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RESPONSE TO JUDGE TIMOTHY B. DYK

DONALD R. DUNNER

I agree with most of the thoughtful and thought-provoking article by Federal Circuit Judge Timothy B. Dyk on the relationship between the Supreme Court and the Federal Circuit. I disagree with him, however, on his view that “Supreme Court review of [Federal Circuit] patent cases has been critical to the development of patent law and likewise beneficial to [the] court.”¹ At the very heart of my disagreement with Judge Dyk on this issue are historical facts that he himself recognizes in his article and his noting his disagreement with suggestions by others² that the system would benefit by creating circuit splits in patent cases:

This strikes me as a highly undesirable proposal. It would deprive the patent community of the very benefit that creation of the Federal Circuit was designed to confer—greater uniformity and certainty in patent law. In my view we should be working in the opposite direction—acting to foster greater certainty to avoid the excessive amount of patent litigation that now exists.³

Indeed, the *raison d’être* for the establishment of the Federal Circuit was to provide uniformity and certainty in patent law.⁴

Far from being beneficial to the Federal Circuit, the Supreme Court’s review of Federal Circuit patent decisions has been detrimental to the performance of the Federal Circuit’s mission: it has created uncertainty and a lack of predictability in corporate boardrooms, the very conditions that led to the Federal Circuit’s formation.

The best example of this uncertainty and lack of predictability is the Supreme Court’s § 101 jurisprudence, notably but not exclusively the cases cited by Judge Dyk: *Bilski v. Kappos*,⁵ *Mayo Collaborative Servs v.*

1. Hon. Timothy B. Dyk, *Thoughts on the Relationship Between the Supreme Court and the Federal Circuit*, 16 CHI. KENT J. INTELL. PROP. 67, 71, 83-84 (2016).

2. John F. Duffy, *The Federal Circuit in the Shadow of the Solicitor General*, 78 GEO. WASH. L. REV. 518, 546 (2010); Craig Allen Nard & John F. Duffy, *Rethinking Patent Law’s Uniformity Principle*, 101 NW. L. REV. 1619, 1646 (2007); Hon. Diane P. Wood, *Keynote Address: Is It Time to Abolish the Federal Circuit’s Exclusive Jurisdiction in Patent Cases?*, 13 CHI. KENT J. INTELL. PROP. 1, 5 (2013).

3. Dyk, *supra* note 1, at 76.

4. Donald R. Dunner, *Past, Present, and Future: The Exclusive Patent Jurisdiction of the Federal Circuit*, 7 J. FED. CIR. HIST. SOC’Y 21, 24 (2013).

5. *Bilski v. Kappos*, 561 U.S. 593 (2010).

Prometheus Laboratories,⁶ *Ass'n for Molecular Pathologists v. Myriad Genetics*,⁷ and *Alice Corp. v. CLS Bank Int'l*.⁸ Setting aside whether there is any legal justification for the two-part patent eligible subject matter test of these cases,⁹ the courts, the patent bar and the Patent and Trademark Office are completely lost on how to apply it. Indeed, even the Supreme Court seems to be at sea in applying the test given the significant inconsistencies between its § 101 opinions on the subject.¹⁰ Unfortunately, the uncertainty in the application of the Supreme Court's § 101 jurisprudence has led to the invalidation of significant inventive contributions, a prime example of which was the pioneering medical invention involved in *Ariosa*,¹¹ leading to a multitude of opinions by Federal Circuit judges obviously frustrated by their inability to avoid the handcuffs of the Supreme Court's § 101 jurisprudence.

6. *Mayo Collaborative Servs. v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012).

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

8. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014).

9. In *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, the Federal Circuit stated the following:

In *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. ___, 132 S. Ct. 1289 (2012), the Supreme Court set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. First, we determine whether the claims at issue are directed to a patent-ineligible concept. *Id.* at 1297. If the answer is yes, then we next consider the elements of each claim both individually and “as an ordered combination” to determine whether additional elements “transform the nature of the claim” into a patent-eligible application. *Id.* at 1298. The Supreme Court has described the second step of this analysis as a search for an “inventive concept”—i.e., an element or combination of elements that is “sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.” *Id.* at 1297; *see also Digitech Image Techs., LLC v. Elecs. For Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed.Cir.2014) (“Without additional limitations, a process that employs mathematical algorithms to manipulate existing information to generate additional information is not patent eligible.”).

788 F.3d 1371, 1375-76, *en banc denied*, 809 F.3d 1282 (2015), *cert. denied*, 136 S. Ct. 2511 (2016).

10. In *Parker v. Flook*, the Court held that the novelty of the ineligibility concept is not a determining factor at all, but must be treated as though it were a familiar part of the prior art. 437 U.S. 584, 591 (1978). In *Diamond v. Diehr*, on the other hand, the Court found patent-eligible a process for molding raw, uncured synthetic rubber into cured precision products involving the use of a known equation in combination with conventional steps; the equation was not considered as part of the prior art. 450 U.S. 175, 188-89 (1981).

