

1-18-2018

May You Live in Interesting Times: Patent Law in the Supreme Court

Seth P. Waxman

Follow this and additional works at: <https://scholarship.kentlaw.iit.edu/ckjip>



Part of the [Intellectual Property Law Commons](#)

Recommended Citation

Seth P. Waxman, *May You Live in Interesting Times: Patent Law in the Supreme Court*, 17 Chi. -Kent J. Intell. Prop. 214 (2018).

Available at: <https://scholarship.kentlaw.iit.edu/ckjip/vol17/iss1/8>

This Article is brought to you for free and open access by Scholarly Commons @ IIT Chicago-Kent College of Law. It has been accepted for inclusion in Chicago-Kent Journal of Intellectual Property by an authorized editor of Scholarly Commons @ IIT Chicago-Kent College of Law. For more information, please contact jwenger@kentlaw.iit.edu, ebarney@kentlaw.iit.edu.

MAY YOU LIVE IN INTERESTING TIMES: PATENT LAW IN THE SUPREME COURT

SETH P. WAXMAN¹

“May You Live In Interesting Times” is a proverbial “ancient Chinese curse” that is, by all accounts, neither ancient nor Chinese.² Whatever its provenance, the concept of living in “interesting times” aptly describes the situation in which lawyers, scholars, businesspeople, and inventors find themselves with respect to patent law. I’ll explore today just what has made these times so interesting, particularly the major trends and themes that have emerged from the Supreme Court’s involvement over the past decade. You can then conclude yourselves whether it is a curse—or an opportunity—to live in such interesting times.

1. The pace of developments alone makes this period interesting. It can sometimes feel like everything around us is accelerating. It took almost seven decades to fill the 999 volumes of F.2d; it is expected that F.3d will be full in less than half that time. And while emerging patent jurisprudence might not match the intensity of a 24-hour cable news channel, in the life of the law, it is more than doing its part in producing new developments. This is not just perception or an explosion in commentary, but rather genuine change with real-world consequences for our economy.

The pace of change is driven not just by case law, but by Congress as well. We are less than a decade from passage of the America Invents Act, the most extensive overhaul of the patent system in half a century.³ The AIA shifted to a first-inventor-to-file system, greatly expanded post-grant review in the Patent Office, and made other changes big and small. Practitioners now operate under two legal regimes, depending on a patent’s filing date, with the courts yet to decide many questions relating to the new regime.

We are also less than a decade from enactment of the Biologics Price Competition and Innovation Act (BPCIA).⁴ Years in the making, the BPCIA created an abbreviated pathway for approval of biosimilar drugs and a new

1. Partner, Wilmer, Cutler, Pickering, Hale & Dorr. This is the text of a lecture Mr. Waxman delivered at Chicago-Kent School of Law on September 28, 2017. Much credit for the lecture goes to Thomas A. Saunders, also a partner at Wilmer, Cutler, Pickering, Hale & Dorr.

2. THE YALE BOOK OF QUOTATIONS 669 (Fred R. Shapiro ed., 2006).

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

4. Biologics Price Competition and Innovation Act, Pub. L. No. 111-148, 124 Stat. 804 (2010).

mechanism for resolving related patent disputes. To date, only seven licenses have been approved under the BPCIA.⁵ Companies are still feeling their way through the new system, and many issues of interpretation lie ahead. The Federal Circuit, borrowing from Winston Churchill, described the opaque structure of the BPCIA as “a riddle wrapped in a mystery inside an enigma.”⁶

Into this mix, add the Supreme Court. The Court’s docket has shrunk since the early 1980s, when the Court heard over 150 cases each Term. Nowadays, the Court renders decisions in about half that number.⁷ Yet over this period of decline, the number of patent cases on the Court’s docket has increased markedly.

By my count, using some judgment as to what qualifies as a patent case, the Supreme Court has decided 50 patent cases in the more than 30 years since the Federal Circuit was created,⁸ and it already has two on the docket

5. *Center for Drug Evaluation and Research, List of Licensed Biological Products with (1) Reference Product Exclusivity and (2) Biosimilarity or Interchangeability Evaluations to Date*, U.S. FOOD & DRUG ADMIN., (2017), <https://www.fda.gov/downloads/Drugs/DevelopmentApprovalProcess/HowDrugsareDevelopedandApproved/ApprovalApplications/TherapeuticBiologicApplications/Biosimilars/UCM560162.pdf>.

