly every other country.⁹⁹ Second, the law created a host of post-grant review procedures at the PTO.¹⁰⁰

While the AIA significantly updated patent law, the process of passing the bill was perhaps most notable for what it did not do. The AIA began as an effort to remedy problems within the patent system first identified by reports from the Federal Trade Commission and the National Academy of Science.¹⁰¹ Those reports identified a variety of potential improvements to the patent system, including better funding for the PTO, an improved nonobviousness standard, and tightening the requirements for finding willful infringement.¹⁰²

As the legislative patent reform process gained momentum in 2005, however, Congress began to grapple with a host of other issues that impact the patent system. At various times, Congress proposed fundamental changes to (1) claim construction appeals, (2) damages standards for patent cases, (3) inequitable conduct, and (4) the patent

reasons, congressional ability to address recognized concerns with the U.S. patent system cannot wisely be discounted or dismissed.").

95. See Rai, *supra* note 4, at 1238.

96. See *id.*

97. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified as amended at 35 U.S.C. §§ 102, 282 (2012)).

98. See Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part I of II*, 21 FED. CIR. B. J. 435, 435 (2011).

99. See *id.* at 438.

100. See *id.*

101. See generally A PATENT SYSTEM FOR THE 21ST CENTURY (Stephen A. Merrill, Richard C. Levin & Mark B. Myers eds., 2004) (discussing, in part, the FTC's recommendations for improving the U.S. patent system and comparing with those of other committees); FED. TRADE COMM'N, TO PROMOTE INNOVATION: THE PROPER BALANCE OF COMPETITION AND PATENT LAW AND POLICY (2003), available at <http://www.ftc.gov/os/2003/10/innovationrpt.pdf> (noting problematic areas within patent law and making recommendations for their improvement).

102. FED. TRADE COMM'N, *supra* note 101, at 10–16 (noting problematic areas within patent law and making recommendations for their improvement).

venue statute.¹⁰³ As I have detailed in previous work, those issues were ultimately omitted from the final bill. This omission is largely due to a number of actions by the Federal Circuit that eliminated the need for additional congressional reform.¹⁰⁴ Essentially, the Federal Circuit preempted congressional reforms by altering the law surrounding the troubled areas that Congress was seeking to reform. In fact, many of the changes enacted by the Federal Circuit closely resembled proposed congressional reform. In light of the court's actions, Congress removed those issues from the final version of the AIA.¹⁰⁵

The Federal Circuit's response to congressional proposals (and Congress's resulting action of dropping those proposals following changes to the Federal Circuit's case law) represents a dialogic relationship that exists between the two institutions. During the AIA, that dialogue began with Congress identifying broad areas in need of legal change and by proposing legislative reform in those areas. Then, the Federal Circuit responded to Congress (1) by changing the law to address the legislature's concern or (2) by suggesting that there is no need for change. This Section will trace the dialogic interaction surrounding two issues: damages and claim construction.

1. Dialogue During the Passage of the America Invents Act: Damages

During the legislative battles on patent reform, Congress put forward a number of different statutory reforms aimed at improving the calculation of patent infringement damage awards. Those proposals included limiting the availability of treble damages for willful infringement,¹⁰⁶ limiting damage awards to the economic value attributable to the patent's improvement over the prior art,¹⁰⁷ and codifying the district court's role as a "gatekeeper" for patent damage decisions before a jury.¹⁰⁸

103. Anderson, *supra* note 16 (manuscript at Part II).

104. *Id.* (manuscript at 20–38) (detailing actions by the Federal Circuit that eliminated the need for Congressional reform).

105. *Id.* (manuscript at 38); *see also* Gugliuzza, *supra* note 94, at 1827 (“[C]hanges in Federal Circuit law have often tracked pending legislative proposals, resulting in an indirect dialogue between the judicial and legislative branches.”).

106. *See* H.R. 2795, 109th Cong. § 6(2)(b)(1) (2005) (noting a court “may increase the damages up to three times the amount of damages . . . assessed”).

107. *See* H.R. 1908, 110th Cong. § 5 (2007).

108. *See* S. 515, 111th Cong. § 4 (2009); *see also* S. REP. NO. 111-18, at 31 (2009) (noting the committee's considerations on patent reform); Matal, *supra* note 98, at 442.

It is clear that some members of Congress viewed these proposals as invitations for the Federal Circuit to engage in patent reform. For example, while a patent reform bill was pending in the Senate Judiciary Committee, Senator Arlen Specter sent a letter to the Committee asking that debate on the bill be delayed.¹⁰⁹ Citing the “symbiotic relationship between the judicial and legislative branches with regard to changes to the patent system,” Specter suggested that the upcoming argument in *Lucent Technologies, Inc. v. Gateway, Inc.*¹¹⁰ at the Federal Circuit might “facilitate a compromise or clarify the applicability of damages theories in various contexts.”¹¹¹ Specter asked his colleagues to defer debate on the patent bills so that the Federal Circuit could respond to Congress’s concerns regarding damages.¹¹²

Over the next three years, the Federal Circuit significantly updated and clarified its damages jurisprudence. This updating, following a long period of dormancy regarding damages law, is likely the direct result of Congress’s sincere interest in updating the standards for patent damages.

The Federal Circuit began updating damages law in an en banc decision in *In re Seagate Technology*.¹¹³ In *Seagate*, the court overruled its own precedent that accused infringers owed an “affirmative duty of due care” in order to avoid a finding of willful infringement.¹¹⁴ Following *Seagate*, the court, in a series of rulings, reversed a number of high-value damage awards as unsupported by the evidence. Those cases saw the court require more precise economic data in support of damages awards than it had previously required.¹¹⁵ Lastly, the court rejected the use of the “25 percent rule” in damages calculations, a rule that the court admitted it had “passively tolerated” for years.¹¹⁶ All of these changes had been

109. See Letter from Senator Arlen Specter, to Senator Orrin Hatch and Senator Patrick Leahy, Chairman, Senate Comm. on the Judiciary (Mar. 3, 2009), available at <http://www.fr.com/files/uploads/attachments/patentdamages/03-03-09-Specter-to-PJL-Patents.pdf>.

110. 580 F.3d 1301 (Fed. Cir. 2009).

111. Letter from Senator Arlen Specter, *supra* note 109.

112. *Id.*

113. 497 F.3d 1360 (Fed. Cir. 2007).

114. *Id.* at 1371.

115. See, e.g., *Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292, 1312 (Fed. Cir. 2011) (overturning \$388 million damage award); *ResQNet.com, Inc. v. Lansa, Inc.*, 594 F.3d 860, 871, 873 (Fed. Cir. 2010) (remanding the case to calculate a reasonable royalty in accordance with *Lucent*); *Lucent*, 580 F.3d at 1335–36 (overturning a \$350 million damage award).

116. *Uniloc USA*, 632 F.3d at 1314.

included in patent reform proposals.¹¹⁷ As a result of this flurry of damages jurisprudence at the Federal Circuit, Congress subsequently removed all mention of damage reform from the final patent reform bill.¹¹⁸

The Federal Circuit did more than merely adjust its case law in response to Congress's signal that patent damage law was in need of repair. Members of the court—most prominently Chief Judge Michel—directly lobbied Congress to drop patent damage reform from its agenda.¹¹⁹ While patent reform bills were pending before congressional committee in 2007, Chief Judge Michel sent a letter to Senators Leahy and Hatch opposing enactment of the bills.¹²⁰ Judge Michel argued that the provisions on damage apportionment were unnecessary and incapable of being implemented by the courts.¹²¹ From the Chief Judge's perspective, district courts would be unable to distinguish the economic value of the inventive elements of a patent from the non-inventive elements.¹²²

Judge Michel then sent a second letter to Shanna Winters, Chief Counsel to the House Subcommittee on the Courts, Internet, and Intellectual Property.¹²³ In this letter, he argued that the existing damages law was “highly stable and well understood by litigators as well as judges.”¹²⁴ He suggested that Congress ought to “do nothing” concerning damages.¹²⁵ Judge Michel's lobbying efforts, in concert

117. S. 515, 111th Cong. (2009) (codifying *In re Seagate*). There is no official public version of the 2010 managers' amendment. However, it was widely available and available on various patent weblogs. See, e.g., Press Release, Senator Patrick Leahy, Leahy, Sessions, Hatch, Schumer, Kyl, Kaufman Unveil Details of Patent Reform Agreement (Mar. 4, 2010), available at http://leahy.senate.gov/press/press_releases/release/?id=8b0f5bb3-121b-484a-b0b7-092d7bdee1ac. See generally Anderson, *supra* note 16 (manuscript at 20–38) (detailing the inclusion of damages changes in earlier patent reform proposals).

118. America Invents Act, H.R. 1249, 112th Cong. (2011); see also Anderson, *supra* note 16 (manuscript at 37–38) (noting that damages was one of the issues that Congress removed following the Federal Circuit's changes in damages jurisprudence).

119. Letter from Chief Judge Paul R. Michel, to Senator Orrin Hatch and Senator Patrick Leahy 1–2 (May 3, 2007), available at <http://www.fr.com/files/uploads/attachments/patentdamages/05-03-07Michelletter.pdf>.

120. *Id.*

121. *Id.* at 2.

122. See *id.* (arguing that district courts lack the “experience and expertise” to make “such extensive, complex economic valuations” of either patented or nonpatented features of accused products).

123. Letter from Chief Judge Paul Michel, to Shanna Winters, Chief Counsel to the House Subcomm. on the Courts, Internet, and Intellectual Property (June 7, 2007), available at http://www.patenthawk.com/blog_docs/Michel_letter_670707.pdf.

124. *Id.*

125. *Id.*

with the Federal Circuit's recent changes to its own damages jurisprudence, convinced Congress to entirely remove damages reform from the final version of the AIA.¹²⁶

2. Dialogue During the Passage of the America Invents Act: Claim Construction

The Federal Circuit and Congress also engaged in discussion about other issues as well. For example, during the passage of the AIA, Congress and the Federal Circuit debated the most efficient means of appellate review of patent claim construction.¹²⁷ Beginning in 2006, Congress proposed statutory language that would have permitted interlocutory review of claim construction appeals, later amending the proposed statute to require interlocutory review.¹²⁸ At the time these reforms were first proposed, reversal rates of claim construction appeals were notoriously high: up to forty percent in some years.¹²⁹ A reversal on claim construction often results in a new trial and is therefore quite costly to the parties involved.¹³⁰ Congress therefore proposed interlocutory review of claim construction in order to reduce the cost of patent litigation.¹³¹

Senator Orrin Hatch—the sponsor of the first bill to allow interlocutory review of claim construction—reached out to the Federal Circuit for input on the proposal.¹³² Senator Hatch stated that the interlocutory review provision was intended to “generate

126. America Invents Act, H.R. 1249, 112th Cong. (2011); see also Anderson, *supra* note 16 (manuscript at 37–38) (noting that damages was one of the issues that Congress removed following the Federal Circuit's changes in damages jurisprudence).

127. Claim construction in patent law refers to the judicial process of interpreting the meaning and scope of patent claim language. ROBERT L. HARMON, CYNTHIA A. HOMAN & CHARLES M. MCMAHON, *PATENTS AND THE FEDERAL CIRCUIT* 364 (11th ed. 2013).

128. Patent Reform Act of 2006, S. 3818, 109th Cong. § 8 (2006).

129. Kimberly A. Moore, *Are District Judges Equipped to Resolve Patent Cases?*, 15 HARV. J. L. & TECH. 1, 11–17 (2001) (calculating a twenty-seven percent reversal rate of District Court claim construction decisions from 1995–2000). For a modern update of Judge Moore's results, to account for data after 2000, see J. Jonas Anderson & Peter S. Menell, *Informal Deference: A Historical, Empirical, and Normative Analysis of Patent Claim Construction*, 108 NW. U. L. REV. 1, 41 (2014) (finding that the reversal rate dropped to 20.4% in 2011).

