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YES, THE PTAB IS UNCONSTITUTIONAL

GREGORY DOLIN, M.D.*

INTRODUCTION

In 2011, Congress enacted a major overhaul of the patent laws. While the Leahy–Smith America Invents Act (AIA)¹ includes some significant, if controversial provisions, perhaps the best-known ones are the several administrative processes to review and potentially cancel already issued patents.² These new post-issuance reviews, specifically the *inter partes* review (IPR) have engendered a fair amount of debate in the courts,³ academia,⁴ and Congress⁵ with focus being primarily on the procedures used by Patent Trial and Appeals Board (PTAB)—the newly created adjudicative body within the Patent and Trademark Office, the results of these trials, and the fairness to the patentees and the challengers.⁶ There is, however, a more fundamental problem with the PTAB run-post issuance proceedings, one that cannot be cured

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1. Leahy-Smith America Invents Act of 2011, Pub. L. No. 112-29, 125 Stat. 284 (codified in scattered Sections of 28 and 35 U.S.C. (2012)).

2. See Sarah Tran, *Policy Tailors and the Patent Office*, 46 U.C. DAVIS L. REV. 487, 498–99 (2012).

3. See, e.g., *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2134 (2016); *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017) (en banc); *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 639 F. App’x. 639 (Fed. Cir. 2016), *cert. granted*, 137 S. Ct. 2239 (2017); *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284 (Fed. Cir. 2015), *cert. denied*, 137 S. Ct. 292 (2016); *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306 (Fed. Cir. 2015).

4. See, e.g., Greg Reilly, *The Constitutionality of Administrative Patent Cancellation*, 23 B.U. J. SCI. & TECH. L. 377 (2017); Paul R. Gugliuzza, *(In)Valid Patents*, 92 NOTRE DAME L. REV. 271 (2016); John M. Golden, *Working Without Chevron: The PTO As Prime Mover*, 65 DUKE L.J. 1657 (2016); Gregory Dolin & Irina D. Manta, *Taking Patents*, 73 WASH. & LEE L. REV. 719 (2016); Gregory Dolin, *Dubious Patent Reform*, 56 B.C. L. REV. 881 (2015); Melissa F. Wasserman, *The Changing Guard of Patent Law: Chevron Deference for the PTO*, 54 WM. & MARY L. REV. 1959 (2013); Sarah Tran, *Patent Powers*, 25 HARV. J.L. & TECH. 609, 633 (2012).

5. See, e.g., Support Technology and Research for Our Nation’s Growth and Economic Resilience (STRONGER) Patents Act of 2017, S. 1390, 115th Cong. (1st Sess. 2017); Protecting American Talent and Entrepreneurship (PATENT) Act of 2015, S. 1137, 114th Cong. (1st Sess. 2015); Patent Quality Improvement Act of 2013, S. 866, 113th Cong. (1st Sess. 2013).

6. See *supra* notes 3–5.

by fine-tuning particular processes. The Supreme Court now has before it a case that will consider whether reposing a power to annul vested private property rights in an administrative agency runs afoul of the Constitution's Article III requirements.⁷ In this Article, I will lay out a case for why that question should be answered in the negative.⁸ In other words, whether the post-issuance proceedings can or do achieve the Congressional purposes of reducing patent litigation costs, providing more certainty, and improve patent quality⁹ is beside the point if the tribunals vested with the review powers are themselves unconstitutional. The best reading of the Constitutional text, precedent, and history supports the conclusion that non-judicial abrogation of vested patent rights does in fact run afoul of the constitutional strictures. This conclusion is based on the precedents related to both invention patents and land patents coupled with the original understanding of the Constitutional separation of powers doctrine, and the Supreme Court's jurisprudence on the Article III-imposed constraints.

This Article proceeds in four parts. In Part I, I will discuss the nature of patents as private property, the judicial treatment patents as on par with property land, and the mechanism for error correction that have existed in light of these principles. This Part will conclude with an argument as to why patents are not merely private property, but private, rather than public, rights. Part II will focus on the constitutional requirements for adjudicating private rights and will reconcile these requirements with *ex parte* reexamination—an error correction mechanism that has existed since 1981. In Part III, I will show that the IPRs do not and cannot live up to the goals and purposes of Article III, and indeed often are an antithesis of those goals. Finally, Part IV will offer some suggestions on bringing the system in line with the constitutional requirements. The Conclusion offers some final observations.

I. PATENTS AS PRIVATE PROPERTY

A. *The Treatment of Patents in the Early Republic*

As Chief Justice Roberts noted “[in patent law], as other[] [areas], “a page of history is worth a volume of logic.”¹⁰ The examination of the history of the American patent system yields an unsurprising result. From the early

7. *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 137 S. Ct. 2239 (2017).

8. This Article draws heavily on a brief I co-authored in the pending *Oil States* case. See Brief for Cato Institute and American Conservative Union Foundation as Amici Curiae Supporting Petitioner, *Oil States*, 137 S. Ct. 2239 (No. 16-1712), 2017 WL 3888212.

9. See Dolin & Manta, *supra* note 4, at 721–22 (describing goals of the AIA).

10. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 395 (2006) (Roberts, C.J., concurring) (quoting *New York Trust Co. v. Eisner*, 256 U.S. 345, 349 (1921)).

days of the Republic and to the present day, a long line of cases reaffirmed, time and again, that patents for inventions are private property and stand on the same constitutional footing as land.¹¹ This basic understanding has persisted irrespective of the method for obtaining or enforcing patents. This understanding stemmed not merely from a particular statutory provision, but from the Constitution itself. Chief Justice Marshall explained that

The constitution and law, taken together, give to the inventor, from the moment of invention, an inchoate property therein, which is completed by suing out a patent. This inchoate right is exclusive. It can be invaded or impaired by no person. No person can, without the consent of the inventor, acquire a property in the invention [T]his inchoate and indefeasible property in the thing discovered commences with the discovery itself, and is only perfected by the patent subjecting the future use of the machine constructed previous to a patent¹²

It should be acknowledged that the Chief Justice was careful to note that the *exclusivity* that comes along with a patent is a creature of congressionally enacted legislation.¹³ At the same time, the passage is remarkable for the recognition that the invention itself brings with it a property right, albeit not an exclusive one, and that that right is conferred not by the government. In other words, the courts had no trouble concluding that inventors have a pre-existing common law right to their invention which was neither enlarged nor diminished by the grant of a patent, but that that right was not exclusive absent a patent grant.¹⁴ In light of the influence of John Locke on

11. See generally Adam Mossoff, *Patents as Constitutional Private Property: The Historical Protection of Patents Under the Takings Clause*, 87 B.U. L. REV. 689 (2007) (reviewing historical evidence and concluding that from the early days of the Republic, patents have been treated as private property, and not merely governmental favors).

12. *Evans v. Jordan*, 8 F. Cas. 872, 873 (C.C.D. Va. 1813) (Marshall, Circuit Justice), *aff'd*, 13 U.S. 199 (1815).