6. *Amgen Inc. v. Sandoz Inc.*, 794 F.3d 1347, 1371 n.1 (Fed. Cir. 2015).

7. In the Term immediately past, by my count, the Court issued decisions in 62 argued cases and in seven cases without argument.

8. *Sandoz Inc. v. Amgen Inc.*, 137 S. Ct. 1664 (2017); *Impression Prods. v. Lexmark Int’l, Inc.*, 137 S. Ct. 1523 (2017); *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514 (2017); *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S. Ct. 954 (2017); *Life Techs. Corp. v. Promega Corp.*, 137 S. Ct. 734 (2017); *Samsung Elecs. Co. v. Apple Inc.*, 137 S. Ct. 429 (2016); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016); *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923 (2016); *Kimble v. Marvel Entm’t, LLC*, 135 S. Ct. 2401 (2015); *Commil USA, LLC v. Cisco Sys.*, 135 S. Ct. 1920 (2015); *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831 (2015); *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347 (2014); *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120 (2014); *Limelight Networks, Inc. v. Akamai Techs., Inc.*, 134 S. Ct. 2111 (2014); *Highmark Inc. v. Allcare Health Mgmt. Sys.*, 134 S. Ct. 1744 (2014); *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014); *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843 (2014); *FTC v. Actavis, Inc.*, 133 S. Ct. 2223 (2013); *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107 (2013); *Bowman v. Monsanto Co.*, 569 U.S. 278 (2013); *Gunn v. Minton*, 568 U.S. 251 (2013); *Kappos v. Hyatt*, 566 U.S. 431 (2012); *Caraco Pharm. Labs., Ltd. v. Novo Nordisk A/S*, 566 U.S. 399 (2012); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012); *Microsoft Corp. v. i4i Ltd. P’ship*, 564 U.S. 91 (2011); *Bd. of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys.*, 563 U.S. 776 (2011); *Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754 (2011); *Bilski v. Kappos*, 561 U.S. 593 (2010); *Quanta Comput., Inc. v. LG Elecs., Inc.*, 553 U.S. 617 (2008); *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437 (2007); *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007); *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006); *Ill. Tool Works Inc. v. Indep. Ink, Inc.*, 547 U.S. 28 (2006); *Merck KGaA v. Integra Lifesciences I, Ltd.*, 545 U.S. 193 (2005); *Holmes Grp, Inc. v. Vornado Air Circulation Sys.*, 535 U.S. 826 (2002); *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722 (2002); *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int’l, Inc.*, 534 U.S. 124 (2001); *Nelson v. Adams USA, Inc.*, 529 U.S. 460 (2000); *Fla. Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank*, 527 U.S. 627 (1999); *Dickinson v. Zurko*, 527 U.S. 150 (1999); *Pfaff v. Wells Elecs.*, 525 U.S. 55 (1998); *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17 (1997); *Markman v. Westview Instruments*, 517 U.S. 370 (1996); *Cardinal Chem. Co. v. Morton Int’l*, 508 U.S. 83 (1993); *Eli Lilly & Co. v. Medtronic, Inc.*, 496 U.S. 661 (1990); *Bonito Boats v. Thunder Craft Boats*, 489 U.S. 141 (1989); *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800 (1988); *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809 (1986); *GM Corp. v. Devex Corp.*,

for this coming Term.⁹ While not all this activity has been clustered in the last few years, there has been a noticeable uptick. In the 23 years between 1983 and its *eBay* decision in 2006, the Supreme Court decided 17 patent cases. In the 11 years since *eBay*, it decided 33. That is roughly a fourfold increase in the rate of patent decisions. We have now seen Terms, including this past one, in which patent cases accounted for nearly 10 percent of the Court's entire docket. Considering the panoramic breadth of federal law, that is a lot of attention to patents.

What explains this marked increase? Let me suggest a few factors.