130. Moore, *supra* note 129, at 2–3.

131. See Patent Reform Act of 2006, S. 3818, 109th Cong. § 8 (2006); see also S. REP. NO. 110-259, at 28 (2007) (“The Committee intends to transfer the discretion from the Federal Circuit to the district court judge as to whether—and when—a claim construction order should be decided on appeal.”).

132. Senator Orrin Hatch, Statement before the United States Senate, at 4 (Aug. 3, 2006), available at <http://www.fr.com/files/uploads/publications/Patent-Reform-Archive/hatch-statement.pdf>.

discussion” of the optimal solution for the high rate of claim construction appeals.¹³³ The bill did just that. Chief Judge Michel wrote to Congress, expressing his displeasure with the proposed change to interlocutory appeals, just as he had done regarding proposed changes to damages law.¹³⁴

Furthermore, the Chief Judge urged the patent bar to take up the court’s fight to remove interlocutory review from the AIA. In June of 2009, Chief Judge Michel suggested in a speech to the Federal Circuit Bar Association Bench-Bar Conference that interlocutory review was “the greatest threat to speedy dispositions” at the Federal Circuit.¹³⁵ He also predicted that permissive interlocutory review would double the amount of cases at the Federal Circuit and double the average disposition time for patent appeals.¹³⁶ He concluded his remarks by expressing hope that the Federal Circuit Bar Association “and the entire patent bar will advise and caution Congress on this issue.”¹³⁷ Congress evidently came around to Judge Michel’s position: changes to interlocutory appeals procedures were removed from future versions of patent reform legislation.¹³⁸

3. Dialogue During the Passage of the America Invents Act: Summary

The process of congressional patent reform that culminated with the AIA revealed a new channel of dialogue between Congress and the Federal Circuit. The back and forth between the court and Congress was likely responsible for reforming patent law in ways that would have been impossible for Congress acting alone, due to the interest-group dynamics of patent stakeholders.¹³⁹ Congress catalyzed the Federal Circuit to enact reform measures by identifying broad areas in need of reform. Indeed, many legislative proposals during the AIA process were explicitly designed to initiate a dialogue between Congress and the Federal Circuit.¹⁴⁰ By identifying broad areas in

133. *Id.*

134. *See supra* note 119 and accompanying text.

135. Chief Judge Paul R. Michel, 2009 State of the Court Speech, White Sulphur Springs, WV, at 2 (June 19, 2009), available at <http://www.ca9.uscourts.gov/images/stories/announcements/2009/soc09.pdf>.

136. *Id.*

137. *Id.*

138. *See, e.g.,* America Invents Act, H.R. 1249, 112th Cong. (2011); *see* Anderson, *supra* note 16 (manuscript at 38) (noting the removal of interlocutory appeals procedures).

139. Burk, *supra* note 16, at 20, 22.

140. *See generally* Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part I of II*, 21 FED. CIR. B. J. 435 (2012) (discussing throughout the relationship

need of reform, Congress permitted the Federal Circuit to make a first attempt at patent reform. Once the court acted, Congress then chose whether or not to override the judicial action via legislation.

Dialogue between the Federal Circuit and Congress has recently developed in the area of patent litigation reform. This dialogue shares many of the characteristics of the dialogic dynamic that developed during the debates about the AIA. As described more fully in Part IV, Congress has proposed numerous legislative fixes to the “patent troll” problem.¹⁴¹ Judge Michel’s successor as Chief Judge of the Federal Circuit, Judge Rader has responded by suggesting that legislative changes are unnecessary. The renewed dialogue between the court and Congress suggests that judicial-legislative interaction may become a fixture of future patent policy debates.

B. Judicial Branch

The Supreme Court’s relationship with the Federal Circuit has been a subject of considerable interest for scholars.¹⁴² The Supreme Court occasionally reviews decisions of the Federal Circuit, and as with all other circuit courts, the Supreme Court has the final judicial say on “what the law is.”¹⁴³ John Golden has argued that the Supreme Court and Federal Circuit should engage each other more explicitly. Because the Federal Circuit is the only circuit that reviews patent cases, Golden argues that the Supreme Court should view its role as a “percolator” of patent law doctrines rather than as a “final law sayer.”¹⁴⁴ Golden’s work explicitly encourages a dialogic relationship—he urges the Supreme Court to “spur, rather than foreclose, subsequent legal development” from the Federal Circuit.¹⁴⁵

Golden’s percolation rationale for Supreme Court intervention in patent law has much to recommend it. However, the potential for percolative dialogue between the two courts extends beyond the

between the AIA as a form of congressional response to Federal Circuit precedent). An example of the Federal Circuit reacting to legislative proposals can be seen in *Ken Brooks v. Dunlap Manufacturing*, 702 F.3d 624, 629–30 (Fed. Cir. 2012). See Dennis Crouch, *Federal Circuit Rejects Due Process Challenge to AIA on False Marketing Retroactivity*, PATENTLY-O BLOG (Dec. 13, 2012), <http://patentlyo.com/patent/2012/12/federal-circuit-rejects-due-process-challenge-to-aia-on-false-marking-retroactivity.html> (describing how the Federal Circuit responded to congressional record of the AIA in *Ken Brooks*).

141. See *infra* Part IV.C.

142. See generally *supra* note 9 (describing the relationship of the Supreme Court and the Federal Circuit).

143. *Marbury v. Madison*, 5 U.S. 137, 177–78 (1803).

144. Golden, *supra* note 6, at 662.

145. *Id.*

Supreme Court reversing ossified Federal Circuit precedents, as Golden urges.¹⁴⁶ The Federal Circuit-Supreme Court dialogue can and does extend to precursors of Supreme Court review, such as grants of certiorari and calls for the views of the Solicitor General. The unique relationship between the Federal Circuit and the Supreme Court has led to a new, somewhat contentious form of dialogue between the two courts.

Because the Federal Circuit hears all appeals arising under the patent laws, the court is highly interested in the review of patent cases at the Supreme Court. The Federal Circuit's interest in Supreme Court review may exceed the other circuit courts' interest in such review. For example, when certiorari is granted for a case from a U.S. court of appeals, there is undoubtedly interest in the outcome of the case from the judges on the court being reviewed: no judge or court likes to be reversed and judges are likely to be particularly interested in the outcome of cases that they have decided. But because the numbered circuits have a diverse, generalized docket, a Supreme Court reversal of any individual doctrine is unlikely to have a major impact on the day-to-day decision making of that court as a whole. Indeed, the reviewed issue may seldom arise in the future.

Conversely, the judges on the Federal Circuit are keenly aware of the patent cases that are heard by the Supreme Court. This keen interest results not only because Federal Circuit judges, like other judges, are personally invested in the Supreme Court's review of their decisions, but also because doctrinal changes at the Supreme Court interrupt the everyday work of deciding patent cases at the Federal Circuit. Because nearly half of the Federal Circuit's cases are patent cases,¹⁴⁷ reversals by the Supreme Court greatly impact the daily process of judging on the Federal Circuit.

1. Judicial Dialogue: Grants and Denials of Certiorari

The Federal Circuit is sufficiently interested in Supreme Court review of its cases that, at times, the court has attempted to influence the Supreme Court's opinion in patent cases which have been granted certiorari. For example, before oral argument at the Supreme Court, the Federal Circuit has attempted to update or clarify its caselaw in an attempt to preempt reversals at the high Court. The court's recent attempt to preempt Supreme Court changes to nonobviousness law

146. *Id.* (arguing that the Supreme Court should limit its review of Federal Circuit patent cases to those in which the Federal Circuit precedent has "frozen legal doctrine").

147. See *supra* note 24.

provides a good example of this practice. Prior to 2005, the Federal Circuit had created a rather formalistic test for determining whether an invention was nonobvious: the court required evidence that the prior art taught, suggested, or provided a motivation for combining two previously known references.¹⁴⁸ The test was widely criticized as overly rigid.¹⁴⁹ The strict test forced the PTO to grant thousands of patents that would likely have been obvious to a person of ordinary skill.¹⁵⁰ In 2005, the Supreme Court decided to review that controversial standard, granting certiorari in *KSR International Co. v. Teleflex Inc.*¹⁵¹ *KSR* was a non-precedential Federal Circuit decision holding that a patent on a computerized automobile pedal was nonobvious and therefore patentable because there was no “teaching, suggestion, or motivation” to combine prior art references of vehicle control pedals and electronic throttle controls.¹⁵²

After the grant of certiorari, but before oral arguments at the Supreme Court,¹⁵³ the Federal Circuit issued two key opinions on nonobviousness. Both cases characterized the teaching-suggestion-motivation test as a flexible one.¹⁵⁴ In *Dystar Textilfarben GMBH & Co Deutschland KG v. C.H. Patrick Co.*,¹⁵⁵ the court attempted to soften the rigidity of its test by emphasizing that the test “requires

148. See, e.g., *Winner Int'l Royalty Corp. v. Wang*, 202 F.3d 1340, 1348 (Fed. Cir. 2000) (“When an obviousness determination is based on multiple prior art references, there must be a showing of some ‘teaching, suggestion, or reason’ to combine the references.” (quoting *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573, 1579 (Fed. Cir. 1997))).

149. See, e.g., Rebecca S. Eisenberg, *Obvious to Whom? Evaluating Inventions from the Perspective of PHOSITA*, 19 BERKELEY TECH. L.J. 885, 890 (2004) (“The Federal Circuit has deployed judicial review in ways that make it harder to establish nonobviousness . . . [which] has permitted the issuance of patents on routine advances within easy reach of technological practitioners of ordinary skill.”).

150. *Id.* at 890–91; see also Daralyn J. Durie & Mark A. Lemley, *A Realistic Approach to the Obviousness of Inventions*, 50 WM. & MARY L. REV. 989, 992–99 (2008) (describing the state of obviousness jurisprudence before *KSR*).

151. 126 S. Ct. 2965–66 (2006) (mem.).

152. See generally *Teleflex, Inc., v. KSR Int'l Co.*, 119 F. App'x 282 (Fed. Cir. 2005) (applying the existing obviousness standard to an adjustable pedal assembly).

153. *KSR Int'l Co. v. Teleflex, Inc.*, 550 U.S. 398 (2007).

154. *Dystar Textilfarben GMBH & Co Deutschland KG v. C.H. Patrick Co.*, 464 F.3d 1356, 1367 (Fed. Cir. 2006) (“Our suggestion test is in actuality quite flexible and not only permits, but *requires*, consideration of common knowledge and common sense.” (emphasis in original)); *Alza Corp. v. Mylan Labs., Inc.*, 464 F.3d 1286, 1291 (Fed. Cir. 2006) (“There is flexibility in our obviousness jurisprudence because a motivation may be found *implicitly* in the prior art. We do not have a rigid test that requires an actual teaching to combine . . .”).

155. 464 F.3d 1356 (Fed. Cir. 2006).

consideration of common knowledge and common sense.”¹⁵⁶ In *Alza Corp. v. Mylan Labs, Inc.*,¹⁵⁷ the court suggested (for the first time) that the motivation to combine could be found “implicitly in the prior art.”¹⁵⁸ Both opinions read as pleas to the Supreme Court to leave the court’s jurisprudence untouched.¹⁵⁹ The Justices were quite aware of the Federal Circuit’s attempts to influence the Supreme Court’s *KSR* decision. As Justice Scalia noted during oral arguments, “in the last year or so, after we granted cert in this case, after these decades of thinking about [nonobviousness], [the Federal Circuit] suddenly decides to polish it up.”¹⁶⁰

Grants of certiorari have spurred the Federal Circuit to action in other doctrinal areas as well. In *Laboratory Corp. of America Holdings v. Metabolite Labs, Inc.*,¹⁶¹ for example, the Supreme Court granted certiorari to review whether a patent on a method of diagnosing a vitamin deficiency was directed to patent-eligible subject matter.¹⁶² After reversing the grant of certiorari as “improvidently granted,”¹⁶³ Justice Breyer penned a dissent to the denial of certiorari in which he was joined by two other Justices. Breyer felt that the Court should have heard the case and found the patent covered ineligible subject matter.¹⁶⁴ In support of his position, he referenced the dialogue that occurs between the Court and the Federal Circuit:

[A] decision from this generalist 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].”¹⁶⁵

The Federal Circuit took the Court at its word regarding the value of policy input from specialist courts. After *LabCorp*, the

156. *Id.* at 1367.