13. *Id.* (noting that “the *exclusive* right to use [the invention] after the date of the patent, [is a right] which the act of congress [*sic*] confers”) (emphasis added).

14. See, e.g., *Patterson v. State of Kentucky*, 97 U.S. 501, 507 (1878) (“The sole operation of the statute is to enable him to prevent others from using the products of his labors except with his consent. But his own right of using is not enlarged or affected. There remains in him, as in every other citizen, the power to manage his property, or give direction to his labors, at his pleasure”); see also THE FEDERALIST NO. 43 (James Madison) (“The copyright of authors has been solemnly adjudged, in Great Britain, to be a right of common law. The right to useful inventions seems with equal reason to belong to the inventors.”).

the Founders' view of government and property,¹⁵ this underlying right was often anchored in the labor of the inventor.¹⁶

The Lockean view of invention patents also meant that the early courts consistently applied the same rules to patents as to real property.¹⁷ The clearest example of this can be seen in *McClurg v. Kingsland* decided in 1843.¹⁸ Addressing the effect of amendments to the Patent Act on the rights of those whose patents issued under the statute previously in force the *McClurg* Court held that the amendments “can have no effect to impair the right of property then existing in a patentee, or his assignee, according to the well-established principles of this court in 8 Wheat. 493.”¹⁹ The citation is noteworthy because the “well-established principles” which the Court referred to were drawn from a case that had nothing whatsoever to do with patents, but with land ownership.²⁰ The “well-established principle” announced in that case was that legislatures cannot derogate from vested land titles²¹ and the same rule was applied to patents as well.²² In short, the courts of the early Republic saw no difference between land grants and invention patent grants.²³

This view of patents is particularly noteworthy given that between 1793 and 1836 “patents [were] granted at the patent office, not after an examination into their merits, but upon *ex parte* statements” of the applicants.²⁴ In

15. See Adam Mossoff, *Saving Locke from Marx: The Labor Theory of Value in Intellectual Property Theory*, 29 J. SOC. PHIL. & POL'Y 283 (2012) (arguing that John Locke's labor theory of value provides a justification for intellectual property rights); see also Joan E. Schaffner, *Patent Preemption Unlocked*, 1995 WIS. L. REV. 1081, 1100 n.90 (noting that the argument that the framers' approach to patents was “influenced by John Locke . . . is particularly persuasive given the strong parallels which can be drawn between the basic patent structure, Lockean precepts, and the history of the American system.”); see also David Ladd, *The Harm of the Concept of Harm in Copyright*, 30 J. COPYRIGHT SOC'Y 421, 426 (1983) (“The framers of the Constitution were men to whom the right to hold property was enormously important. They were not far removed from Locke. His ideas pervaded their debates and decision.”).

16. See *Davoll v. Brown*, 7 F. Cas. 197, 199 (C.C.D. Mass. 1845) (Woodbury, Circuit J.) (“[T]he labors of the mind, productions and interests as much a man's own, and as much the fruit of his honest industry, as the wheat he cultivates, or the flocks he rears.”).

17. See Adam Mossoff, *The Use and Abuse of IP at the Birth of the Administrative State*, 157 U. PA. L. REV. 2001, 2022 (2009) (“Throughout the nineteenth century, courts employed Lockean property theory to justify the protection of property rights, especially the new forms of intellectual property.”).

18. 42 U.S. 202 (1843).

19. *Id.* at 206.

20. See *Soc'y for the Propagation of the Gospel in Foreign Parts v. Town of New Haven*, 21 U.S. 464 (1823).

21. *Id.* at 493.

22. *McClurg*, 42 U.S. at 206. For a discussion of the case and its interaction with the law governing real property, see Adam Mossoff, *Patents as Constitutional Private Property*, *supra* note 11, at 702–03.

23. See, e.g., Mossoff, *supra* note 11, at 700–11; see also *Consol. Fruit-Jar Co. v. Wright*, 94 U.S. 92, 96 (1876) (“A patent for an invention is as much property as a patent for land. The right rests on the same foundation, and is surrounded and protected by the same sanctions.”); *McCormick Harvesting Mach. Co. v. C. Aultman & Co.*, 169 U.S. 606, 608–09 (1898) (holding that a patent, once signed and delivered, “become[s] the property of the patentee, and as such is entitled to the same legal protection as other property.”).

24. *Stanley v. Hewitt*, 22 F. Cas. 1043, 1044 (C.C.E.D.N.Y. 1836).

other words, the patent office issued a patent upon mere demand for one, and without conducting an inquiry into the novelty of the invention sought to be patented. Yet, the courts, though often frustrated with patents that “would not be capable of sustaining a just claim for the exclusive privileges acquired,”²⁵ continued to recognize patents as property rights, and “construe these patents fairly and liberally, and not to subject them to any over-nice and critical refinements.”²⁶

B. Error Correction

None of this is to say that the early patent system was free from error or that those who crafter and administered that system failed to recognize the possibility of such error. Quite the opposite. The framers knew that government errors in administering government programs are as old as governments are themselves.²⁷ The patent system was no different and left plenty of room for error, so much so that in 1809, the Superintendent of Patents himself concluded that “many of the patents are useless, except to give work to the lawyers, & others so useless in construction as to be . . . merely intended for sale.”²⁸ The judges were no more enamored, writing that “[t]he most frivolous and useless alterations in articles in common use are denominated improvements . . .” and receive patents.²⁹ And the drafters of the Patent Acts were not so daft as to think that the Government can operate without error.

In the very first Patent Act, Congress provided two avenues to challenge patent validity.³⁰ First, although a patent served as *prima facie* evidence of the patentee’s rights to the things described,³¹ an accused infringer was permitted to argue that the patent was invalid because it failed to properly specify the thing invented.³² If the defendant managed to overcome the presumption of validity that attached to the patent, the court would be required to render judgment for the defendant.³³ Such judgment for the defendant did not necessarily “cancel” the patent—it merely resolved a specific dispute

25. John Redman Coxe, *Of Patents*, 1 EMPORIUM ARTS & SCI. 76, 76 (1812).

26. *Ames v. Howard*, 1 F. Cas. 755, 756 (C.C.D. Mass. 1833) (Story, Circuit J.).

27. See Larry Kramer, *Fidelity to History—and Through It*, 65 FORDHAM L. REV. 1627, 1634–35 (1997); see also THE FEDERALIST NO. 73 (Alexander Hamilton) (rejecting the idea that “the legislature will [] be infallible.”).

28. Edward C. Walterscheid, *Patents and Manufacturing in the Early Republic*, 80 J. PAT. & TRADEMARK OFF. SOC’Y 855, 888 (1998) (quoting Letter from William Thornton, Superintendent, U.S. Pat. Office, to Amos Eaton (May 5, 1809)).

29. *Thompson v. Haight*, 23 F. Cas. 1040, 1041 (S.D.N.Y. 1826).

30. Patent Act of Apr. 10, 1790, ch. 7, §§ 5, 6, 1 Stat. 109 (1790) (repealed 1793).

31. *Id.* at § 6.