First, the Supreme Court's increased interest in patent law tracks the rising importance of intellectual property in our society. As industrial manufacturing in the U.S. economy has declined, ideas have increasingly become our country's economic lifeblood. The U.S. Patent and Trademark Office (PTO) has estimated that between 2010 and 2014 "the share of total U.S. GDP attributable to IP-intensive industries increased" by 10 percent, "from 34.8 percent in 2010 to 38.2 percent in 2014."¹⁰ Apple's supply chain may stretch around the world, but its packaging says "Designed by Apple in California."¹¹ The Supreme Court seems to appreciate the reality that we live in an innovative economy, and the rules that shape the protection and ownership of inventions are critically important.

Second, the economic importance of intellectual property has created a litigation environment in which companies are willing to make the investment required to take a case all the way to the Supreme Court. As formal trials become rarer across the spectrum, patent cases are the notable exception, and the monetary stakes that support that type of commitment also encourage parties to stick it out on appeal. Litigants have long known that the high reversal rate in the Federal Circuit gives trial losers a decent shot at relief on appeal. And increasingly litigants are thinking beyond the first level

461

U.S.

648

(1983).

Note that some of the "patent" cases on this list did not arise from the Federal Circuit because they involved other areas of law, such as antitrust or breach of contract, that intersect with patent law. Also, I included *GM Corp.*, which arose from the Sixth Circuit, because it was decided by the Supreme Court after the Federal Circuit was created. However, I did not include *Carlsbad Tech., Inc. v. HIF Bio, Inc.*, 556 U.S. 635 (2009), which although it began life as a patent case, reached the Court in a follow-on case brought under the Racketeer Influenced and Corrupt Organizations Act.

9. *Oil States Energy Servs. LLC v. Greene's Energy Grp., LLC*, 137 S. Ct. 2239 (2017); *SAS Institute, Inc. v. Lee*, 137 S. Ct. 2160 (2017).

10. U.S. PATENT AND TRADEMARK OFFICE, INTELLECTUAL PROPERTY AND THE U.S. ECONOMY: 2016 UPDATE 22 (2016), <https://www.uspto.gov/sites/default/files/documents/IPandtheUSEconomySept2016.pdf>.

11. *Designed by Apple in California*, APPLE.COM, <https://www.apple.com/designed-by-apple/> (last visited Nov. 24, 2017)

of appellate review. The Supreme Court's interest in patent law has created a feedback loop in which parties begin to think earlier and more strategically about what issues they might take to the Supreme Court. That increases the pool of quality cert. petitions, often championed by specialist Supreme Court counsel, which in turn encourages the Court to take more cases.

Third, every doctrinal change the Supreme Court makes creates ripples that produce new questions that need to be answered. If a two-part test with objective and subjective components is not right for attorneys' fees, why continue to use such a test for enhanced damages?¹² If laches is not a defense to copyright damages, does the same rule apply in patent law?¹³ If § 101 is not as easy to satisfy as it once seemed, what are the limits on patent-eligible subject matter?

Fourth, legislative change naturally produces its own interpretative questions, which tend to reach the Court after a lag of five to ten years. The Court heard its first BPCIA case in 2017.¹⁴ It first interpreted the AIA directly in 2016, and both cases on the Court's docket this coming Term relate to the AIA.¹⁵ Several more cases involving these statutes are likely in the offing.

Fifth, for better or worse, a narrative seems to have taken hold at the Supreme Court that the work of the Federal Circuit requires close scrutiny. A high reversal rate in cases from the Federal Circuit is to be expected. The national reach of the Federal Circuit's jurisdiction means that if the Supreme Court is satisfied with the result below, it need do nothing to ensure national uniformity. One, therefore, expects that the Supreme Court would consider whether it agrees with the result reached by the Federal Circuit and would be disproportionately inclined to grant in cases where its initial instinct is to reverse.

What I am talking about goes beyond the simple scorecard of wins and losses. It is a matter of the Court's overall impression of the state of patent law and its confidence leaving the law's development in the hands of others. On that intangible level, there has been a considerable shift.

The Court's skepticism found an early voice in Justice Kennedy's concurring opinion in *eBay v. MercExchange*. Writing for four Justices, he observed: "An industry has developed in which firms use patents not as a basis

12. *Compare Octane Fitness*, 134 S. Ct. 1749, with *Halo Elecs.*, 136 S. Ct. 1923.