157. 464 F.3d 1286 (Fed. Cir. 2006).

158. *Id.* at 1291.

159. *Id.*

160. Transcript of Oral Argument at 53, *KSR Int’l*, 550 U.S. 398 (2007) (No. 04-1350); see also *id.* (transcribing Justice Breyer’s comment that the Federal Circuit “so quickly modified itself” after certiorari was granted, despite having decades in which it could have elaborated on the doctrine).

161. 546 U.S. 999 (2005) (order granting certiorari).

162. *Id.*; see also *Lab. Corp. of Am. Holdings v. Metabolite Labs., Inc.*, 548 U.S. 124, 125 (2006).

163. *Lab. Corp.*, 548 U.S. at 126 (Breyer, J., dissenting).

164. See *id.*

165. *Id.* at 138 (quoting *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989)).

Federal Circuit began experimenting with its subject matter eligibility jurisprudence,¹⁶⁶ culminating in an en banc decision in *In re Bilski*¹⁶⁷ that fundamentally altered the scope of patent-eligible subject matter.¹⁶⁸ The Supreme Court responded to this new suggestion from the Federal Circuit by affirming the court's holding in *Bilski* that the patent was directed to non-eligible subject matter, while rejecting the Federal Circuit's test for subject matter eligibility.¹⁶⁹ Dialogue between the two courts centering on patent-eligible subject matter has continued since *Bilski*. Since that decision in 2010, the Supreme Court has issued two more decisions that reconfigured the subject-matter inquiry¹⁷⁰ and will hear a third case on the topic in 2014.¹⁷¹

2. Judicial Dialogue: Call for the View of the Solicitor General

The Supreme Court possesses another means of catalyzing doctrinal updates from the Federal Circuit. Before deciding to grant certiorari in a particular patent case, the Supreme Court regularly requests the U.S. Solicitor General to submit an amicus brief expressing the views of the United States.¹⁷² This practice, known as Call for the Views of the Solicitor General ("CVSG"), is often used by the Supreme Court as a vehicle for deciding whether or not to grant certiorari. Indeed, the Solicitor General has a solid track record of identifying which patent issues the Supreme Court will hear.¹⁷³ The Federal Circuit, like other observers of the patent system, certainly recognizes that a CVSG order from the Court signals an issue that is potentially ripe for doctrinal review. Thus, simply by soliciting the views of the Solicitor General (regardless of what those views are),

166. See *In re Nuijten*, 500 F.3d 1346, 1357 (Fed. Cir. 2007) (holding that a "transitory, propagating signal . . . cannot be patentable subject matter"); *In re Comiskey*, 499 F.3d 1365, 1377 (Fed. Cir. 2007) (holding that "mental processes—or processes of human thinking—standing alone are not patentable even if they have practical application").

167. 545 F.3d 943 (Fed. Cir. 2008) (en banc).

168. *Id.* at 959 (holding that the "useful, concrete and tangible result" test "is insufficient to determine whether a claim is patent-eligible"); cf. *id.* at 965 n.27 (indicating that the claim at issue in *Lab. Corp.* was similar to other claims that covered unpatentable subject matter).

169. *Bilski v. Kappos*, 130 S. Ct. 3218, 3231 (2010).

170. See *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2120 (2013); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1304 (2012).

171. See *Alice Corp. Pty. v. CLS Bank Int'l.*, 717 F.3d 1269 (Fed. Cir.), *cert. granted*, 134 S. Ct. 734 (2013) (No. 13-298).

172. See *Duffy*, *supra* note 4, at 525 (explaining that these requests have been an accepted part of Supreme Court practice for about a half century).

173. See *id.* at 535–36 (stating that the petitions filed by the Solicitor General typically enjoy a high likelihood of being granted by the Supreme Court).

the Supreme Court sends a signal to the Federal Circuit that a potential area may be in need of doctrinal reform.

As an example, consider the recent case of *Retractable Technologies v. Becton, Dickinson & Co.*¹⁷⁴—a dispute over the construction of patent claims. Retractable Technologies submitted a petition for a writ of certiorari to the Supreme Court.¹⁷⁵ Upon receiving the petition, the Court invited the U.S. Solicitor General to weigh in on its merits.¹⁷⁶ In his brief for the United States as amicus curiae—which opposed the writ of certiorari¹⁷⁷—the Solicitor General articulated the two questions presented in the *Retractable Technologies* case as follows:

1. Whether a court, in construing a disputed term in a patent claim, may draw inferences from the patentee's use of the same term elsewhere in the patent's specification.
2. Whether, in reviewing a district court's interpretation of a patent claim, the court of appeals should give deference to the district court's resolution of subsidiary factual questions.¹⁷⁸

The second question in particular—the proper standard of review for claim construction appeals—raised issues that have been disputed both inside and outside the Federal Circuit for years.¹⁷⁹ Notwithstanding internal dissent over the issue and a questionable precedential pedigree, the Federal Circuit had not reviewed the appropriateness of its de novo review standard since its en banc decision in *Phillips v. AWH Corp.* in 2005.¹⁸⁰

In his amicus brief to the Court, the Solicitor General concluded that *Retractable Technologies* was not a proper vehicle with which to review the standard of review for claim construction cases.¹⁸¹ The Supreme Court, as it often does, sided with the Solicitor General and

174. 653 F.3d 1296 (Fed. Cir. 2011), *cert. denied*, 133 S. Ct. 833 (2013).

175. Petition for Writ of Certiorari, *Retractable Techs., Inc. v. Becton, Dickinson & Co.*, 133 S. Ct. 833 (2013) (No. 11-1154), 2013 WL 57105.

176. See Brief for the United States as Amicus Curiae at *1, *Retractable Techs.*, 133 S. Ct. 833 (No. 11-1154), 2012 WL 5940288.

177. *Id.*

178. *Id.*

179. See Anderson & Menell, *supra* note 129, at 6 (arguing that while the Federal Circuit continues to adhere to de novo standard of review for claim construction rulings, data indicate a newfound era of “informal deference” on the court).

180. See *id.* at 30–32 (discussing *Phillips v. AWH Corp.*, 415 F.3d 1303, 1317 (Fed. Cir. 2005)).

181. See Brief for the United States as Amicus Curiae, *supra* note 176, at *17.

declined to hear the case.¹⁸² However, although the Solicitor General advised against granting certiorari, he did suggest that the standard of appellate review for claim construction (de novo) was an issue that was ripe for review by the Court.¹⁸³ Indeed, the Solicitor General stated that the de novo review standard “is of substantial and ongoing importance in patent law.”¹⁸⁴

Less than five months after the Solicitor General’s amicus brief in the *Retractable Technologies* case, the Federal Circuit granted en banc review of the precise issue that the Solicitor General had identified as being of substantial importance—the standard of review for claim construction appeals. The Federal Circuit heard the case *Lighting Ballast Control LLC v. Phillips Electronics North America Corp.*¹⁸⁵ in September 2013,¹⁸⁶ and affirmed the appropriateness of de novo review in a 6–4 decision five months later.¹⁸⁷ Before an appeal of *Lighting Ballast* could reach the Supreme Court, the Court granted certiorari in another case challenging the de novo standard for claim construction appeals.¹⁸⁸

It seems no coincidence that the Solicitor General’s comments closely preceded action from the Federal Circuit. Using CVSG to foster dialogue between the courts allows the Supreme Court to invite the executive branch to weigh in on troublesome issues of patent law and policy. While this form of executive branch participation in patent dialogue is limited to a particular litigation topic and at the behest of the judicial branch, it represents a unique opportunity for the executive branch to influence the doctrine of the Federal Circuit.¹⁸⁹

182. Petition for Writ of Certiorari, *supra* note 175, at *1 (denying Retractable Technologies’s petition for certiorari on Jan. 7, 2013). For more on the Solicitor General’s track record in patent cases, see Duffy, *supra* note 4, at 549–50.

183. See Brief for the United States as Amicus Curiae, *supra* note 176, at *7.

184. See *id.*

185. 500 F. App’x 951 (Fed. Cir. 2013).

186. *Id.* For commentary on the case, see Greg Reilly, *Improvvidently Granted: Why the En Banc Federal Circuit Chose the Wrong Claim Construction Issue*, 80 U. CHI. L. REV. DIALOGUE 43, 44 (2013), https://lawreview.uchicago.edu/sites/lawreview.uchicago.edu/files/uploads/Dialogue/Reilly_Online_Final.pdf

187. *Lighting Ballast Control, LLC v. Philips Elecs. N. Am. Corp.* (No. 2012-1014), 2014WL667499, at *1 (Fed. Cir. Feb. 21, 2014) (en banc).

188. *Teva Farms USA, Inc. v. Sandoz, Inc.* (No. 13-845), 2014WL199529 (U.S. Mar. 31, 2014) (certiorari granted).

189. See Duffy, *supra* note 4, at 537.

3. Judicial Dialogue: Summary

Even though the Federal Circuit is, by some measures, the most reversed circuit court in the United States,¹⁹⁰ the court still enjoys a dialogic relationship with the Supreme Court. The most recognizable form of judicial dialogue in patent law occurs through case law, with the Supreme Court regularly reversing the Federal Circuit, but issuing broad, policy-like opinions that require the Federal Circuit to doctrinally innovate.¹⁹¹ The Supreme Court has means beyond reversals by which to signal its reform agenda to the Federal Circuit, however. The Federal Circuit has shown itself to be quick to react to both grants of certiorari and calls for the views of the Solicitor General.

III. THE FEDERAL CIRCUIT'S ABILITY TO RESPOND TO REFORM SIGNALS

Having examined dialogic relationships between the Supreme Court, Congress, and the Federal Circuit, this Part will provide a taxonomy of the various ways in which the Federal Circuit responds to policy reform signals. The court responds in three primary ways: by reviewing its case law, by instructing the institutions over which it has primacy, and through direct advocacy or lobbying.

A. *Judicial Review*

The most familiar tool in the Federal Circuit's dialogic toolkit is the court's power of judicial review. The court uses its power of judicial review to respond to signals from Congress or the Supreme Court in an attempt to ameliorate the problematic doctrinal area identified by Congress or the Supreme Court. Because of the Federal Circuit's extensive patent docket, it can usually respond to such signals in the process of adjudicating its non-discretionary docket—those appeals that appear on the court's monthly calendar. At times, however, the court must use its discretionary powers in order to respond to particular issues in a timely manner. Those issues must be

190. See John Summers & Michael Newman, *The "Full" Method of Measuring the Court's Review of Decisions by the Courts of Appeals: October Term 2011*, SCOTUSBLOG (Oct. 23, 2012, 10:59 AM), <http://www.scotusblog.com/2012/10/the-full-method-of-measuring-the-courts-review-of-decisions-by-the-courts-of-appeals-october-term-2011/#sthash.QFIj6BcD.dpuf>.

191. See discussion *supra* Part II.B.1 (highlighting the dialogue between the Supreme Court and the Federal Circuit over 35 U.S.C. § 101 patentable subject matter through a series of Supreme Court reversals).

handled through the discretionary review process because they infrequently or never arise in the court's non-discretionary docket. This Part will analyze the court's use of both non-discretionary and discretionary judicial review in turn.

1. Non-Discretionary Review

Because of the centralized nature of appellate patent law, the Federal Circuit's patent docket permits it to review most patent law doctrines on a regular basis. The court hears over 600 patent cases annually, thus it has numerous opportunities each year to revisit its case law for any given patent doctrine.¹⁹² For instance, the court hears around 100 appeals of district court claim construction rulings every year.¹⁹³ If Congress or the Supreme Court signals that claim construction is an area in need of updating, the court will have the opportunity to update the law within a relatively short period of time.