32. *Id.*

33. The defendant could also “plead the general issue,” i.e., argue that the patent was not infringed. *Id.*

between the patentee and a particular defendant.³⁴ However, the 1790 Act also provided an avenue for outright patent cancellation.³⁵ The Act permitted a challenge to be brought in a federal district court within a year after the patent was granted, and if the evidence that the patent was improperly obtained were sufficient, the district judge was empowered “to repeal such patents.”³⁶

The Patent Act of 1793 took a similar approach. Given the switch to a patent registration system, a patent issued under the 1793 Act would no longer be *prima facie* evidence of any rights held by the patentee; rather, the matter of the patent scope and validity would be resolved at trial “in the circuit court of the United States, or any other court having competent jurisdiction.”³⁷ As before, at trial an accused infringer could argue that the patent was invalid because it failed to properly specify the thing invented, but in addition could also attempt to convince the court that the patent described things that were not “inventions” because they were not “not originally discovered by the patentee, but had been in use, or had been described in some public work anterior to the supposed discovery.”³⁸ If such a defense were successful, not only would a “judgment [] be rendered for the defendant,” but “the patent [would] be declared void.”³⁹ At the same time, the Act preserved the ability of any person to file a suit in a district court for the cancellation of the patent, even in the absence of an infringement suit.⁴⁰

The 1793 Act, though often viewed as authorizing mere rubber stamping of applications and converting them to full-blown patents,⁴¹ actually had some provisions for (admittedly very limited) administrative review.⁴² Under the Act, arbitrators decided competing claims of priority to the same invention.⁴³ In light of elimination of examination process and the abolition of an

34. See *United States v. Am. Bell Tel. Co.*, 128 U.S. 315, 372 (1888); see also *Mowry v. Whitney*, 81 U.S. 434, 441 (1871).

35. Patent Act of Apr. 10, 1790, ch. 7, § 5.

36. *Id.*

37. Patent Act of Feb. 21, 1793, ch. 11, § 5, 1 Stat. 318 (1793) (repealed 1836). The phrase “or any other court having competent jurisdiction” seems to imply that at least in the very early days of the Republic, state and federal courts had concurrent jurisdiction over patent suits. Congress clarified the issue when it passed the Patent Act of 1800 which omitted the aforementioned phrase, thus limiting patent litigation to the federal courts. See Donald S. Chisum, *The Allocation of Jurisdiction Between State and Federal Courts in Patent Litigation*, 46 WASH. L. REV. 633, 635–36 (1971).

38. Patent Act of Feb. 21, 1793, ch. 11, § 6. As before, the defendant could “plead the general issue,” i.e., non-infringement. *Id.*

39. *Id.*

40. The 1793 Act extended the period for cancellation from one year to three. *Id.* at § 10.

41. See, e.g., Edward C. Walterscheid, *Priority of Invention: How the United States Came to Have a “First-to-Invent” Patent System*, 23 AIPLA Q.J. 263, 306 (1995).

42. See Patent Act of Feb. 21, 1793, ch. 11, § 9.

43. *Id.*

executive office responsible for making those determinations, creation of a process for settling these disputes was necessary. Although the 1793 Act made the judgment or the arbitrators “final,”⁴⁴ the judgment extended only “as far as . . . the granting of the patent” to one of the competing applicants.⁴⁵ The patent could still be judicially cancelled upon petition to the district court.⁴⁶ Thus, with respect to granted patents, Congress once again limited the power of cancellation due to errors in the granting process to Article III judges. As Thomas Jefferson wrote, the 1793 Act created a system where patents “issue[d] of course, subject to be declared void on such principles as should be established by the courts of law.”⁴⁷

The 1836 Act which brought with it the administrative system of pre-grant patent examination, authorized the Commissioner of Patents to deny applications unless the invention described therein was indeed “new.”⁴⁸ Similarly, the Act allowed the Commissioner to adjudicate the priority rights between interfering patent applications or between a pending application and a previously issued patent.⁴⁹ The Commissioner’s decisions on these matters were also subject to the appeal to the “board of examiners.”⁵⁰ However, if the Commissioner decided that a pending application actually had priority of invention over an issued patent, he was *not* empowered to cancel the patent.⁵¹ Instead, only a court of competent jurisdiction could adjudge that an issued patent is void and/or that the “applicant [of an interfering application] is [instead] entitled . . . to have and receive a patent for his invention.”⁵² It was only after “such adjudication, if it be in favor of the right of such applicant,”

44. *Id.*

45. *Id.* The system was not a particularly effective one, as applicants could refuse to participate in the process, or demand a patent (which the Patent Office was powerless to refuse) even after losing the arbitration. *See Walterscheid, supra* note 41, at 309–10.

46. Patent Act of Feb. 21, 1793, ch. 11, § 10; *Stearns v. Barrett*, 22 F. Cas. 1175, 1182 (C.C.D. Mass. 1816) (Story, Circuit J.) (“The sole object of such an award is, to ascertain who is *prima facie* entitled to the patent. But when once obtained, the patent is liable to be repealed or destroyed by precisely the same process, as if it had issued without objection.”).

47. Letter from Thomas Jefferson to Isaac McPherson (Aug. 13, 1813), in 13 THE WRITINGS OF THOMAS JEFFERSON 326, 336–37 (Andrew A. Lipscomb et al., eds.) (1903). In later years, Jefferson may have reconsidered his position and concluded that the “volumes of the law [offer not] a single ray which would lighten the path of the mechanic or mathematician.” *Id.* But the point is not whether the judges succeeded in developing useful rules, but that the drafters of the 1793 Act, much like the drafters of the 1790 Act thought that once granted (on whatever terms), a patent could only “be declared void on such principles as should be established by the courts of law.” *Id.*

48. Patent Act of July 4, 1836, ch. 357, § 7, 5 Stat. 117 (1836) (repealed 1952).

49. *Id.* at § 8.

50. *Id.* at §§ 7, 8.

51. *See Ewing v. U.S. ex rel. Fowler Car Co.*, 45 App. D.C. 185, 189 (D.C. Cir. 1916); *see also Reilly, supra* note 4, at 387.

52. Patent Act of July 4, 1836, ch. 357, § 16.

would the “Commissioner [be authorized] to issue [a] patent” to an interfering applicant.⁵³

Although “[t]he 1836 Patent Act did not include a specific private cause of action for . . . cancellation for fraud or inequitable conduct,”⁵⁴ it continued to authorize defendants in patent suits to challenge patent validity as a defense to any infringement action brought against them.⁵⁵ If the defendant were to convince a court that the patent was indeed invalid, he would escape liability for infringement,⁵⁶ but (and unlike the prior practice) the patent “would remain a valid instrument as to all others.”⁵⁷ Additionally, the courts, as a matter of equity, remained able to cancel improperly issued patents, provided that the suit was brought by the United States itself rather than a private party.⁵⁸ It “is notable . . . that in all [] circumstances in which a party (public or private) sought to annul or revoke a patent under the 1836 Act, that party had to proceed in equity.”⁵⁹ And because equity power is vested solely in Article III tribunals and cannot be withdrawn from them by Congress,⁶⁰ patent invalidation under the 1836 Act could be accomplished only through Article III judicial intervention.