13. *Compare Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014), with *SCA Hygiene Prods. Aktiebolag*, 137 S. Ct. 954.

14. *Sandoz Inc. v. Amgen Inc.*, 137 S. Ct. 1664 (2017).

15. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016); *see also Oil States Energy Servs. LLC v. Greene's Energy Grp., LLC*, 137 S. Ct. 2239 (2017); *SAS Inst., Inc. v. Lee*, 137 S. Ct. 2160 (2017).

for producing and selling goods but, instead, primarily for obtaining licensing fees.”¹⁶ These companies, he warned, use injunctions as a “bargaining tool to charge exorbitant fees” and “the threat of an injunction is employed simply for undue leverage in negotiations.”¹⁷ The narrative of the abusive non-practicing entity had found its first foothold in the Court.

Soon the Court turned a skeptical eye on the institutions that had putatively allowed the patent system to slip into this state of affairs. At oral argument in *KSR v. Teleflex*, the lawyer arguing for Teleflex observed that the major patent bar associations supported his position. Chief Justice Roberts famously shot back “which way does that cut? That just indicates that this is profitable for the patent bar.”¹⁸

Justices have also expressed skepticism about the PTO’s performance of its gatekeeping function. At the oral argument in *Association for Molecular Pathology v. Myriad Genetics*, Justice Kagan remarked that “the PTO seems very patent happy.”¹⁹ Justices have also mused openly about the presumption of validity given the high rate at which patents are invalidated in litigation. At the argument in *Commil v. Cisco Systems*, Chief Justice Roberts elicited the fact that invalidity is found for 40 percent of patents *that are challenged*—an important caveat since companies can be expected disproportionately to challenge patents they perceive as weak.²⁰ He then said: “So only 60 percent are upheld. That’s not much of a presumption of validity.”²¹

Perhaps most outspoken on patent law issues has been Justice Breyer. At the argument in *Halo Electronics v. Pulse Electronics*, he remarked: “Today’s patent world is not a steam-engine world. We have decided to patent tens of thousands of software products and similar things where hardly anyone knows what the patent’s really about.”²² He said: “I think it’s unfortunate that Congress hasn’t passed a special regime for those kinds of patents We’re seeing more and more companies that have more and more, and continuously more patents.”²³

16. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 396 (2006) (Kennedy, J., concurring).

17. *Id.*

18. Transcript of Oral Arg. at 41, *KSR Int’l Co. v. Teleflex, Inc.*, 548 U.S. 938 (2006) (No. 04-1350).

19. Transcript of Oral Arg. at 53, *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576 (2013) (No. 12-398).

20. Transcript of Oral Arg. at 4, *Commil USA, LLC v. Cisco Systems, Inc.*, 135 S. Ct. 1920 (2015) (No. 13-896).

21. *Id.*

22. Transcript of Oral Arg. at 10, *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923 (2016) (No. 14-1513).

23. *Id.* at 33.

These general impressions that something is not right in the state of patent law seem to have contributed over time to a greater willingness to second-guess the Federal Circuit. Whatever instinct the Court may once have had to tread cautiously in reviewing the work of the nation's patent-expert court of appeals has clearly disappeared.

This new mindset has, in some ways, transformed the Federal Circuit's national jurisdiction from an asset into a liability. Generally, the existence of a circuit split is the best predictor of Supreme Court review. The unique nature of the Federal Circuit's jurisdiction makes a split less likely, although not impossible.²⁴ While this may initially have eased pressure on the Supreme Court to review Federal Circuit decisions, now the opposite appears true. The absence of a split has become the chief talking point in many patent-law cert. petitions, which trumpet the fact that the Federal Circuit has set a national rule that will govern all patent cases unless and until the Supreme Court intervenes. It is hard to dismiss such a petition as warranting "further percolation." Instead, the Court is encouraged to look at the merits and decide—often amid the din created by a chorus of sky-is-falling amicus briefs—whether it is comfortable letting the Federal Circuit's decision stand without a closer look.

All these factors make it likely that, for the foreseeable future, we will see a steady stream of new patent decisions coming from the Supreme Court.