An important example of the court using its docket to respond to policy signals occurred between 2007 and 2009, while Congress was contemplating various reforms to the patent damage statute. In 2009, at the height of congressional debate about the shape of patent damage reform, a three-judge panel heard *Lucent Technologies, Inc. v. Gateway, Inc.*¹⁹⁴ The district court found that Microsoft's Office software, in particular the "date-picker" function in Office, infringed Lucent's patents.¹⁹⁵ A jury awarded Lucent \$350 million in damages, apparently based on an eight percent royalty of all sales of Office, even though the patent covered only a minor aspect of the software's functionality.¹⁹⁶ On appeal, the patent bar anticipated a potentially landmark damages decision, especially regarding the controversial "entire market value" ("EMV") rule. Under the EMV rule, damages are calculated as a percentage of the value of the entire product.¹⁹⁷ The case attracted interest beyond the patent bar, as well. Senator Arlen Specter felt that the case was of such potential importance that he sent a letter to his colleagues urging delay on debate over the damage reform provision until after oral argument in the case.¹⁹⁸

192. See *supra* note 25.

193. See Anderson & Menell, *supra* note 129, at 35.

194. 580 F.3d 1301 (Fed. Cir. 2009).

195. *Id.* at 1320.

196. *Id.* at 1336.

197. For more on EMV, see generally Mark A. Lemley, *Distinguishing Lost Profits from Reasonable Royalties*, 51 WM. & MARY L. REV. 655 (2009) (suggesting that the EMV rule should have little role in reasonable royalty law).

198. See *supra* note 109.

On appeal, the Federal Circuit reversed the damage award and remanded to the district court for a new trial on damages.¹⁹⁹ The Federal Circuit's opinion in *Lucent* clarified and addressed both damages issues percolating in Congress at the time: the method of calculating royalties and the appropriateness of using the EMV rule.²⁰⁰ Although the court did not eliminate the use of the EMV rule for reasonable royalties, it did require greater evidence of economic damages than the court had required in the past.²⁰¹

The court continued to address damages jurisprudence throughout 2009, clarifying the law in a way that had not occurred in the previous twenty-seven years of the court's existence.²⁰² The court's shift towards a more aggressive supervisory role in damages jurisprudence suggests a court newly energized in an area of law that had been largely untended prior to Congress's reform signals.²⁰³ The emergent case law appears to have placated Congress, as Congress chose to remove damages from the final version of the AIA, despite renewed criticism of the court's new line of cases.²⁰⁴

The court's interest in addressing issues identified by the Supreme Court or Congress is also evident in its outreach to the patent bar. Members of the court have asked the bar to appeal certain types of cases in order to reform the law. Chief Judge Michel urged litigants to make better use of the en banc process in order to allow his court, rather than the Supreme Court, to reform the law.²⁰⁵ This form of litigant contact reveals a court interested in convincing Congress that courts (both district and appellate) are capable of making the necessary changes to the law of patent damages to satisfy the policy goals of the patent system.²⁰⁶

199. See *Lucent*, 580 F.3d at 1340.

200. *Id.* at 1324.

201. See generally Lemley, *supra* note 197 (arguing for a severely limited role for EMV).

202. See Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, *supra* note 9, at 12 (noting that the Federal Circuit has "tended to hide behind the skirts of the district courts" on damages).

203. See *supra* notes 113–16.

204. See Anderson, *supra* note 16 (manuscript at 37). See generally Dmitry Karshtedt, *Formalism and Pragmatism in the Analysis of Damages for Indirect Patent Infringement*, 91 WASH. U. L. REV. (forthcoming 2014) (critiquing the new damage cases).

205. See *supra* notes 135–38 and accompanying text.

206. See *infra* Part III.C.

2. Discretionary Review

The Federal Circuit's docket typically provides ample opportunity for the court to change the law in a manner consistent with the signals that the court receives from other institutions. At times, however, the court must exercise its power of discretionary review in order to reach certain topic areas. For example, in 2008, the court embarked on a novel method of improving the patent venue rules.

From its inception in 1982 until 2008, the Federal Circuit had never granted a writ of mandamus to overturn a transfer of venue decision.²⁰⁷ That changed in December 2008, when the court granted mandamus review in *In re TS Tech USA Corp.*²⁰⁸ Not coincidentally, Congress was, at that time, considering altering the patent venue statute (an alteration that Chief Judge Michel publicly opposed).²⁰⁹ In *TS Tech*, the Federal Circuit issued an order granting transfer of venue and established a new standard for transfer motions of patent cases.²¹⁰ The Federal Circuit held that the district court had given "inordinate weight" to plaintiffs' venue choice, ignored the inconvenience to non-parties, and improperly analyzed the access to sources of proof.²¹¹

In the years following *TS Tech*, the Federal Circuit took a much more active role in policing denials of motions to transfer: between 2008 and 2012, the court granted writs to overturn denials of motions to transfer in eleven cases.²¹² Over this time, the court's newfound attention to policing motions to transfer venue convinced Congress that the venue reforms contemplated by Congress were unnecessary.²¹³ As in other areas, the Federal Circuit's response to

207. See Paul Gugliuzza, *The New Federal Circuit Mandamus*, 45 IND. L. REV. 343, 346 (2012).

208. *In re TS Tech USA Corp.*, 551 F.3d 1315, 1322–23 (Fed. Cir. 2008).

209. Hon. Paul R. Michel, Address at the Winter Meeting of the Association of Corporate Patent Counsel 12 (Jan. 28, 2008) (transcript available at URL), http://www.patentdocs.typepad.com/patent_docs/files/address_by_chief_judge_michel.pdf (refusing to discuss venue because there is too much he has to say on the topic).

210. *TS Tech*, 551 F.3d at 1323.

211. *Id.* at 1320.

212. Ten of those eleven cases have come from the Eastern District of Texas. See Gugliuzza, *supra* note 207, at 346; Elizabeth P. Offen-Brown, *Forum Shopping and Venue Transfer in Patent Cases: Marshall's Response to TS Tech and Genentech*, 25 BERKELEY TECH. L.J. 61, 69 (2010).

213. Congress did alter the joinder rules of patent cases in the AIA. The new joinder provisions are seen by many as a substitute for the removed venue provisions of previous versions of the AIA. See David O. Taylor, *Patent Misjoinder*, 88 NYU L. REV. 652, 654 (2013) ("In enacting this new statutory section, Congress and the President took a

congressional signals resulted in removal of the venue provisions from the AIA.²¹⁴

The court has also begun to expand its use of en banc review in order to respond to policy signals.²¹⁵ After the passage of the AIA, the court used its en banc power to resolve an issue that meandered in and out of legislative patent reform proposals: inequitable conduct.²¹⁶ In 2010, the court announced that it had granted en banc review of a case concerning the doctrine of inequitable conduct, a troubled doctrinal area that had been languishing in uncertainty for over a decade.²¹⁷ While the case, *Therasense v. Becton, Dickinson and Co.*,²¹⁸ was decided after the AIA was signed into law, the announcement that the Federal Circuit was taking the issue en banc likely led Congress to remove the issue from the legislation in the first place.²¹⁹

B. The Court's Teaching Function

The Federal Circuit directly reviews the decisions of a host of institutions involved in some way with patent law: the PTO, the International Trade Commission, the U.S. District Courts, and the Court of Claims.²²⁰ One way that the court can respond to policy signals from Congress and the Supreme Court is by instructing these institutions regarding procedure or doctrine. This instruction has two policy-making impacts: first, it tees up issues for the Federal Circuit so that the court can address congressional concerns; second, it acts as a response in itself by demonstrating to Congress or the Supreme Court that proper instruction—not legal change—is all that is required to achieve the policy aims of the patent statute.

During the debate surrounding damages reform, the court instructed district courts on the means of damage calculations and the

significant step toward correcting a perceived problem plaguing patent infringement litigation—so-called ‘patent trolls’ joining numerous unrelated accused infringers in inconvenient venues.”).

214. See Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified at 35 U.S.C. §§ 102, 282 (2012)).

215. See Duffy, *supra* note 9, at 300–01 (explaining the benefits of en banc review by the Federal Circuit); Golden, *supra* note 6, at 717–18 (urging the Federal Circuit to increase en banc review).

216. See *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1285 (Fed. Cir. 2011) (en banc).

217. See John M. Golden, *Patent Law's Falstaff: Inequitable Conduct, the Federal Circuit, and Therasense*, 7 WASH. J.L. TECH. & ARTS 353, 376 (2012).

218. 649 F.3d 1276 (Fed. Cir. 2011) (en banc).

219. *Id.* at 1294.

220. See 28 U.S.C. § 1295 (2012).

requisite proof to support damages awards by issuing opinions detailing the evidentiary burden associated with proving damage awards in reasonable royalty cases.²²¹ As described above, the court performed this function through the traditional means of written opinions as well as through the more unconventional means of directives and instructions to practitioners.²²²

Additionally, the court has instructed district courts on policy and doctrine by having a Federal Circuit judge sit as a district court judge by designation. In March 2009, the Federal Circuit's Judge Rader presided over a patent trial (sitting by designation) in the Northern District of New York.²²³ In *Cornell University v. Hewlett-Packard Co.*,²²⁴ a jury awarded \$184 million in damages for Hewlett-Packard's infringement of Cornell's patent covering computer processing technology.²²⁵ Cornell's damage calculation was based on a percentage of the total market value of Hewlett-Packard's "CPU bricks" (over twenty-three billion dollars), even though the patented invention was only a small component of the brick.²²⁶ Judge Rader took issue with Cornell's application of the EMV rule.²²⁷ While conceding that the EMV rule could apply to a situation in which the royalty base is broader than the invention, Judge Rader stated that the EMV rule applied "only upon proof that damages on the unpatented components or technology is necessary to fully compensate for infringement of the patented invention."²²⁸ Thus, Judge Rader emphasized the high evidentiary standard that such a rule required. He granted the motion for judgment as a matter of law and reduced the damage award from \$184 million to \$53 million.²²⁹

Although the *Cornell* case was not binding on district judges around the country, as a sitting Federal Circuit Judge (and soon to be Chief Judge²³⁰), Judge Rader's decision carried significant persuasive

221. See *supra* Part II.A.1.

222. See *supra* Part I.B.1.

223. See *Cornell Univ. v. Hewlett-Packard Co.*, 609 F. Supp. 2d 279, 282 (N.D.N.Y. 2009).

224. 609 F. Supp. 2d 279 (N.D.N.Y. 2009).

225. *Id.* at 282.

226. *Id.* at 283.

227. *Id.* at 284.

228. *Id.* at 285.

229. *Id.* at 293.