As Congress continued to refine the system with subsequent Patent Acts, it continued to strengthen the power of the Patent Office to separate applications worthy of a patent from those unworthy of the same. At the same time, Congress never wavered from leaving the adjudication of issued patents’ validity to the courts.

Because the courts have consistently recognized that “[a] patent for an invention is as much property as a patent for land . . . [t]he right rests on the same foundation . . . surrounded and protected by the same sanctions,”⁶¹ it is worth examining how the courts dealt with mistakes in the grant of land patents. The Homestead Act⁶² was a near contemporary of the Patent Act of 1836, being signed into law a mere quarter of a century later. The land patents received under the Homestead Act, are nearly a mirror image of patents received under the Patent Act. While the Homestead Act was in effect, settlers found empty lots of land, worked the land for five years, and then filed

53. *Id.*

54. Mark A. Lemley, *Why Do Juries Decide If Patents Are Valid?*, 99 VA. L. REV. 1673, 1699 (2013).

55. *See* Patent Act of July 4, 1836, ch. 357, §§ 12, 15.

56. *Id.* at § 15.

57. *Mowry v. Whitney*, 81 U.S. 434, 441 (1871).

58. *Id.*; *United States v. Am. Bell Tel. Co.*, 128 U.S. 315, 360 (1888).

59. Lemley, *supra* note 54, at 1702.

60. *Den ex dem. Murray v. Hoboken Land & Imp. Co.*, 59 U.S. 272, 284 (1855).

61. *Consol. Fruit-Jar Co. v. Wright*, 94 U.S. 92, 96 (1876).

62. Act of May 20, 1862 (Homestead Act), ch. 75, §§ 1–2, 12 Stat. 392 (1862).

an application for a patent from the federal government.⁶³ In other words, settlers found land that wasn't known to others before, made it into new and useful farmland, and upon disclosure of their efforts received, pursuant to a statute, a document that allowed them to exclude all others from the land which the settlers made theirs. The process for obtaining a patent for invention under the 1836 Act (and subsequent legislation) was and is strikingly similar. An inventor discovers an idea not previously known to others, develops that idea into a new and useful invention, and upon the disclosure of that invention, receives a document that allows him to exclude others from working his invention, pursuant to a statute.⁶⁴

The complaints about land patents mirrored the views that “[a] considerable portion of all the patents granted [for inventions] are worthless and void.”⁶⁵ Indeed, “[t]he head of the U.S. General Land Office, the agency which disbursed federal lands, estimated that in 1883 fraud accounted for 40 percent of the 5-year homesteads,”⁶⁶ which in turn caused much pressure to rescind or cancel these grants.⁶⁷ And while there were attempts to simply cancel such grants administratively,⁶⁸ the Supreme Court was clear that once

The patent issued under the seal of the United States, and signed by the President, is delivered to and accepted by the party, the title of the government passes with this delivery. With the title passes away all authority or control of the Executive Department over the land, and over the title which it has conveyed.⁶⁹

The rule applied with equal force to patents that were issued following a mistake on law or fact, and even to patents obtained by outright fraud.⁷⁰ Such patents could only be cancelled as a result of “a direct proceeding instituted by the government or by parties acting in its name and by its

63. *Id.* at § 2; *see also Getting to Know the Homestead Act*, NAT'L PARK SVC., <http://bit.ly/2w8dyz0> (last visited Mar. 20, 2018).

64. *See* Patent Act of July 4, 1836, ch. 357, § 6, 5 Stat. 117; *see also* 35 U.S.C. §§ 101, 102–03, 111–14 (1952).

65. S. REP. NO. 24-239, at 2 (1836), *available at* <http://perma.cc/HX7S-33GK>.

66. GEORGE DRAFFAN, *TAKING BACK OUR LAND: A HISTORY OF RAILROAD LAND GRANT REFORM 3* (1998), <http://www.landgrant.org/takingback.pdf>.

67. *See generally id.* (discussing political pressure to deal with improperly issued grants of land).

68. *See, e.g.,* *United States v. Schurz*, 102 U.S. 378 (1880) (a mandamus petition was brought after the Commissioner of the General Land-Office refused to deliver and attempted to cancel a previously signed and sealed patent).

69. *Moore v. Robbins*, 96 U.S. 530, 533 (1877).

70. *Wright-Blodgett Co. v. United States*, 236 U.S. 397, 403 (1915).

authority.”⁷¹ Additionally, a private party whose interest clashed with the land patent could also sue and, upon proof that the government made a mistake, could seek an order from “a court of equity to correct the mistake and compel the transfer of the legal title to him as the true owner.”⁷²

The Court treated invention patents in exactly the same way, using nearly identical language. Thus, *McCormick Harvesting Mach. Co. v. Aultman*⁷³—an invention patent case—decided in 1898 nearly parroted the language of *Moore v. Robbins*⁷⁴—a land patents cases—decided two decades earlier. The *McCormick* Court did not view it as controversial to observe that once “a patent has received the signature of the secretary of the interior, countersigned by the commissioner of patents, and has had affixed to it the seal of the patent office, it has passed beyond the control and jurisdiction of that office, and is not subject to be revoked or canceled by the president, or any other officer of the government.”⁷⁵

Some scholars and judges have cast doubt on the vitality or applicability of *McCormick* to the modern Patent and Trademark Office’s (PTO) practices arguing that it did not announce a constitutional rule but merely interpreted the then-existing Patent Act.⁷⁶ However, such an argument ignores the *McCormick* Court’s reliance on *U.S. v. Schurz*.⁷⁷ In that case, a settler demanded that a land patent, which had been signed and sealed, be delivered to him.⁷⁸ The Secretary of the Interior instead ordered them cancelled.⁷⁹ When sued in mandamus, the Secretary argued that in deciding whether to deliver the patent he

was called upon to exercise a judgment and discretion on the case presented to him which were not merely ministerial, but which were rather judicial in their character, and in regard to which many matters were to be considered,—

71. *Lee v. Johnson*, 116 U.S. 48, 49 (1885).

72. *Id.*

73. 169 U.S. 606 (1898).

74. 96 U.S. 530 (1877).

75. 169 U.S. at 608. *Compare id.*, with 96 U.S. at 533 (When “the patent [is] issued under the seal of the United States, and signed by the President, is delivered to and accepted by the party, the title of the government passes with this delivery. With the title passes away all authority or control of the Executive Department over the land, and over the title which it has conveyed. . . . [T]here is no place for the further control of the Executive Department over the title. The functions of that department necessarily cease when the title has passed from the government.”).

76. *See Reilly*, *supra* note 4, at 393–94; *see also* *MCM Portfolio, LLC v. Hewlett-Packard Co.*, 812 F.3d 1284, 1288–91. (Fed. Cir. 2015).