I hope that, going forward, the Court will take stock of the substantial changes it has already wrought and their effect as it considers further adjustments. At heart, patent law is about achieving balance. The various doctrines should work together to encourage an optimal level of innovation and disclosure without suppressing competition more than necessary. It can be hard enough to maintain that balance when discrete changes are made one at a time. But when you are changing five, ten, or fifteen things in a short time, the risk of confusion and miscalculation greatly increases.

The Court's limited access to information exacerbates the problem. Its impressions of how patent law functions in practice are more likely to be shaped by the statements in amicus briefs than by any direct experience. Those briefs often tell the same story in case after case. Some warn of patent thickets, non-practicing entities, and endless demand letters. Others tout the role of strong patents in fostering innovation. The briefs then connect these

24. On issues touching on civil procedure, the need for Supreme Court review is typically predicated upon the contention that the Federal Circuit is applying a rule contrary to sister circuits. *See, e.g.*, Petition for Writ of Certiorari at 23–24, *Highmark Inc. v. Allcare Health Mgmt. Sys.*, 134 S. Ct. 1744 (2014); Petition for Writ of Certiorari at 8, *Medimmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007).

general narratives to the case at hand, urging the Court to adjust or maintain this doctrine or that one to push the patent system in the desired direction.

The question the Court needs to ask itself is whether these descriptions remain accurate, and specifically whether they account for changes the Court has already made. If the Court is really hearing about the way things were five or ten years ago, then it is receiving an inaccurate picture. The reality is that the pace of change has been so rapid that no one knows the full effect of the Court's decisions so far or the further impact that decisions already on the books will have going forward.

One solution would be for the Court to pause for a time and let the changes it has already made sink in. I am not optimistic we will see such a pause, but it would give time for the system to adjust and provide space for the reflection needed to prevent mistakes.

2. Beyond the sheer number of cases is the nature of the changes being made. A consistent theme in the Supreme Court's recent patent decisions is an aversion to rigid rules. *KSR* rejected the teaching-suggestion-motivation test in favor of an "expansive and flexible approach" to obviousness.²⁵ *Octane Fitness* criticized the Federal Circuit's attorneys' fees decisions for abandoning a "holistic, equitable approach in favor of a more rigid and mechanical formulation."²⁶ It held that "no precise rule or formula" governs the determination whether a case "stands out from others," which must be made based on a "case-by-case exercise of . . . discretion, considering the totality of the circumstances."²⁷ *Halo Electronics* replaced "the inelastic constraints" of the Federal Circuit's two-part test²⁸ with an egregiousness standard.²⁹

Nowhere is the Court's aversion to rigid rules more evident than in its approach to patent-eligible subject matter under § 101. In *Bilski v. Kappos*, the Court seems to have come close to categorically holding that methods of doing business are not patentable.³⁰ Justice Steven's lengthy concurrence for four Justices reads like it was originally written to be a majority opinion.³¹

25. 550 U.S. at 415.

26. *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1754 (2014).

27. *Id.* at 1756.

28. *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1934 (2016).

29. *Id.* at 1932.

30. *See generally* *Bilski v. Kappos*, 561 U.S. 593 (2010).

31. There was a seven-month gap between argument and decision. Justice Scalia, who appears to have been the swing vote, joined parts of two different opinions. And two years later, Justice Scalia said that his "hardest decision" while on the Supreme Court "would probably be a patent case"—although he unfairly added that "it's the dullest case imaginable." *Piers Morgan Tonight*, CNN (July 18, 2012, 9:00PM), <http://transcripts.cnn.com/TRANSCRIPTS/120718/pmt.01.html>.

But after failing to adopt a bright-line rule on business-method patents, the Court embraced its admonition against adopting rigid rules with a vengeance in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*³² and *Alice Corp. v. CLS Bank*.³³ The two-step analysis that has emerged from those cases has led to invalidation of many patents. But I suspect that if you got most judges or litigators alone and off the record, they would admit that they don't really understand what the framework means or how to apply it.

Consider the Supreme Court's description in *Mayo* of the second step of the analysis. After saying that a claim must "do significantly more than simply describe" natural correlations, the Court said: "To put the matter more precisely, do the patent claims add *enough* to their statements of the correlations to allow the processes they describe to qualify as patent-eligible processes that *apply* natural laws?"³⁴ If determining whether the claims add "enough" is the "more precise[]" formulation, one trembles to think of the less precise version.