230. Judge Rader was sworn in as Chief Judge on May 31, 2010, after former Chief Judge Michel announced his retirement in November 2009. See *Federal Circuit Chief Judge Paul Michel Announces That He is Leaving the Bench*, PATENTLY-O BLOG (Nov. 21, 2009), <http://www.patentlyo.com/patent/2009/11/federal-circuit-chief-judge-paul-michel-announces-that-he-is-leaving-the-bench.html>.

value. Practitioners noted that the case signaled a Federal Circuit suddenly more willing to entertain arguments about incongruous damage awards.²³¹ Indeed, many saw *Cornell* as evidence that the Federal Circuit, and not Congress, was the proper venue to restructure damages law.²³² A news story about the case announced that “The Courts Beat Congress to Patent Reform (Again).”²³³

A year after sitting by designation in New York, Judge Rader presided over another patent case, this time in the Eastern District of Texas.²³⁴ On March 10, 2010, he authored an opinion outlining the evidentiary standards for patent damage judgments.²³⁵ Again highlighting the role of the district court as gatekeeper, Judge Rader first rejected the patent holder’s request to use the EMV rule to calculate damages, then threw out testimony of the plaintiff’s damages expert regarding a reasonable royalty because he had failed to “show a sound economic connection between the claimed invention and this broad proffered royalty base.”²³⁶

As Chief Judge of the Federal Circuit, Judge Rader has continued to instruct district courts regarding patent case management. Recently, as a number of congressional proposals have been put forward that would implement fee shifting in patent cases,

231. See, e.g., Michael J. Kasdan & Joseph Casino, *Federal Courts Closely Scrutinizing and Slashing Patent Damage Awards*, 2010 PATENTLY-O PATENT L.J. 24, 35, available at www.patentlyo.com/files/kasdan.casino.damages.pdf (concluding that *Cornell* and progeny “indicate an emerging trend to more carefully scrutinize the evidentiary and economic basis of” patent damage awards); James R. Kyper & Roberto Capriotti, *District Court Tightens Requirements for Applying Entire Market Value Rule in Cornell’s Patent Infringement Damages Case Against Hewlett-Packard*, K&L GATES, *IP Litigation Alert* (April 2009), at 3, available at http://www.klgates.com/files/tempFiles/38fd509b-0f07-42bd-a0e0-6678a83d036a/Alert_IP_Cornell_041509.pdf (“The decision is noteworthy because it was made by Judge Rader, who normally sits on the Court of Appeals for the Federal Circuit. Therefore, the decision may suggest a more limited application of the EMV Rule that may find other allies at the Federal Circuit.”).

232. See, e.g., Latham & Watkins Litigation Department, *Client Alert No. 970: The Law of Patent Damages: Who Will Have the Final Say?* (Dec. 22, 2009), http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=4&ved=0CFAQFjAD&url=http%3A%2F%2Fwww.lw.com%2FthoughtLeadership%2Fflaw-of-patent-damages-lucent-damages-case&ei=vh4yUZKbJMrn0gHy9oHACQ&usg=AFQjCNHPP7JSIF_4cVPL8OkusWU2WR43A&bvm=bv.43148975,d.dmQ&cad=rja (arguing that the *Cornell* decision “support[s] the argument that courts are fully equipped to police patent damages awards without legislative intervention”).

233. Bernard Chao, *The Courts Beat Congress to Patent Reform (Again)*, LAW360 (Aug. 31, 2009), <http://www.law360.com/articles/114040>.

234. *IP Innovation L.L.C. v. Red Hat, Inc.*, 705 F. Supp. 2d 687 (E.D. Tex. 2010).

235. *Id.* at 691.

236. *Id.* at 689.

he co-wrote an op-ed in the *New York Times* supporting the idea of fee shifting, but arguing that district court judges already possess the requisite power to award fees in appropriate cases.²³⁷ In the op-ed, Chief Judge Rader and his co-authors identify a number of attributes of “abusive litigation” and implore judges to use section 285 of the Patent Act and Rule 11 of the Federal Rules of Civil Procedure to monitor abusive litigation techniques and to punish the offenders accordingly.²³⁸ He concludes by “urg[ing]” judges to use their powers to monitor litigation.²³⁹ Judge Rader’s strategy—instructing district court judges regarding the scope of their powers—mirrors the Federal Circuit’s approach to congressional dialogue during the passage of the AIA.²⁴⁰

C. Direct Advocacy

Perhaps the most controversial ways in which the Federal Circuit responds to policy signals from the Supreme Court and Congress is through direct advocacy and lobbying. With patent reform bills pending in both the House and Senate, Chief Judge Michel sent letters directly to the Senate Judiciary Committee arguing against particular elements in the legislation.²⁴¹ In particular, he opposed any statutory update to damages jurisprudence and any change to the standards of interlocutory review of claim construction appeals.²⁴²

Moreover, he gave speeches to practicing attorneys in which he suggested that the proposed changes to damages and claim construction would adversely impact the work of the courts.²⁴³ Further, he wrote various op-eds suggesting that Congress need not interfere in areas of patent litigation.²⁴⁴ Such direct lobbying of Congress from a sitting judge is rare.²⁴⁵ The directness with which

237. Randall R. Rader, Colleen V. Chien & David Hricik, Op-Ed., *Make Patent Trolls Pay in Court*, N.Y. TIMES (June 4, 2013), <http://www.nytimes.com/2013/06/05/opinion/make-patent-trolls-pay-in-court.html>.

238. *Id.*

239. *Id.*

240. *See supra* Part II.A.1.

241. *See supra* note 119 and accompanying text.

242. *See supra* note 119 and accompanying text.

243. *See supra* notes 135–37 and accompanying text.

244. *See, e.g.*, Kristina Peterson, *Q&A: Judge Michel on Patent Law*, WALL ST. J. (Nov. 27, 2009, 12:57 PM), <http://blogs.wsj.com/washwire/2009/11/27/qa-judge-michel-on-patent-law/> (arguing that “the management of ongoing litigation [including damages is] inherently judicial” in nature).

245. Exceptions do exist. For example, “judges have banded together to encourage Congress to increase [judicial] salaries.” Michael J. Frank, *Judge Not, Lest Yee Be Judged*

Judge Michel addressed congressional proposals suggests a court that views itself as uniquely situated to supervise the state of patent law.

It is difficult, of course, to discern how much of the lobbying effort that occurred during the patent reform process reflects the views of the Federal Circuit judges as a unit and how much of the effort was the Chief Judge acting alone. It might be the case that Judge Michel's interest in patent reform was personal and should not be imputed to the court. Judge Michel is, after all, former chief counsel for Senator Specter, one of the principal players behind the AIA.²⁴⁶ Thus, he is undoubtedly well versed in, cognizant of, and interested in the legislative process.²⁴⁷ Indeed, he left the court before his term as Chief Judge ended in order to "speak freely on all aspects of patent reform."²⁴⁸ Judge Michel lamented that his position on the bench required him to limit his advocacy to "the potential impact of

Unworthy of a Pay Raise: An Examination of the Federal Judicial Salary "Crisis," 87 MARQ. L. REV. 55, 55 (2003).

246. Chief Judge Michel served as Senator Specter's chief counsel from 1981 until his appointment to the bench in 1988. Univ. of Va. Sch. of Law, *The View from the Bench: A Conversation with Paul Michel '66, Retired Chief Judge of the U.S. Court of Appeals for the Federal Circuit*, UVA LAWYER (Fall 2012), <http://www.law.virginia.edu/html/alumni/uvalawyer/f12/michel.htm>.

247. Moreover, Michel's legislative experience is not unique among the judges of the court. Judges Rader and Prost also come from legislative backgrounds. Judge Rader served as legislative director of the House Ways and Means Committee before serving as counsel to the Senate Judiciary Committee from 1980–1988. *Randall R. Rader, Chief Judge*, U.S. CT. APPEALS FOR THE FED. CIRCUIT, <http://www.cafc.uscourts.gov/judges/randall-r-rader-chief-judge.html> (last visited Apr. 16, 2014). He has also served as counsel for the Subcommittee on Patents, Trademarks, and Copyrights. *Id.* Judge Prost served as Chief Counsel of the Senate Judiciary Committee immediately before her elevation to the bench. *Sharon Prost, Circuit Judge*, U.S. CT. APPEALS FOR THE FED. CIRCUIT, <http://www.cafc.uscourts.gov/judges/sharon-prost-circuit-judge.html> (last visited Apr. 16, 2014); see also Dreyfuss, *In Search of Institutional Identity: The Federal Circuit Comes of Age*, *supra* note 9, at 821 n.167 (discussing Judge Rader's past as a "former trial court judge[]"). Indeed, the Federal Circuit judges (who are required to live within 50 miles of Washington D.C., see 28 U.S.C. § 44(c) (2012)), often have some tie to Washington, either through politics or legal work. Professor Dreyfuss has surmised that the legislative background of some of the members of the court might lead the court to avoid impinging on legislative behavior. See Dreyfuss, *In Search of Institutional Identity: The Federal Circuit Comes of Age*, *supra* note 9, at 822 ("To these jurists, the idea of using their judicial position to improve the accuracy of the law may appear to inappropriately trench on the power of the legislature."). While that is certainly a reasonable conclusion (especially given the court's formal pronouncements against policy making), the court's recent activity, especially under the Chiefship of Judges Michel and Rader, suggests just the opposite might be the case.

248. Crossing the Finish Line on Patent Reform: What Can and Should be Done?, Hearing Before the Subcommittee on Intellectual Property, Competition and the Internet, 112th Cong. (2011) (statement of J. Paul R. Michel (Ret.)), available at <http://judiciary.house.gov/hearings/pdf/Michel02112011.pdf>.

proposed legislation on judicial administration and court operations.”²⁴⁹

However, as the Chief Judge of the court that hears all appeals arising under the patent statutes, Judge Michel’s public comments regarding patent policy tended to be viewed as emanating from the court.²⁵⁰ Furthermore, none of the judges on the court ever publicly contradicted or reprimanded the Chief Judge’s public comments, nor did any judge publicly question the propriety of the Chief Judge speaking out on patent reform. Given the extent of his public relations effort against patent reform (including repeatedly urging patent litigators and patent holders to lobby Congress to remove the damages and claim construction portions of the bill) and the lack of public dissent from other members of the court, it would seem that the court as a whole at least tacitly approved of the Chief Judge’s actions.

Additionally, the court created an “advisory group” that monitored patent reform and advised the court on impending legislative changes.²⁵¹ The precise role that this committee played at the court is unclear, but its existence and presence at the court suggests that the interest in patent reform extended beyond the Chief Judge’s chambers.

Nor has the court’s direct advocacy of higher levels of government ended with the retirement of Chief Judge Michel. The new Chief Judge, Rader, has directly questioned the Supreme Court’s interpretation of the patent statute. In January 2013, in a keynote address at the New York State Bar Association’s annual meeting, he derided the Supreme Court for its recent “activism” in patent law.²⁵² Chief Judge Rader declared:

The problem is that the Supreme Court is not putting the language of the [patent] statute in the proper context. . . . I see a significant threat to the future of IP law, and that threat comes

249. *Id.*

250. Gene Quinn, *An on the Record Interview with CAFC Judge Randall Rader*, IPWATCHDOG, INC. (Apr. 12, 2010, 4:09 PM), <http://www.ipwatchdog.com/2010/04/12/an-on-the-record-interview-with-cafc-judge-randall-rader/id=10115/> (recounting Judge Rader explaining that a Chief Judge “is often asked to speak for the Court and makes an effort to properly reflect the Court’s viewpoints on things”).

251. Judge Michel discussed the advisory group that “is advising on changes in the patent law and, particularly, given the current circumstances, the pending legislation in the Congress.” See Michel, *supra* note 209, at 3.

252. Ryan Davis, *Rader Calls Out High Court’s ‘Activism’ in IP Law*, LAW360 (Jan. 22, 2013, 8:11 PM), <http://www.law360.com/articles/408846/rader-calls-out-high-court-s-activism-in-ip-law>.

primarily from an incorrect desire to demand from the statute more than it is designed to accomplish.²⁵³

The new era of patent dialogue demonstrates a specialized Federal Circuit that considers itself a partner with Congress and the Supreme Court in setting patent law and policy. Indeed, Judge Rader's comments demonstrate a belief that the Federal Circuit should be the primary judicial actor in patent law.

IV. USING DIALOGUE TO LEVERAGE JUDICIAL EXPERTISE

This Article's focus on the Federal Circuit's dialogic relationship with Congress and the Supreme Court has various normative implications. First, it provides theorists interested in institutional patent dynamics with another avenue of investigation. Attention to dialogue involving the Federal Circuit provides a more complete understanding of how institutions interact in shaping patent policy. In particular, questions of comparative institutional analysis should take into account an institution's ability to influence policy decisions indirectly as well as directly.²⁵⁴ Discussions of whether policy decisions are best handled by Congress, the Supreme Court, or the Federal Circuit must therefore consider the ability for those institutions to engage policy makers in dialogue. The relative policy-making competence of a given institution may increase through dialogic interaction.