77. *United States v. Schurz*, 102 U.S. 378, 378 (1880).

78. *Id.*

79. *Id.*

such as the validity of the title conferred by the patent, the circumstances under which it was signed, sealed, and recorded, and the conflicting rights of other parties to the lands covered by it.⁸⁰

According to the Secretary, the “execution of the patent concluded nothing, and the authority of the Secretary . . . to deal with the whole subject . . . remained unaffected by the patent.”⁸¹ Although the Supreme Court began its analysis of the Secretary’s argument by an observation that its soundness “must depend upon the authority conferred by Congress”⁸² on the Secretary, the opinion itself analyzed no statutory law,⁸³ but instead relied on English common law as explicated by Blackstone.⁸⁴ The Court’s reliance on English common law, as well as “all [other] nations, as far as we know”⁸⁵ would be rather peculiar if all it was doing was deciding upon the scope of the statutory limits upon the Secretary’s powers. A much more likely conclusion was that the Court was addressing a constitutional requirement that once something has become an individual’s private property, the instrument upon which such claim rests, may be voided “not by arbitrarily WITHHOLDING IT, but by judicial proceedings to set it aside, or correct it if only partly wrong.”⁸⁶ The Court ultimately held that once a land patent is signed and sealed, the title has vested in the patentee and the executive branch can do nothing to divest him of such title though it may have doubts about the propriety of the initial grant of the patent.⁸⁷ The only avenue of setting such a patent aside would be by a suit in equity,⁸⁸ adjudication of which is necessarily reserved to the courts.⁸⁹ Given the citation to *Schurz*,

80. *Id.* at 395.

81. *Id.*

82. *Id.*

83. The Court did discuss the statute insofar as it authorized Executive Branch officials to initially dispose of the federal lands and their authority to adjudicate various claims to the same. *Id.* at 395–96. Conspicuously though, the Court nowhere mentioned that the reason the Secretary of the Interior was not empowered to cancel an already issued patent was for want of explicit statutory authorization of such a power. Instead, the Court focused on the nature of the right in the claimant once the patent has issued, concluding that in those circumstances “the title to the lands has passed from the government [and] the question as to the real ownership of them is open in the *proper courts* to all the considerations appropriate to the case.” *Id.* at 396 (emphasis added).

84. *Id.* at 397–98.

85. *Id.* at 402.

86. *Id.* at 401–02 (capitalization in the original).

87. *Id.* at 397, 400–02.

88. *Id.* at 404 (“[W]hen [a claimant] obtains this possession [via an issued patent], if there be any equitable reason why, as against the government, he should not have it,—if it has been issued without authority of law, or by mistake of facts, or by fraud of the grantee,—the United States can, by a bill in chancery, have a decree annulling the patent, or possibly a writ of *scire facias*.”).

89. *Den ex dem. Murray v. Hoboken Land & Imp. Co.*, 59 U.S. 272, 284 (1855).

and the nature of that case, it is more likely that *McCormick* was decided not only on statutory grounds.

The only 19th-century precedent that potentially stands athwart this understanding is *Morgan v. Daniels*,⁹⁰ decided in 1894. In that case, the Supreme Court held that the Commissioner of Patents' determination on the question of who is the "true" first inventor is conclusive "unless the contrary is established by testimony which in character and amount carries thorough conviction."⁹¹ This has been taken by some to mean that the Patent Office could, in an interference proceeding, administratively cancel a patent issued to one party and transfer it to another.⁹² Except that no case appears to hold that.⁹³ Indeed, the only authority relied on for support of that proposition is *Victor Talking Mach. Co. v. Brunswick-Balke-Collender Co.*—a case where in litigation between two interfering patents, the District Court relied for the part of its conclusion on the interference proceedings in the Patent Office.⁹⁴ That case, however, cannot withstand the weight assigned to it.

Victor Talking had a somewhat convoluted litigation history. It began when the Patent Office issued a patent relating "to a talking machine with the mechanical parts enclosed in a cabinet"⁹⁵ to one Johnson.⁹⁶ Thereafter, Browning filed a patent application covering the same invention.⁹⁷ In an interference proceeding, the Commissioner decided the interference in favor of Johnson, the senior party.⁹⁸ On an appeal by Browning, the Court of Appeals for the District of Columbia (itself an Article III tribunal) reversed and found that Browning was the first inventor with Johnson deriving his invention from Browning.⁹⁹ It is at this point though that a noteworthy event occurred. Complying with the decision of the Court of Appeals, the Patent Office issued a patent to Browning.¹⁰⁰ However, it took no action against Johnson's earlier patent, which resulted in two interfering patents.¹⁰¹ The assignors of the two interfering patents then engaged in further litigation over

90. 153 U.S. 120 (1894).

91. *Id.* at 125.

92. *See, e.g.,* Reilly, *supra* note 4, at 394.

93. *Morgan* involved a suit stemming from the Patent Office's adjudication of interfering applications. 153 U.S. at 120. In resolving this dispute, the Court didn't deviate from the rule laid down in land patent cases. *Id.* at 124–25 (citing *Johnson v. Towsley*, 80 U.S. 72, 86 (1871)).

94. 290 F. 565 (D. Del. 1923), *aff'd*, 8 F.2d 41 (3d Cir. 1925), *aff'd sub nom.* *Victor Talking Mach Co v. Brunswick-Balke-Collender Co.*, 273 U.S. 670 (1927).

95. *Browning v. Johnson*, 271 F. 1017, 1017 (D.C. Cir. 1921).

96. U.S. Patent No. 946,442 (issued Jan. 11, 1910).

97. 271 F. at 1017–18; *see also Victor Talking*, 290 F. at 572.

98. 290 F. at 572.

99. *Browning*, 271 F. at 1019.

100. U.S. Patent No. 1,402,738 (issued Jan. 10, 1922).

101. *Victor Talking*, 290 F. at 565.

their rights.¹⁰² In adjudicating the *Victor Talking* matter, the District Court explained that while the Commissioner may adjudicate the issues of priority, it does not affect issued patents directly,¹⁰³ but may be used as evidence to later invalidate them in a suit at equity.¹⁰⁴ The judgment of the Court of Appeals for the District of Columbia was to be treated the same way due to the limited nature of appeal to that court from adverse interferences decisions.¹⁰⁵ Because of these limitations on the Patent Office, it was left to the District Court, sitting in equity, to enter a final order invalidating Johnson's patent.¹⁰⁶ On closer inspection then, *Victor Talking* is an entirely unremarkable case. Though the District Court deferred to the Patent Office's (and Court of Appeal's) fact-finding, it still was open to new evidence and at the end of the day evaluated all of the evidence prior to arriving at the conclusion that the earlier judgment ought not be disturbed.¹⁰⁷ Nothing in *Victor Talking* serves to undermine the conclusion that in the 19th century the courts viewed issued patents as indistinguishable from other forms of property and required that any doubts about their validity be resolved in properly constituted Article III tribunals.