In *Mayo*, the Court held that it's not enough to add conventional steps to the ineligible concept. 566 U.S. 66 (2012). In *Diehr*, on the other hand, the Court held that “it's inappropriate to dissect the claims into old and new elements and then to ignore the presence of the old elements in the analysis. 450 U.S. at 188. This is particularly true in a process claim because a new combination of steps in a process may be patentable even though all the constituents of the combination were well known and in common use before the combination was made.” *Id.*

In *Mayo*, the Court held that it's proper to include §§ 102, 103 and 112 inquiries as part of the § 101 inquiry. 566 U.S. at 91. In *Diehr*, on the other hand, the Court held that § 101 is a general statement of the type of subject matter that is eligible for patent protection “subject to the conditions and requirements of this title”; the question of whether a particular invention is novel is wholly apart from whether the invention falls into a category of statutory subject matter. 450 U.S. at 189-90.

11. *Ariosa*, 788 F.3d at 1375-76.

It is true that a number of the patent-hostile § 101 cases contain positive statements indicating that the door is not completely closed to patent-friendly holdings:

- ““In choosing such expansive terms . . . modified by the comprehensive “any,” Congress plainly contemplated that the patent laws would be given wide scope.’ . . . Congress took this permissive approach to patent eligibility to ensure that ‘ingenuity should receive liberal encouragement.’”¹²

- Reliance on *Diehr* to support the notion that “an *application* of a law of nature or mathematical formulas to a known structure or process may well be deserving of patent protection.”¹³

- “The rule against patents on naturally occurring things is not without limits, . . . for ‘all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas,’ and ‘too broad an interpretation of this exclusionary principle could eviscerate patent law.’”¹⁴

- Recognition of the need to consider the invention as a whole, rather than dissecting the claims into old and new elements and then ignoring the presence of the old elements in the analysis.¹⁵

- § 101 “precludes the broad contention that the term ‘process’ categorically excludes business methods. The term ‘method’ . . . may include at least some methods of doing business.”¹⁶

- “It is said that the decision precludes a patent for any program servicing a computer. We do not so hold.”¹⁷

But given the actual holdings in the bulk of the Supreme Court cases, one cannot be too encouraged by these positive tidbits.

Nor is the problem restricted to § 101 issues. Over a period of more than forty-five years, the Federal Circuit had developed the teaching, suggestion, or motivation (TSM) test for obviousness. This was a highly useful test for resolving a critical patent validity issue, one that was relatively easy to apply and which contributed meaningfully to the Federal Circuit’s goal of uniformity and predictability. Yet, consistent with its aversion to bright-line rules,¹⁸ the Supreme Court in *KSR*¹⁹ held that the

12. *Bilski v. Kappos*, 561 U.S. 593, 601 (2010), citing *Diamond v. Chakrabarty*, 447 U.S. 303 (1980).

13. *Id.* at 611.

14. *Ass’n for Molecular Pathology v. Myriad Genetics*, 133 S. Ct. 2107, 2116.

15. *Bilski*, 561 U.S. at 611.

16. *Id.* at 606-07.

17. *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972).

18. Dyk, *supra* note 1, at 80.

TSM test “provides ‘a helpful insight’” but that it should “not become [a] rigid mandatory formula.”²⁰ The Dyk article notes still other cases where the Supreme Court has replaced Federal Circuit bright-line rules calculated to provide uniformity and predictability with flexible rules calculated to do the opposite.²¹

I agree with Judge Dyk that, in the abstract, Supreme Court review of Federal Circuit patent cases is essential, as is Supreme Court review of other Circuit Court decisions. Indeed, it is even more important in the case of the Federal Circuit, given its exclusive jurisdiction in most patent cases and the lack of circuit conflicts and the opportunity for percolation that circuit conflicts provide. But somehow, some way, the Supreme Court must find a way to provide that review without undermining the very purpose for the Federal Circuit’s existence. Judge Dyk’s quote from Professor Rochelle Dreyfuss sums it up perfectly:

After all, as Professor Rochelle Dreyfuss has observed, both institutions “are caught in the Hruska Commission’s experiment” and we “must . . . figure out how a judiciary largely committed to generalist adjudication should deal with a court that is so differently constituted.”²²

19. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007).

20. *Id.* at 419; *see* Dyk, *supra* note 1, at 81.

21. Dyk, *supra* note 1, at 80-81.

22. Dyk, *supra* note 1, at 84.