Appreciating the importance of dialogue can also prompt scholars to think normatively about when Congress and the Supreme Court should catalyze legal change through the Federal Circuit and when those institutions should simply change the law unilaterally. There is disagreement among scholars regarding the proper balance of policy making between the various institutions. Some scholars have argued for a limited congressional role in patent policy,²⁵⁵ others for limited Supreme Court intervention,²⁵⁶ and others still for a more

253. *Id.*

254. See NEIL K. KOMESAR, IMPERFECT ALTERNATIVES: CHOOSING INSTITUTIONS IN LAW, ECONOMICS, AND PUBLIC POLICY 3-4 (1994) (arguing for comparative institutional analysis in order to understand law and public policy); Arti K. Rai, *Engaging Facts and Policy: A Multi-Institutional Approach to Patent System Reform*, 103 COLUM. L. REV. 1035, 1039 (2003) ("[P]atent reform requires multi-institutional analysis . . . [which] must also be comparative in nature.").

255. See Burk, *supra* note 16, at 20, 22 (arguing for congressional intervention only for structural and administrative changes to the patent system); Nard, *supra* note 78, at 106-07 (arguing for a congressional role limited to procedural reform and correction legislation).

256. See Golden, *supra* note 6, at 709.

prominent role for the Supreme Court.²⁵⁷ This Article does not provide the answer to that debate, but does suggest that debates about institutional competence in policy making are incomplete without consideration of the potential for dialogue among policy makers. Furthermore, the iterative dialogic nature of patent policy making described in this Article holds out the promise for an improved process of crafting law. Harmonious dialogue between the Federal Circuit, Congress, and the Supreme Court could potentially leverage the benefits of specialization at the Federal Circuit while muting some of the drawbacks inherent in a specialized court. However, for dialogue to work, the Supreme Court and Congress must engage each other regarding policy decisions more substantively than that which currently occurs. This Part explores the normative implications of patent dialogue by drawing on the theory of specialized courts to demonstrate how a dialogic framework that includes the Federal Circuit can improve policy decisions amongst all of the branches.

A. *The Relationship Between Specialization and Quality*

In general, specialization brings advantages of output and efficiency—virtues that play a fundamental role in the organizational structure of corporations and governments.²⁵⁸ Similarly, in the judicial context, specialization is thought to increase quality and efficiency in decision making. Lawrence Baum calls the advantages of judicial specialization “neutral virtues”: promoting legal uniformity, increasing the quality of decision making, and increasing the efficiency with which cases are disposed.²⁵⁹

But an apparent inconsistency exists in the literature on specialization. Proponents of judicial specialization argue that increased exposure to a particular subject area, like patent law, will lead to judicial expertise.²⁶⁰ This expertise, it is thought, leads to higher quality decisions than a court of general jurisdiction would be expected to produce.²⁶¹ Thus, according to proponents of

257. See Janis, *supra* note 2, at 418–19 (proposing an increased “managerial model” for the Supreme Court).

258. See, e.g., Paul M. Romer, *Growth Based on Increasing Returns Due to Specialization*, 77 AM. ECON. REV. 56, 56 (1987) (“The idea that increasing returns and specialization are closely related is quite old.”).

259. BAUM, *supra* note 26, at 32–33.

260. *Id.*

261. See *id.* at 33; Harold H. Bruff, *Specialized Courts in Administrative Law*, 43 ADMIN. L. REV. 329, 330 (1991); David P. Currie & Frank I. Goodman, *Judicial Review of*

specialization, the Federal Circuit should, on the whole, make higher quality decisions than a non-specialized tribunal deciding patent cases.²⁶²

However, opponents of specialization argue the reverse: that specialization leads to lower quality decision making. According to specialization skeptics, judges who see only a small subset of cases are more likely to suffer from “tunnel vision.”²⁶³ Because specialized courts are not generalists, they will not be exposed to the full array of legal thought and therefore will (1) have fewer legal tools from which to craft doctrine and (2) aggrandize the importance of the doctrinal area which they oversee.²⁶⁴

This apparent inconsistency is not a minor point—debate about the Federal Circuit’s relative quality advantage is fundamental to contemporary debates about the structure of the patent system. Indeed, there are entire law review volumes devoted to this precise debate.²⁶⁵

The disagreement in the literature about the relationship between quality and specialization is, at its heart, a debate about the value of expertise versus the value of more broad-based knowledge. For specialization skeptics, the concern with low-quality decisions is a concern about centralization, or more precisely, a concern about the lack of generalization. Because generalization exposes courts to a wide range of doctrines, theories, and decisions, courts of general jurisdiction have a wider range of legal experience on which to draw when rendering decisions. A bankruptcy judge, for instance, is unlikely to be exposed to the types of legal arguments and theories prevalent in civil rights disputes. Failing to encounter those arguments and theories might lead to less efficient legal rules if bankruptcy law is in need of new doctrine.

Federal Administrative Action: Quest for the Optimum Forum, 75 COLUM. L. REV. 1, 67–68 (1975); Rochelle C. Dreyfuss, *Specialized Adjudication*, 1990 BYU L. REV. 377, 378–79.

262. See BAUM, *supra* note 26, at 33; Bruff, *supra* note 261, at 330; Currie & Goodman, *supra* note 261, at 67–68.

263. See COMM’N ON REVISION, *supra* note 88, at 234–35; Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, *supra* note 9, at 3; Ellen R. Jordan, *Should Litigants Have a Choice Between Specialized Courts and Courts of General Jurisdiction?*, 66 JUDICATURE 14, 14–17 (1982); Ellen R. Jordan, *Specialized Courts: A Choice?*, 76 NW. U. L. REV. 745, 766 (1981); Rai, *supra* note 11, at 880.

264. See *supra* note 263.

265. See generally Symposium, *The Federal Circuit as an Institution*, 43 LOY. L.A. L. REV. 749 (2010) (addressing the judiciary and patent law); Symposium, *The Federal Circuit: The National Appellate Court Celebration and Introspective Symposium*, 78 GEO. WASH. L. REV. 513 (2010) (addressing the Federal Circuit and patent reform).

Furthermore, generalization has the virtue of exposing judges to interrelationships among different legal areas. That same bankruptcy judge may not fully internalize how bankruptcy law interacts with patent law.²⁶⁶ This might lead that judge to unknowingly make decisions that further bankruptcy policy but are harmful to the patent system. General exposure to law, it is thought, guards against this sort of tunnel vision.²⁶⁷ For generalists, the cost of acquiring deep knowledge about a particular legal regime is not worth the cost of sacrificing breadth of knowledge about law in general.²⁶⁸

Proponents of specialization take issue with the cost-benefit analysis of generalists. For them, the deep knowledge of specialization is worth sacrificing broad-based understanding of a variety of legal fields.²⁶⁹ This deep knowledge is considered "expertise." The priority that specialization proponents grant to judicial expertise makes perfect sense in today's modern specialized world. Economists have shown the value of expertise that specialists possess; businesses have harnessed the insights; and governments have long been bastions of specialization. For proponents of specialization, the value of expertise outweighs whatever costs accrue from tunnel vision.

Of course, these tradeoffs are real. Specialized courts do, in fact, gain valuable experience with repetition. However, they are exposed to a narrower spectrum of legal thought. Thus, specialization can, somewhat paradoxically, lead to both better decision making and worse decision making at the same time: better decision making because specialized courts have a better understanding of the nuances of the particular area of law and how the various doctrines interact and worse decision making because the decisions become divorced from the broader legal landscape and lack legal innovations that spring from other areas.

As applied to the Federal Circuit, expertise has led to increased uniformity in the law. Rochelle Dreyfuss has noted that the Federal Circuit "experiment" created a legal regime that is "more uniform,

266. For a discussion of this precise issue, see Peter S. Menell, *Bankruptcy Treatment of Intellectual Property Assets: An Economic Analysis*, 22 BERKELEY TECH. L.J. 733, 735 (2007) (describing the significance of intellectual property law in bankruptcy).

267. See, e.g., Jordan, *Should Litigants Have a Choice Between Specialized Courts and Courts of General Jurisdiction?*, *supra* note 263, at 15, 17.

268. See *id.* at 15.

269. See BAUM, *supra* note 26, at 54.

easier to apply, and more responsive to national interests.”²⁷⁰ Those achievements are largely the result of centralization and the accompanying expertise gained through repetition. But the Federal Circuit also suffers from problems associated with a lack of generalized knowledge and experience: its jurisprudence is criticized as overly formalistic,²⁷¹ and the court shows little interest in understanding the larger policy implications of its rulings.²⁷² A dissenting faction of the Supreme Court has recently articulated a role in patent law in which it serves as a generalist check on the Federal Circuit’s focus on its own specialty.²⁷³ Indeed, recent Supreme Court decisions often reprimand the Federal Circuit for deviating from general principles of law and equity in crafting specialized rules for patent law.²⁷⁴ The tradeoff between expertise and tunnel vision is a consistent problem for specialized courts, but a problem that can be partially overcome through dialogue.

B. Using Patent Dialogue to Leverage Expertise

In patent law, the gap between specialized knowledge and broad knowledge of legal principles and policies can be bridged through dialogue. The dialogue described in this Article takes advantage of

270. Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, *supra* note 9, at 74; see also Robert W. Gomulkiewicz, *The Federal Circuit’s Licensing Law Jurisprudence: Its Nature and Influence*, 84 WASH. L. REV. 199, 202 (2009) (concluding that the Federal Circuit significantly influences intellectual property licensing law).

271. See, e.g., Timothy R. Holbrook, *The Supreme Court’s Complicity in Federal Circuit Formalism*, 20 SANTA CLARA COMPUTER & HIGH TECH. L.J. 1, 1 (2004); see also John R. Thomas, *Formalism at the Federal Circuit*, 52 AM. U. L. REV. 771, 774 (2003) (“In short, the Federal Circuit has embraced an increasingly formal jurisprudence.”).

272. Rochelle C. Dreyfuss, *In Search of Institutional Identity: The Federal Circuit Comes of Age*, *supra* note 9, at 827 (finding that the Federal Circuit has not succeeded “in using its expertise to keep patent law responsive to changing technological facts and emerging national interests”). Judges on the court have denied engaging with policy decisions. See, e.g., Alan D. Lourie, *A View from the Court*, 75 PAT., TRADEMARK & COPYRIGHT J. (BNA) 22, 24 (2007) (“[N]ot once have we had a discussion as to what direction the law should take That is because we are not a policy-making body. We have just applied precedent as best we could determine it to the cases that have come before us.”); Paul Michel, *Judicial Constellations: Guiding Principles as Navigational Aids*, 54 CASE W. RES. L. REV. 757, 764–65 (2004) (rejecting the notion that the court should have a “discussion of philosophy”).

273. *Lab. Corp. of Am. Holdings, v. Metabolite Labs., Inc.*, 548 U.S. 124, 138–39 (2006) (Breyer J., dissenting) (dismissing writ of certiorari per curiam as improvidently granted).

274. See, e.g., *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 390 (2006) (holding that the standard for injunctive relief in patent law was the same as that for other areas of the law). See generally Holbrook, *supra* note 6, at 71–72 (listing cases in which the Supreme Court reversed the Federal Circuit and replaced that court’s specialized doctrine with a more general one).

the expertise of the Federal Circuit, while at the same time stabilizing the court's decisions with a broader vision of general legal principles and national innovation policy objectives. In essence, dialogue combines the specialization of the Federal Circuit with the broader vision of the Supreme Court and Congress.