C. Patents as Private Rights

Admittedly, the 19th century precedents cannot fully resolve the question of PTAB's constitutionality. Although the Patent Office (along with other agencies existing in the 1800s) were certainly "administrative agencies,"¹⁰⁸ the administrative state as presently understood did not fully blossom until mid-20th century.¹⁰⁹ With the development of the administrative state and the proliferation of various agencies with power to adjudicate all sorts of disputes, a new legal framework came into being.¹¹⁰ The Supreme Court began to draw a distinction between the type of rights that could be adjudicated in tribunals other than Article III courts, and the rights for which

102. *Id.*

103. *Id.* at 575 (noting that the Court of Appeals, like the Patent Office, "had before it only the question of priority of invention and matters subordinate and pertinent thereto. This court is not so restricted. It may determine whether either of the patents is void on any ground.").

104. *Id.*

105. *Id.* at 568–59 (quoting *Johnson v. Mueser*, 212 U.S. 283, 284 (1909)).

106. *Id.* at 575. The District Court also invalidated, under the equitable doctrine of laches, Browning's interfering claim. *Id.*

107. *Id.* at 572–74.

108. See Michael J. Pender, *Judicial Review of PTO Patentability: Determinations Under the Substantial Evidence Standard of Review*, 82 J. PAT. & TRADEMARK OFF. SOC'Y 431, 434 n.17 (2000).

109. See Peter E. Quint, *What Is A Twentieth-Century Constitution?*, 67 MD. L. REV. 238, 246 (2007).

110. *Id.* ("When the 'administrative state' began its impressive rise . . . [it] relied . . . on a proliferation of statutory solutions.").

no substitute to an Article III tribunal would do.¹¹¹ The former are known as “public rights,” while the latter are “private rights.”¹¹² Unfortunately, both the nomenclature and the jurisprudence underlying the distinction is not, by the Court’s own admission, a model of clarity.¹¹³ Nonetheless, some lines (albeit not incontestable) could be drawn.

Generally speaking, a right is classified as “private” when it “encompasses the type of property that is treated as compensable under the Takings Clause of the Fifth Amendment if taken.”¹¹⁴ On the other hand, a right is “public” when “the deprivation . . . would trigger [only] procedural due process protections.”¹¹⁵ As other commentators and I have argued, patents are (and have always been) subject to the Takings Clause protections.¹¹⁶ Courts have recognized this requirement for over 100 years.¹¹⁷ Thus in *Cammeyer v. Newton*, the Court held that “the government cannot, after the patent is issued, make use of the improvement any more than a private individual, without license of the inventor or making him compensation.” Nor has the Court retreated from this position in recent years. Just two terms ago, the Court in *Horne v. Dep’t of Agriculture* reaffirmed that personal property, including patents, is constitutionally no different than real property.¹¹⁸ And while it is true that merely investing some right with attributes of property does not make that right “private,”¹¹⁹ for many such rights (e.g., EPA licenses, welfare payments, government employment, and the like) are

111. See, e.g., *Reconstruction Fin. Corp. v. Bankers Tr. Co.*, 318 U.S. 163 (1943); see also *NLRB v. Jones & Laughlin Steel Corp.*, 301 U.S. 1 (1937); see also *Crowell v. Benson*, 285 U.S. 22 (1932); see also *Ex parte Bakelite Corp.*, 279 U.S. 438 (1929).

112. See *Crowell*, 285 U.S. at 50–51.

113. See *Wellness Int’l Network, Ltd. v. Sharif*, 135 S. Ct. 1932, 1964–68 (2015) (Thomas, J., dissenting) (discussing the confusion in the doctrine); see also Mila Sohoni, *Agency Adjudication and Judicial Nondelegation: An Article III Canon*, 107 NW. U. L. REV. 1569, 1584 (2013) (“Any candid discussion of th[e] subject [of public and private rights] must acknowledge at the outset that the cases on Article III and the public–private line are a confusing morass.”).

114. Sohoni, *supra* note 113, at 1156.

115. *Id.*

116. See Dolin & Manta, *supra* note 4, at 772–80; see also Mossoff, *Constitutional Private Property*, *supra* note 11, at 700–11; see also Joshua I. Miller, *28 U.S.C. § 1498(A) and the Unconstitutional Taking of Patents*, 13 YALE J.L. & TECH. 1, 18 (2010–2011).

117. See, e.g., *James v. Campbell*, 104 U.S. 356, 358 (1882) (A patent “confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser.”).

118. *Horne v. Dep’t of Agric.*, 135 S. Ct. 2419, 2427 (2015) (quoting *James v. Campbell*, 104 U.S. 356 (1882)).

119. See Sohoni, *supra* note 113, at 1156.

protected only by the Due Process Clause,¹²⁰ patent rights, being protectable under the Takings Clause¹²¹ do fit within the “private” rights silo.¹²²

On the other hand, the Takings Clause analysis is not the only one the Court has used to differentiate between public and private rights.¹²³ Another test is to consider whether the right in question is asserted against the government or against a private individual.¹²⁴ Absent a waiver of sovereign immunity, the government is immune from suit, and therefore no Article III questions can arise.¹²⁵ The government, of course, can and does waive that immunity so as to allow citizens to vindicate their rights including by monetary compensation.¹²⁶ At the same time, when the government does waive its immunity, it can condition the waiver on disputes being adjudicated in non-Article III tribunals.¹²⁷ Thus, under traditional view, “the presence of the United States as a proper party . . . is a necessary but not sufficient means of distinguishing ‘private rights’ from ‘public rights.’”¹²⁸ In other words, public rights are “those which arise between the Government and persons subject

120. See, e.g., *Thomas v. Union Carbide Agr. Prod. Co.*, 473 U.S. 568 (1985); see also *Cleveland Bd. of Educ. v. Loudermill*, 470 U.S. 532, 532 (1985); see also *Bd. of Regents v. Roth*, 408 U.S. 564, 564 (1972); see also *Goldberg v. Kelly*, 397 U.S. 254, 255 (1970).

121. See *supra* notes 114–116 and accompanying text.

122. See Megan M. La Belle, *Patent Law As Public Law*, 20 GEO. MASON L. REV. 41, 41 (2012) (“Patent litigation historically has been regarded as private law litigation, meaning ‘disputes between private parties about private rights.’”) (quoting Abram Chayes, *The Role of the Judge in Public Law Litigation*, 89 HARV. L. REV. 1281, 1284 (1976)); *Cascades Projection LLC v. Epson Am., Inc.*, 864 F.3d 1309, 1316, 1323–25 (Fed. Cir. 2017) (Reyna, J., dissenting from denial of rehearing en banc). *But see* *MCM Portfolio, LLC v. Hewlett-Packard Co.*, 812 F.3d 1284, 1293 (Fed. Cir. 2015) (“[P]atent rights are public rights”).

123. See *Thomas*, 473 U.S. at 585–89 (rejecting “a bright-line test for determining” the dividing line between public and private rights).