The tension between the Federal Circuit and the Supreme Court reflects the age-old debate about rules and standards. The Federal Circuit has traditionally been more inclined to adopt rules. It was created, after all, for the purpose of bringing stability and predictability to the law; and being closer to the front lines, it has a better sense of the practical consequences of unclear guidance. The Supreme Court, by contrast, has a high tolerance for uncertainty. It regularly grapples with abstract concepts that defy easy application, such as "due process" and "equal protection." It tends to hear cases precisely because there is no clear answer, or at least enough uncertainty to split the lower courts. And as the Supreme Court largely controls its own docket, it does not bear the consequences of uncertainty as directly as other courts that have to find room on crowded dockets to adjudicate routine cases.

Perhaps the pendulum will swing back one day. In other areas of statutory interpretation, the Court has shown considerably more openness to administrable rules. For example, in a 2011 employment law case, the Court rejected a "murky" rule in favor of one that could be "readily applied," with the outcome in many cases "known even before litigation is commenced."³⁵ But for now, in the field of patent law, counsel must be prepared to advise clients amid the uncertainty of multi-factor tests. This requires a great deal of judgment, especially when a client asks for the dreaded percentage—the

32. See 566 U.S. 66, 92 (2012).

33. 134 S. Ct. 2347 (2014).

34. *Mayo Collaborative Servs.*, 566 U.S. at 77.

35. *Vance v. Ball State Univ.*, 133 S. Ct. 2434, 2449 (2013).

reduction of a complex legal question, as applied to a complex set of facts, into a single number predicting the likelihood of success.

I have profound respect for the common-law method of adjudication—especially in the constitutional context. Common-law adjudication allows the law to evolve to meet new situations and to make fine-grained distinctions from case to case. But in the patent area, where companies must often make investment decisions years in advance, the Supreme Court’s aversion to bright-line rules brings to mind Jeremy Bentham’s criticism of the common law. Bentham quipped that judges make common law “as a man makes laws for his dog,” by waiting until it does something wrong and then “beat[ing] him for it.”³⁶ That metaphor may resonate with a client that guesses wrong about how a multi-factor test will be applied, only to learn the correct answer upon being told it must face the consequences.

3. Another hallmark of the Supreme Court’s recent patent decisions has been their lopsided nature. I find it puzzling and somewhat troubling that the Court regularly decides difficult patent cases with near unanimity. In the eight patent cases decided in 2016–2017, there were only three dissents commanding a total of only four votes.³⁷ A robust dissent can make the majority opinion much sharper. Without that internal check, soft spots in the majority’s reasoning are less likely to be rectified. Altogether, the Court’s opinions in the four patent cases I argued last Term fill only 29 pages of the Supreme Court Reports, and the vast majority of those pages simply recited the relevant facts and legal principles.³⁸

4. One reason for this phenomenon is the Supreme Court’s seeming devaluation of context. Overwhelmingly, what matters to the Court are its own cases and the express statutory text. Those are, of course, plainly important. But the Patent Act is notably not a comprehensive statement of patent law.³⁹ Many patent doctrines, arising from tort and equity, are not included in the

36. Jeremy Bentham, *Truth Versus Ashhurst*, in *WORKS OF JEREMY BENTHAM* 233, 235 (1843).

37. *Impression Prods. v. Lexmark Int’l, Inc.*, 137 S. Ct. 1523, 1538–39 (2017) (Ginsburg, J., concurring in part and dissenting in part); *SCA Hygiene Prods.*, 137 S. Ct. at 967–73 (Breyer, J., dissenting); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2148–56 (2016) (Alito, J., concurring in part and dissenting in part).

38. See *Sandoz, Inc. v. Amgen Inc.*, 137 S. Ct. 1664 (2017); *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S. Ct. 954 (2017); *Life Techs. Corp. v. Promega Corp.*, 137 S. Ct. 734 (2017); *Samsung Elecs. Co. v. Apple Inc.*, 137 S. Ct. 429 (2016).