Consider the Federal Circuit's relationship with Congress. As demonstrated during the passage of the AIA, Congress's actions can catalyze reform at the Federal Circuit.²⁷⁵ By proposing legislation, Congress signals to the Federal Circuit that certain features of the patent system are out of step with the needs of the innovation community. Congress is much better positioned to make broad innovation policy decisions because it is a democratically elected body and therefore more attuned to the needs of all of its constituents, not just patent holders. Thus, damage reform, venue reform, and inequitable conduct reform occurred at the Federal Circuit not because of academic or practitioner criticism, but rather after Congress proposed reform to those areas of the law. Congress's superior understanding of innovation policies outside of patent law, data gathering capabilities, and broad constituency can reduce the tunnel vision that afflicts the Federal Circuit. Ultimately, Congress's general knowledge of legal relationships and specific knowledge of interest-group dynamics provided a superior prism through which to expose patent law's faults than did the expertise of the Federal Circuit or outside critiques of the court.

This point about relative competence can be made with equal force with respect to the dialogic roles of the Federal Circuit and the Supreme Court. The Supreme Court is not a court of general jurisdiction because it hears a limited docket of its own choosing.²⁷⁶ However, the Court is clearly exposed to a wider variety of legal ideas than the Federal Circuit. Thus, the Supreme Court often reverses the Federal Circuit in an attempt to align the court's precedents with the wider "legal landscape."²⁷⁷ Indeed, a look at the Court's recent review of Federal Circuit cases reveals a Court that often concludes that the Federal Circuit has fallen prey to an overly formalistic tunnel vision.²⁷⁸

In fact, the predominant view of the Supreme Court's patent jurisprudence is consistent with how one might expect a generalist

275. See *supra* Part II.A.

276. See Golden, *supra* note 6, at 709.

277. See, e.g., Holbrook, *supra* note 6, at 72.

278. See *id.* at 71–72.

court to engage in dialogue with a specialist one. Many of the Court's recent decisions can be read to stand for the principle that the Federal Circuit had become too formalistic in its approach to various doctrines.²⁷⁹ Excessive formalism is a close relation of tunnel vision—it results from the court's preference for clear, predictable rules rather than equitable standards.²⁸⁰

For example, in *eBay v. MercExchange*²⁸¹ the Supreme Court overturned a long-standing Federal Circuit practice of near automatic injunctive relief upon a finding of patent infringement.²⁸² The Court replaced the Federal Circuit's formalistic rule with a multi-factor, equitable standard.²⁸³ This move—from rules to standards—has been a favorite of the Supreme Court when reviewing Federal Circuit cases.²⁸⁴ Peter Lee has noted that the formalism of Federal Circuit patent law and the holistic nature of Supreme Court patent law can be explained by the courts' specialized and general natures, respectively.²⁸⁵

Dialogue between the two courts holds out the promise of the best of both worlds—clear rules for the patent system (coming from the Federal Circuit) with a generalist Supreme Court intervening when formalism has come at the expense of good policy. Of course, for this to occur there needs to be some give and take in the dialogue, whereas *eBay* largely just corrected the Federal Circuit's overly formalistic doctrine without providing opportunity for the lower court to respond. Other cases have provided the court with a better opportunity to respond to signals from the Supreme Court.

For example, recall the dialogue between the Supreme Court and the Federal Circuit regarding the scope of patent-eligible subject matter.²⁸⁶ After the Supreme Court's denial of certiorari as improvidently granted in *LabCorp*, the Federal Circuit responded to the Court's signal by granting en banc review of *In re Bilski*.²⁸⁷ The Federal Circuit's opinion in *Bilski* articulated a new test for patent

279. See, e.g., Thomas, *supra* note 271, at 774.

280. Peter Lee, *Patent Law and the Two Cultures*, 120 YALE L.J. 2, 39, 77 (2010).

281. 547 U.S. 388 (2006).

282. *Id.* at 392; see also Lee, *supra* note 280, at 39 (“[I]f infringement, then injunction.”).

283. *eBay*, 547 U.S. at 390.

284. Lee, *supra* note 280, at 82.

285. See *id.* at Part VI.

286. See *supra* Part II.B.

287. 545 F.3d 943, 949 (Fed. Cir. 2008) (en banc).

eligibility: to be eligible for patenting, a method must involve a machine or transform matter from one state to another.²⁸⁸

The Supreme Court reversed the Federal Circuit, holding that the court's machine-or-transformation rule was not the only test for patent eligibility.²⁸⁹ Unlike in *eBay*, however, the Court did not provide a clear replacement for the Federal Circuit's incorrect legal rule.²⁹⁰ Instead, the Supreme Court accepted the Federal Circuit's rule as a "clue" in determining patent eligibility and reiterated a long-standing, policy-like standard to guide the patent-eligibility inquiry: abstract ideas are not eligible for patenting.²⁹¹

The *Bilski* decision allowed the Supreme Court to avoid articulating a specific legal rule governing § 101 inquiries and thus allowed the Federal Circuit to craft such a rule in the first instance. In essence, the Supreme Court asked the Federal Circuit to "try again." In order to allow the Federal Circuit to fulfill this request, the Supreme Court simultaneously decided to grant, vacate, and remand a companion case with instructions to the Federal Circuit to reconsider the case in light of *Bilski*.²⁹²

That case, *Prometheus Laboratories, Inc. v. Mayo Collaborative Services*,²⁹³ was yet another opportunity for the Federal Circuit to craft patent-eligibility doctrine in response to actions from the Supreme Court. The patent at issue in the case covered a method of determining the proper dosage of a drug based on certain metabolic levels in the patient.²⁹⁴ The Federal Circuit had initially held that the method was patent eligible based on its machine-or-transformation test because the method involved a transformation of the drug once metabolized in the patient's body.²⁹⁵ On remand, the Federal Circuit reissued a nearly identical opinion.²⁹⁶ Although the Supreme Court had rejected the machine-or-transformation test, the Federal Circuit continued to use the test as a clue to patentability.²⁹⁷ More

288. *Id.* at 956.

289. *Bilski v. Kappos*, 130 S. Ct. 3218, 3218 (2010).

290. See Mark A. Lemley et al., *Life After Bilski*, 63 STAN. L. REV. 1315, 1318–19 (2011).

291. *Bilski*, 130 S. Ct. at 3226.

292. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1296 (2012).

293. 581 F.3d 1336 (Fed. Cir. 2009).

294. *Id.* at 1344.

295. *Id.* at 1349.

296. *Id.*

297. *Id.*

fundamentally, the court found that the method was not an abstract idea.²⁹⁸ Thus, the method was patent-eligible.²⁹⁹

In a surprising dialogic twist, the Supreme Court again granted Mayo's certiorari petition.³⁰⁰ This time, the Court rejected the patent as an unpatentable law of nature.³⁰¹ Interestingly, the Court seemed more interested in continuing the dialogue regarding § 101 with Congress, and not the Federal Circuit:

[W]e must hesitate before departing from established general legal rules lest a new protective rule that seems to suit the needs of one field produce unforeseen results in another. And we must recognize the role of Congress in crafting more finely tailored rules where necessary.³⁰²

One aspect of the Supreme Court's patent case law that has frustrated commentators is its tendency to reverse the Federal Circuit's formalistic rules while failing to supply a doctrinal replacement.³⁰³ But it is precisely such rulings that allow the Supreme Court to leverage the lower court's expertise via dialogue. The Supreme Court can signal areas in which the court's specialization has resulted in ossified or misguided doctrines while leaving the details of doctrinal clean-up to the Federal Circuit.

Dialogue has the potential to improve patent policy decision-making by allowing the Federal Circuit to use its experience and expertise to craft legal rules in response to policy signals while the Supreme Court and Congress leverage their broader knowledge and experience with various legal regimes to signal to the court when its rules have become unworkable. The recent dialogic experiences demonstrate that while dialogue can improve policy, as it has in the area of damages and venue, it is not a cure-all. Continuing confusion over patent-eligibility may suggest that another policy maker—perhaps Congress or the executive³⁰⁴—is required.

298. *Id.* at 1342.

299. *Id.* at 1350.

300. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 131 S. Ct. 3027 (2011) (mem.).

301. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1298 (2012).

302. *Id.* at 1305.

303. See Lemley et al., *supra* note 290, at 1316 (finding that despite the Supreme Court's rejection of the machine-or-transformation test as the sole test of patent eligibility, courts continue to rely on the test in the absence of a Supreme Court-supplied alternative); Menell, *supra* note 28, at 1305 ("The only definitive ruling in [*Bilski v. Kappos*] is that the Patent Act does not categorically exclude business methods.").

304. See Rai, *supra* note 4, at 1240–41 (describing recent executive branch involvement in the *Myriad* litigation involving patent-eligibility of DNA). Significant confusion over

C. *The Future of Dialogue*

A number of changes could improve patent dialogue and more effectively leverage the specialization of the Federal Circuit, the broader policy perspectives of Congress, and the general legal knowledge of the Supreme Court. First, Congress and the Supreme Court should increase policy communication amongst themselves, while continuing to engage with the Federal Circuit. As detailed in Part I, dialogic relationships between the Supreme Court and Congress have been well documented in areas outside of patent law.³⁰⁵ Regarding patent law, however, Congress and the Supreme Court have at times been reluctant to engage with one another.

For instance, patent-eligible subject matter doctrine provides a perfect opportunity for the two institutions to engage in a constructive dialogue about the patentability of business methods. As described above, the Supreme Court's *Bilski* decision rejected the machine-or-transformation test as the exclusive test for patent eligibility.³⁰⁶ Although the patentability decision was unanimous, the two concurrences took up the issue of whether a wholesale ban on business methods was appropriate.³⁰⁷

Much of the internal debate in *Bilski* turned on arguments about legislative history. In 1999, Congress passed the First Inventor Defense Act³⁰⁸ ("FIDA") to limit the exposure of the financial community to the flood of business method patents expected to be issued following the Federal Circuit's *State Street Bank* decision.³⁰⁹ In *Bilski*, a majority of Justices found that FIDA demonstrated congressional recognition of the patentability of business methods: "A conclusion that business methods are not patentable in any circumstances would render [FIDA] meaningless."³¹⁰ In concurrence, Justice Stevens disagreed with the majority's reasoning: "It is apparent, both from the content and history of the Act, that Congress

the scope of patent-eligible subject matter exists not just from practitioners, but at the Federal Circuit itself. See *CLS Bank Int'l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269 (Fed. Cir.) (en banc), cert granted 134 S. Ct. 734 (2013) (issuing a per curiam opinion in an en banc patent-eligibility case because no majority opinion could be reached).

305. *Supra* Part I.A.

306. See *supra* note 289 and accompanying text.

307. See *Bilski v. Kappos*, 130 S. Ct. 3218, 3231–59 (2010).

308. First Inventor Defense Act of 1999, Pub. L. No. 106-113, 113 Stat. 1501A-555 (codified as amended at 35 U.S.C. § 273 (2012)).

309. See *State St. Bank & Trust Co. v. Signature Fin. Grp., Inc.*, 149 F.3d 1368 (Fed. Cir. 1998).

310. *Bilski*, 130 S. Ct. at 3228.

did not in any way ratify” the Federal Circuit’s decision to allow business methods to be patented.³¹¹

Discussion of congressional policy views regarding business method patenting is precisely the sort of policy discussion that should be occurring between the Supreme Court and Congress. The Federal Circuit has made numerous attempts to craft effective tests for determining patent-eligible subject matter, but as yet has been unsuccessful. Indeed, the Federal Circuit has tried to fix the problem of business methods—and § 101 patent-eligibility more generally—numerous times since *Bilski*, with poor results.³¹² Instead, it may have been more helpful for the Supreme Court to directly invite Congress to opine on the eligibility of business method patents.

The Court’s choice not to reach out to Congress in *Bilski* was especially odd given the Court’s willingness to do so in other cases. For example, in *Microsoft Corp. v. i4i Limited Partnership*,³¹³ the Court upheld the traditional standard of clear and convincing evidence needed in order to invalidate an issued patent. Despite numerous empirical and theoretical arguments against that standard,³¹⁴ the Court refused to adopt Microsoft’s alternative. Instead, the Court pushed the issue to Congress, stating that “[a]ny re-calibration of the standard of proof remains in [Congress’s] hands.”³¹⁵ Congress has not to this point, however, shown any interest in revisiting the issue.