124. See *N. Pipeline Constr. Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 69 (1982) (plurality opinion) (“[A] matter of public rights must at a minimum arise ‘between the government and others.’”) (quoting *Ex parte Bakelite Corp.*, 279 U.S. 438, 451 (1929)); see also *Crowell v. Benson*, 285 U.S. 22, 50–51 (1932) (“[T]he distinction is at once apparent between cases of private right and those which arise between the government and persons subject to its authority in connection with the performance of the constitutional functions of the executive or legislative departments. . . . Familiar illustrations of administrative agencies created for the determination of such matters are found in connection with the exercise of the congressional power as to interstate and foreign commerce, taxation, immigration, the public lands, public health, the facilities of the post office, pensions, and payments to veterans.”).

125. *Hans v. La.*, 134 U.S. 1, 13 (1890) (“It is inherent in the nature of sovereignty not to be amenable to the suit of an individual without its consent.”); *Williams v. United States*, 289 U.S. 553, 577 (1933) (holding that *Hans* “applies with equal force to suits against a state and those brought against the United States.”).

126. See, e.g., Tucker Act of 1887, 28 U.S.C. § 1491 (2011).

127. *Bakelite*, 279 U.S. at 452 (holding that “claimants [against the government] have [no] right to sue on [their claims] unless Congress consents; and Congress may attach to its consent such conditions as it deems proper, even to requiring that the suits be brought in a legislative court specially created to consider them.”).

128. *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 65 (1989) (Scalia, J., concurring in part and concurring in judgment) (quoting *N. Pipeline Constr. Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 69 (1982)).

to its authority in connection with the performance of the constitutional functions of the executive or legislative departments.”¹²⁹ Under this view, the vast majority of patent disputes are indeed disputes over private rights, for they are disputes between private parties.¹³⁰ (There are occasionally infringement suits between private parties and the federal government, and those can be and are properly assigned to the Court of Federal Claims—an Article I court).¹³¹ The IPRs are, by every measure, disputes between private parties¹³² with the government officials acting only as adjudicators.¹³³ On the traditional view of the fault line between public and private rights, then, patent disputes between private parties fall squarely in the latter camp.

A third way the courts have differentiated between public and private rights is by assigning to the former category those rights that are “closely intertwined with a federal regulatory program Congress has power to enact”¹³⁴ and are “so closely integrated into a public regulatory scheme as to be a matter appropriate for agency resolution with limited involvement by the Article III judiciary.”¹³⁵ It is not disputable that Congress has the power, not an obligation to enact patent laws setting forth the scope, duration, and other aspect of patent rights.¹³⁶ But it does not follow that the grant of patents is a *regulatory* scheme as that term was understood in *Granfinanciera* and *Thomas v. Union Carbide*. Patent laws are unlike the regulatory schemes for selling drugs or pesticides. Those schemes could readily be classified as regulatory because government deployed quintessential police powers to control what items enter the market and under what conditions.¹³⁷ In contrast,

129. *Atlas Roofing Co. v. Occupational Safety & Health Review Comm’n*, 430 U.S. 442, 452 (1977).

130. *See La Belle*, *supra* note 122, at 41; *see also Granfinanciera*, 492 U.S. at 65 (concluding that only suits that are “between the government and others” implicate “public rights.”).

131. *See, e.g., Zoltek Corp. v. United States*, 672 F.3d 1309 (Fed. Cir. 2012).

132. *See* 35 U.S.C. § 311(a) (2012) (allowing “a person who is not the owner of a patent [to] file with the Office a petition to institute an *inter partes* review of the patent.”); *id.* at § 314(a) (prohibiting the PTO Director from instituting an IPR unless a petition has been filed and has met certain threshold requirements).

133. *Id.* at §§ 316(c), 318(a).

134. *Granfinanciera*, 492 U.S. at 54.

135. *Thomas v. Union Carbide Agr. Prod. Co.*, 473 U.S. 568, 593 (1985).

136. *See McClurg v. Kingsland*, 42 U.S. 202, 206 (1843) (“[T]he powers of Congress to legislate upon the subject of patents is plenary . . . and . . . there can be no limitation of their right to modify them at their pleasure, so that they do not take away the rights of property in existing patents.”); *see also In re Bergy*, 596 F.2d 952, 958–59 (C.C.P.A. 1979) (“It is to be observed that the Constitutional clause under consideration neither gave to nor preserved in inventors (or authors) any rights and set no standards for the patentability of individual inventions; it merely empowered Congress, if it elected to do so, to secure to inventors an ‘exclusive right’ for an unstated ‘limited’ time for the stated purpose of promoting useful arts.”).

137. *Compare Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 992–93 (1984) (“Monsanto has not challenged the ability of the Federal Government to regulate the marketing and use of pesticides. Nor could Monsanto successfully make such a challenge, for such restrictions are the burdens we all must

the grant of patents is not done pursuant to police powers and does not regulate the ability of the patentee to place products on the market.¹³⁸ Instead, it grants the patent holder nothing more than a right to exclude others from his property,¹³⁹ questions of patent validity are questions of private party's ability to exclude others from his property.¹⁴⁰ In this sense, patent laws are no different than the Homestead Act where the government had the power to transfer property belonging to the United States and to create detailed rules for such transfer, but where the rights created following such transfer were "private" rights.¹⁴¹ Nor is it different from a trademark—a species of intellectual property that the Court has found to be a private right.¹⁴² None of it is surprising, as "[t]he hallmark of a protected property interest is the right to exclude others. That is 'one of the most essential sticks in the bundle of rights that are commonly characterized as property.'"¹⁴³

For the same reason, the oft-advanced argument that patents are public rights because they are creatures of a statute is also not convincing. As discussed in the preceding Part, rights in land are also often traceable to a statutory enactment.¹⁴⁴ Indeed, according to the National Park Service, private

bear in exchange for 'the advantage of living and doing business in a civilized community.'" (quoting *Andrus v. Allard*, 444 U.S. 51, 67 (1979)), *with Leatherman Tool Grp. Inc. v. Cooper Indus., Inc.*, 131 F.3d 1011, 1014–15 (Fed. Cir. 1997) ("[W]hile the patent laws provide the right to exclude others from making, using, or selling a claimed invention . . . [they] do not create any affirmative right to make, use, or sell anything.").

138. In fact, both state and federal governments may outright prohibit the sale or possession of patented devices. *See, e.g., Webber v. Va.*, 103 U.S. 344, 347 (1880); *see also Patterson v. Ky.*, 97 U.S. 501, 505–09 (1878).

139. *See Leatherman Tool, Grp. Inc.*, 131 F.3d at 1014–15.