39. *Warner-Jenkinson Co., Inc. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 26 (1997) (“In the context of infringement, . . . pre-1952 precedent survived the passage of the 1952 Act.”); H.R. REP. NO. 82-1923 (1952), at 10’ (specifying defenses only “in general terms”).

text at all.⁴⁰ And consistently over decades lower courts recognized that. Often, the Supreme Court pays no heed.

Relatedly, the Court has been increasingly dismissive of the expectations created by congressional action that considered settled patent case law and left it intact. As recently as 2011, the Court devoted a section of its opinion in *Microsoft v. i4i Limited Partnership* to the fact that Congress had left the Federal Circuit's decisions requiring clear and convincing evidence of invalidity intact. The Court wrote:

For nearly 30 years, the Federal Circuit has interpreted § 282 as we do today. During this period, Congress has often amended § 282; not once, so far as we (and Microsoft) are aware, has it even considered a proposal to lower the standard of proof. Moreover, Congress has amended the patent laws to account for concerns about “bad” patents, including by expanding the reexamination process to provide for inter partes proceedings. Through it all, the evidentiary standard adopted in § 282 has gone untouched.⁴¹

Subsequent decisions have made clear, however, that this mode of analysis carries little or no weight. Consider the Court's decision to relax the standard for enhanced damages in *Halo Electronics*. The Federal Circuit's two-part *Seagate* standard,⁴² requiring both objective baselessness and subjective willfulness, did not have as long a pedigree as the clear-and-convincing standard for proving invalidity. But the lopsided *en banc* decision in *Seagate* was the law at the critical time Congress was working on the AIA. And the legislative history makes clear that Congress relied on *Seagate* and expected it to remain the law with no need for Congress to take further action.⁴³ Against this backdrop, Congress opted to make only a technical

40. Among others, the list includes equitable estoppel, unclean hands, prosecution laches, and the doctrine of equivalents. See, e.g., Douglas Laycock, *The Triumph of Equity*, 56 L. & CONTEMP. PROBS. 53, 70–71 (1993) (additional examples).

41. *Microsoft Corp. v. i4i Lim. P'ship*, 564 U.S. 91, 113 (2011) (citations omitted).

42. *In re Seagate Tech., LLC*, 497 F.3d 1360 (2007).

43. The House Report favorably cited *Seagate* for the proposition that “willful infringement requires at least a demonstration of objectively reckless behavior.” H.R. REP. NO. 112-98, pt. 1, at 39 n.9 (2011). Both the Chair of the House Subcommittee on Intellectual Property, Competition, and the Internet and the Ranking Member of the Judiciary Committee stated the courts had satisfactorily resolved several issues in patent law, “including . . . willfulness.” *Crossing the Finish Line on Patent Reform: Hearing Before the H. Subcomm. on Intellectual Prop., Competition, & the Internet*, 112th Cong. 18, 1 (2011) (“Since we began debating comprehensive patent reform over a half decade ago, the Federal courts have issued numerous opinions that have touched on some of the very reforms we have been working on,

amendment to § 284, with no change to the language regarding enhanced damages.⁴⁴ It also enacted a separate provision regarding what evidence could be used to show willfulness.⁴⁵ An amicus brief filed by the named sponsors of the AIA emphasized that “[i]n declining to amend Section 284’s enhancement provision, Congress understood that *Seagate* would remain in place and continue to govern the enhancement analysis under Section 284.”⁴⁶

The Court dismissed such arguments with little discussion. The lesson for Congress, and for practitioners advising clients, is to take nothing for granted. No matter how clearly or often the Federal Circuit has applied a legal principle, you need to ask whether the Supreme Court itself has adopted that rule. If not, things might soon look different.

The Court’s recent decision on laches drives this lesson home. Lower courts sitting in both law and equity had applied the doctrine of laches to limit patent damages for well over a hundred years. As one scholar observed, “[m]uch of the overall body of patent jurisprudence was developed within the equity framework,” and patent law is suffused with “equitable approaches to judicial reasoning and lawmaking.”⁴⁷ Every court of appeals to consider the question before the Patent Act of 1952 had agreed that laches can bar damages—a fact Congress undoubtedly understood when it broadly codified existing defenses, including the defense of “unenforceability,” “in any action.” Again after 1952, the courts of appeals were unanimous that laches can bar damages.