Congress has engaged directly with the Supreme Court in other areas of patent law. During the legislative patent reform period, Congress proposed to repeal 35 U.S.C. § 271(f), the provision that creates infringement liability for supplying a component of a patented product abroad.³¹⁶ In 2007, the Supreme Court granted certiorari in *Microsoft Corp. v. AT&T*,³¹⁷ a case involving application of the threatened statute.³¹⁸ While the case was pending before the Court,

311. *Id.* at 3250 (Stevens, J., concurring).

312. See *CLS Bank Int’l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269 (Fed. Cir. 2013) (en banc decision with seven separate written decisions and no majority opinion); *Ass’n for Molecular Pathology v. U.S. Patent & Trademark Off.*, 689 F.3d 1303, 1308–09 (Fed. Cir. 2012), *rev’d*, 133 S. Ct. 2107, 2111 (2013) (reversing the Federal Circuit’s long-standing rule permitting patenting of DNA).

313. 131 S. Ct. 2238 (2011).

314. See generally Doug Lichtman & Mark A. Lemley, *Rethinking Patent Law’s Presumption of Validity*, 60 STAN. L. REV. 45 (2007) (arguing that the unreliability of early patent review should weigh against judicial deference to the patent system).

315. *i4i Ltd.*, 131 S. Ct. at 2252.

316. Patent Reform Act of 2006, S. 3818, 109th Cong. § 5(f) (2006).

317. 550 U.S. 437 (2007).

318. *Id.* at 437.

Congress removed any mention of § 271(f) from the Patent Reform Act of 2007 because “the provision is currently pending before the Supreme Court. If the Court does not resolve that issue, we will revisit it in the legislative process.”³¹⁹ Thus, Congress responded to the Court’s action and explicitly engaged the Court in dialogic terms.

Patent dialogue can be further improved through a more robust dialogic role for the executive branch. Recent actions by the executive branch suggest that a wider dialogue regarding patent reform involving all three branches of government is possible. Indeed, Arti Rai has catalogued various examples of the executive branch’s increasing interest in patent reform.³²⁰ While many of those examples to date have occurred only when an executive agency has an interest in the outcome of a particular case, her work suggests that executive branch involvement in patent reform extends beyond the PTO.³²¹

Recently, all three branches of government have expressed a desire to eliminate patent trolls. No fewer than six bills directed at patent trolls are currently circulating on Capitol Hill.³²² On June 3, 2013, President Obama announced a series of executive orders designed to limit frivolous patent lawsuits by entities that “hijack somebody else’s idea and see if they can extort some money.”³²³ In the very next day’s edition of the *New York Times*, Chief Judge Rader of the Federal Circuit urged district court judges to punish patent trolls through attorney fee shifting rules.³²⁴ There is general consensus that patent trolls need to be controlled, but, at this point, no obvious solution exists to achieve that goal. However, the interest

319. Press Release, U.S. Senator Patrick Leahy, Leahy, Hatch, Berman and Smith Introduce Bicameral, Bipartisan Patent Reform Legislation (Apr. 18, 2007), *available at* <http://votesmart.org/public-statement/254893/leahy-hatch-berman-and-smith-introduce-bicameral-bipartisan-patent-reform-legislation#.UtmaYBAo5D8>; *see also* Thomas, *supra* note 94, at 215–18 (discussing the dialogue between Congress and the judiciary on the issue of patent law).

320. *See generally* Rai, *supra* note 4 (discussing trends in executive agency involvement in the development of patent policy).

321. *Id.* at 1239–40.

322. Stopping Offensive Use of Patents Act, H.R. 2766, 113th Cong. (2013); Patent Litigation and Innovation Act of 2013, H.R. 2639, 113th Cong. (2013); Patent Abuse Reduction Act of 2013, S. 1013, 113th Cong. (2013); End Anonymous Patents Act, H.R. 2024, 113th Cong. (2013); Patent Quality Improvement Act, S. 866, 113th Cong. (2013); Saving High-Tech Innovators from Egregious Legal Disputes Act of 2013, H.R. 845, 113th Cong. (2013).

323. Rader, Chien & Hricik, *supra* note 237; *see* Edward Wyatt, *Obama Orders Regulators to Root Out ‘Patent Trolls,’* N.Y. TIMES (June 4, 2013), <http://www.nytimes.com/2013/06/05/business/president-moves-to-curb-patent-suits.html>.

324. *See* Rader, Chien, & Hricik, *supra* note 237 (encouraging district judges to use Fed. R. Civ. P. 11 and 35 U.S.C. § 285 to punish patent trolls).

of all three branches in eliminating abusive patent litigation practices provides hope of a robust dialogue that may result in better solutions to the problem than the Federal Circuit has been able to craft on its own up to this point.

Another way to increase the effectiveness of dialogue is via increased use of low-cost reform catalysts. When the Supreme Court grants certiorari, it sends a clear signal to the Federal Circuit. But it also requires the Supreme Court to make a first attempt at crafting the law.³²⁵ There are likely to be instances in which the Supreme Court wants to send a signal to the Federal Circuit but would prefer that the lower court make the first attempt at reform. Instead of issuing an opinion which requires the parties to devote considerable time and effort to brief and argue the case and requires the Justices to prepare for argument and issue an opinion, the Court might consider increased reliance on dissents from denials of certiorari. Such dissents occur in other legal areas, but rarely in patent law.³²⁶ They represent a low-cost method of signaling areas of legal concern of at least a portion of the Justices. History suggests that the Federal Circuit would respond.

Congress also has lower-cost means of signaling needed patent reform to the Federal Circuit. Crafting and proposing legislation is a costly business. It requires time and effort of congressional staffers and political capital. Indeed, some scholars have begun to question the overall value of legislative-judicial dialogue in the modern era of political polarization.³²⁷

In spite of scholarly skepticism, Congress can send policy signals to the Federal Circuit which do not require legislative proposals. For instance, Congress can improve its oversight capabilities regarding patent law in order to better supervise the policy-like functions that the Federal Circuit exercises when it crafts patent law. An initial step towards this goal would be to increase institutional knowledge of the Federal Circuit's decisions. This informational step is critical in the

325. *But see* Lab. Corp. of Am. Holdings v. Metabolite Labs., Inc., 548 U.S. 124, 125 (2006) (dismissing the Court's grant of certiorari as improvidently granted). Golden calls this approach "less than ideal." Golden, *supra* note 6, at 707. I agree with Golden, but issuing dissents from denials of certiorari seems less problematic and just as likely to generate a response from the Federal Circuit.

326. *See, e.g.,* Delling v. Idaho, 133 S. Ct. 504, 504-06 (2012) (mem.) (Breyer, J., dissenting from denial of certiorari); Utah Highway Patrol Assn. v. Am. Atheists, Inc., 132 S. Ct. 12, 12-23 (2011) (mem.) (Thomas, J., dissenting from denial of certiorari).

327. Hasen, *supra* note 40, at 210 (finding that due to "increased polarization[,]," congressional overrides of Supreme Court statutory interpretation precedents "have become exceedingly rare").

dialogic process. Congress tends to ignore most appellate courts, deferring supervision of those courts to the Supreme Court.³²⁸ But in an area like patent law in which the appellate court does much of the policy work, Congress must remain abreast of developments at the appellate level. Congress has recently taken steps in this direction by holding hearings to review recent judicial decisions on patent law.³²⁹

Second, during nomination proceedings, Senators and Congressmen can engage potential jurists on substantive patent law topics. Although nomination proceedings for circuit court judges are often ceremonial³³⁰—particularly for an obscure court like the Federal Circuit—more active engagement with future members of the bench could increase communication between the legislative and judicial branches at relatively low cost.

Lastly, Congress could increase its public comments about patent policy. While Congress is a group of individuals with often widely differing viewpoints, surprising consensus can be reached about various patent policies, if not the specific legal changes needed. For instance, Senators and Representatives from across the political spectrum have recently introduced various bills aimed at combating abusive litigation practices of non-practicing entities, or patent trolls.³³¹ While the Federal Circuit is almost certain to respond to the pending bills, it likely would have been as quick to respond to public comments from Representatives and Senators about the patent troll problem.

328. See ROBERT KATZMANN, COURTS AND CONGRESS 80 (1997) (“[L]egislators and staffs are often not aware of relevant appellate statutory opinions . . . and judges may not even be conscious of the effects of their work on congressional decisionmaking.”); Stefanie A. Lindquist & David A. Yalof, *Congressional Responses to Federal Circuit Court Decisions*, 85 JUDICATURE 61, 61 (2001).

329. See, e.g., Hearing on Review of Recent Judicial Decisions on Patent Law before the Subcomm. on Intellectual Property, Competition, and the Internet of the H. Comm. on the Judiciary, 112th Cong. (Mar. 10, 2011) (statement of Dan L. Burk, Chancellor’s Professor of Law, University of California, Irvine), available at http://judiciary.house.gov/_files/hearings/pdf/Burk03102011.pdf. Lobbyists supply Congress with a large amount of its information, as well. See generally Matthew D. McCubbins & Thomas Schwartz, *Congressional Oversight Overlooked: Police Patrols Versus Firm Alarms*, 28 AM. J. POL. SCI. 165 (1984) (arguing that Congress’s typical form of oversight is effective, despite appearing uninterested). Weighing interest-group priorities is a function much better suited for a legislature than a court.

330. William G. Ross, *The Questioning of Lower Federal Court Nominees During the Senate Confirmation Process*, 10 WM. & MARY BILL RTS. J. 119, 119 (2001).

331. Senators Chuck Schumer and John Cornyn (R-Tex.) and Representatives Peter DeFazio (D-Or.), Jason Chaffetz (R-Utah), and Ted Deutch (D-Fla.) have all introduced bills aimed at patent trolls. See *supra* note 322.

CONCLUSION

Patent dialogue represents a promising avenue for improving patent law making among the legislative, judicial, and executive branches, yet one that will require continued input from the Supreme Court and Congress in order to improve the patent system. Like traditional dialogic interactions between Congress and the courts, dialogue in patent law rejects the notion that any particular institution is the final arbiter of the law; rather, dialogue involves a complex and continuous set of interactions designed to ultimately align the law with policy goals. But patent dialogue offers virtues beyond those in traditional dialogic interactions. First, patent dialogue situates the initial task of doctrine making in an expert body: the Federal Circuit. Congress and the Supreme Court can (and often do) leave the crafting of particular patent doctrines to the Federal Circuit. Allowing the Federal Circuit to craft law in the first instance frees Congress and the Supreme Court to act more broadly: instead of focusing on detailed legal rules in an area of law with which they are unfamiliar, those institutions can instead focus on coordinating national innovation policy goals.

Second, patent dialogue leverages the Supreme Court's generalist legal expertise and Congress's democratic responsiveness in order to improve the decision making of the Federal Circuit. By signaling reform priorities, Congress and the Supreme Court can alert the Federal Circuit when its precedents have become outdated, run counter to policy objectives, or detrimentally conflict with general principles of law and equity. The Federal Circuit has been quick to respond to such policy signals, even though it has been reluctant to respond to similar calls for reform from academics and practitioners.

Third, engaging the Federal Circuit in dialogue empowers the court to improve the functioning of the patent system. The Federal Circuit has demonstrated a willingness to alter its case law as well as a willingness to more closely monitor procedural issues at district courts when Congress and the Supreme Court indicate such actions are needed. The court has also begun to instruct district court judges about policy goals and doctrinal means of achieving those goals. Moreover, the court has recently increased its use of the en banc process. All of these beneficial aspects of recent Federal Circuit practice were initiated in response to signals from Congress or the Supreme Court. The court's feeling of empowerment, however, has also led to less desirable results, such as direct lobbying of Congress and even the Supreme Court. An interbranch dialogue on patent

policy that includes the Federal Circuit is a promising development for the patent system, but a development that must be closely monitored by the Supreme Court and Congress if it is to fulfill its promise.