No doubt in part for that reason, the Supreme Court had never taken up the issue. But when it did last Term, this reticence proved regrettably dispositive. Speaking summarily and nearly unanimously in *SCA Hygiene v. First Quality Baby Products*, the Court held that laches is no defense to a patent

including . . . willfulness.”); *Review of Recent Judicial Decisions on Patent Law: Hearing Before H. Sub-Comm. on Intellectual Prop., Competition, & the Internet*, 112th Cong. 14, 2 (2011) (“[I]f the courts sufficiently have addressed an area of patent reform, then that may obviate the need for the Congress to act.”); *Id.* at 3 (“[T]he courts have helped us . . . in ferreting out a lot of issues that we can take mostly off the table,” including “willfulness.”). Witnesses at the latter hearing echoed this sentiment. One noted that “[t]he low standard for proof of willfulness, which results in the imposition of multiple damages” had been “the subject of a lot of the Committee’s deliberations,” but “w[as] over-turned by the Federal Circuit in the . . . *Seagate* decision[.]”). *Id.* at 14 (testimony of Andrew J. Pincus, Mayer Brown LLP). Another witness noted that certain decision had “gone the way that the legislation was headed,” and cited the Federal Circuit’s limitation of enhanced damages as an example. *Id.* at 31–32 (testimony of Dennis Crouch, Assoc. Prof. of Law, Univ. of Missouri).

44. Leahy-Smith America Invents Act, Pub L. No. 112-29, § 20(j)(1), 125 Stat. 284, 335 (2011).

45. 35 U.S.C. § 298 provides that failure to “obtain the advice of counsel with respect to any alleged patent infringement . . . may not be used to prove that the accused infringer willfully infringed.”

46. Brief of Certain Members of Congress as Amici Curiae in Supp. of Resp’ts at 7, *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, S. Ct. Jan. 20, 2016 (No. 14-1513).

47. Christopher Beauchamp, *The First Patent Litigation Explosion*, 125 YALE L.J. 848, 913 (2016).

damages claim.⁴⁸ The Court looked to isolated dicta in non-patent cases of its own reciting that laches generally does not bar damages. The Court said it “need not address whether it is ever reasonable to assume that Congress legislated against the background of a lower court consensus rather than the contrary decisions of this Court.”⁴⁹

Creation of the Federal Circuit was certainly not meant to eclipse the Supreme Court’s ultimate authority in patent cases. But once enough years have passed without Supreme Court review, considerations of stability and certainty counsel against making sudden changes in patent doctrine. This is particularly true where Congress or the courts have made other adjustments against the backdrop of what appeared to be settled law. Justice Brandeis famously observed that “in most matters it is more important that the applicable rule of law be settled than that it be settled right.”⁵⁰ This observation applies with extra force in patent law, where uncertainty can upset the incentives for investment as readily as a bad rule.

The Supreme Court clearly understands this point when it comes to its own precedent. In *Kimble v. Marvel Entertainment*, it noted that in patent law, as with property more generally, “considerations favoring stare decisis are ‘at their acme.’”⁵¹ While stare decisis does not bind a higher court reviewing the work of a lower court, many of the same considerations that would have the Supreme Court defer to a decision made by an entirely different set of Justices 100 years ago counsel in favor of treading lightly when another court with national jurisdiction has consistently applied a rule for decades.

To be clear, I am not calling for the Supreme Court to abjure consideration of long-settled doctrine. I am suggesting that given the Supreme Court’s control over the cases it hears and the frequency with which Congress has made adjustments to patent law, the Court should heed its own admonition that “courts must be cautious before adopting changes that disrupt the settled expectations of the inventing community.”⁵² Otherwise, the Court may find that the uncertainty engendered by the impression that seemingly any doctrine can be undone at any time outweighs the benefit from any specific changes the Court might make.

48. 137 S. Ct. 954 (2017).

49. *Id.* at 954 n.5.

50. *Burnet v. Coronado Oil & Gas Co.*, 285 U.S. 393, 406 (1932) (Brandeis, J., dissenting).

51. *Kimble v. Marvel Entm’t, LLC*, 135 S. Ct. 240, 2410 (2015).

52. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 535 U.S. 722, 739 (2002).