140. *See F.T.C. v. Actavis, Inc.*, 570 U.S. 136, 147 (2013) ("A *valid* patent excludes all except its owner from the use of the protected process or product But an *invalidated* patent carries with it no such right.") (emphasis in original; internal citations and quotations omitted). It is this distinction that makes IPRs fundamentally different from non-Article III adjudication system approved in *Thomas*. There, the regulatory scheme did not deprive a private party from its right to exclude others from its private property. Rather, the government required disclosure of certain data in order to obtain a permit to market the pesticides. *Ruckelshaus*, 467 U.S. at 1007–08. The disclosures were entirely voluntary. *Id.* To the extent those data constituted trade secrets (undoubtedly private property), the right to exclude others was "extinguished" by the voluntary disclosure. *Thomas*, 473 U.S. at 584. Thus, once disclosure was made, the manufacturer lost the right to exclude. *Ruckelshaus*, 467 U.S. at 1011–12. The only thing left to the manufacturers of pesticides was a right to be compensated for competitors' use of their data. *Thomas*, 473 U.S. at 574–75. This right of compensation is a right wholly apart from the right to exclude. *Cf. id.* at 590 (noting that Congress could have instead of creating an arbitration regime, simply required fees for usage of others' data and then redistributed those fees to the data providers); *Ruckelshaus*, 467 U.S. at 1011 ("With respect to a trade secret, the right to exclude others is central to the very definition of the property interest."). The only right which Congress assigned to a non-Article III tribunal was the right to compensation. *Thomas*, 473 U.S. at 590.

141. *See supra* notes 62–72 and accompanying text.

142. *K-Mart Corp. v. Cartier, Inc.*, 485 U.S. 176, 185–186 (1988) ("Trademark law, like contract law, confers private rights, which are themselves rights of exclusion.").

143. *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 673 (1999) (quoting *Kaiser Aetna v. United States*, 444 U.S. 164, 176 (1979)).

144. *Id.*

property in 10 percent of all the land in the United States, spread across 30 states, exists solely by virtue of the Homestead Act.¹⁴⁵ Yet, without a doubt, the rights in that land are indeed private rights.¹⁴⁶

While the line between private and public rights is no longer as bright as it briefly was, both history and the fundamental difference between patents and other benefits acquired as part of pervasive regulatory schemes suggest that patents belong in the former rather than latter category.

II. ADJUDICATING PRIVATE RIGHTS

A. Article III and Private Rights

Even in cases where the right in question is indisputably “private,” nothing precludes courts from seeking independent expert reports and recommendations.¹⁴⁷ Courts often appoint “special masters” to resolve complex disputes. Federal judges heavily rely on magistrate judges to supervise litigation between private parties.¹⁴⁸ Why can’t then federal courts rely on the expertise of the Patent Office to resolve often difficult questions of patent validity? The short answer is they can, and probably should,¹⁴⁹ but with a major caveat. When the courts appoint special masters or employ magistrate judges, they retain the power of plenary review of the proposed

145. NAT’L PARK SVC., *supra* note 63.

146. Furthermore, it is not even beyond debate that patent rights stem from the statute rather than inhere in the inventor by the virtue of the Constitution itself. As Chief Justices Marshall and Taney wrote, the inventor has, from the moment of the invention an inchoate property right which is merely “perfected” and “made absolute” by suing out a patent. *See Gayler v. Wilder*, 51 U.S. 477, 493 (1850) (Taney, C.J.) (“[T]he discoverer of a new and useful improvement is vested by law with an inchoate right to its exclusive use, which he may perfect and make absolute by proceeding in the manner which the law requires.”); *Evans v. Jordan*, 8 F. Cas. 872, 873 (C.C.D. Va. 1813) (Marshall, Circuit Justice), *aff’d*, 13 U.S. 199 (1815). Whether one sides with Taney and Marshall or whether one adopts a more restrictive view of patent rights, the important point is that the mere fact that a particular right flows from a statute does not *ipso facto* make that right a “public” one.

147. *See Crowell v. Benson*, 285 U.S. 22, 51 (1932) (“In cases of equity and admiralty, it is historic practice to call to the assistance of the courts, without the consent of the parties, masters, and commissioners or assessors, to pass upon certain classes of questions, as, for example, to take and state an account or to find the amount of damages.”); *see also* Jonathan S. Masur, *Regulating Patents*, 2010 SUP. CT. REV. 275, 311 (2010) (noting that courts, though “only occasionally [rely on] special masters and outside experts.”).

148. *United States v. Hollingsworth*, 783 F.3d 556, 565 (5th Cir. 2015) (Higginson, J., dissenting) (“As assistants, the federal magistracy is an Article III adjunct body—joining in aid, indispensably and even magisterially”); *Geras v. Lafayette Display Fixtures, Inc.*, 742 F.2d 1037, 1044 (7th Cir. 1984) (“District courts and, occasionally, appellate courts are accustomed to deferring to non-Article III officials acting as factfinders. Examples include . . . special masters and magistrates”).

149. *See* Gregory N. Mandel, *Patently Non-Obvious: Empirical Demonstration That the Hindsight Bias Renders Patent Decisions Irrational*, 67 OHIO ST. L.J. 1391, 1463 (2006).

recommendations.¹⁵⁰ The same is not true when it comes to IPRs.¹⁵¹ This is what sets IPRs apart from other non-Article III adjudications, and even pre-existing reexamination proceedings.

As is the case with most executive tribunals, a dissatisfied party can appeal PTAB's IPR rulings to federal courts.¹⁵² The Supreme Court has previously held that the right to appeal may satisfy the requirements of Article III.¹⁵³ Thus, in *Reconstruction Finance Corp. v. Bankers Trust Co.* where the Court held that initial administrative adjudication of state law issue is permissible provided there is review in an Article III court, even if the review is very limited in scope.¹⁵⁴ Similarly, in *Crowell v. Benson*, the Court permitted an administrative agency to perform fact-finding subject only to judicial review on questions of law.¹⁵⁵ Several decades later, in *Commodity Futures Trading Comm'n v. Schor*, the Court endorsed administrative resolution of state law claims (which are usually heard by an Article III court) where such resolution was consented to by the parties.¹⁵⁶ At first glance, these cases seem to support the constitutionality of PTAB. After all, a patent owner maintains the right to appeal an unfavorable decision to the Federal Circuit, which reviews questions of law *de novo*.¹⁵⁷ However, upon a deeper examination, the argument fails.

In all of the cases just discussed, the right at issue was, though a private right,¹⁵⁸ of a particular nature. It was either a bankruptcy or an admiralty right, or, as in *Schor*, a right that was freely surrendered to the adjudication of an Article I tribunal. To put it simply, the nature of the claim matters. Admiralty and bankruptcy have long been recognized as different from common law cases and it is on these grounds that the Supreme Court approved

150. 28 U.S.C. § 636(b)(1)(C) (2012); *Thornton v. Jennings*, 819 F.2d 153, 154 (6th Cir. 1987) (per curiam) (“Article III of the Constitution require that the district court make a *de novo* review of the magistrate’s report and recommendations); *see also* *Stauble v. Warrob, Inc.*, 977 F.2d 690, 696 (1st Cir. 1992) (holding that “refer[ing] the entire case to a special master for findings of fact and conclusions of law, with no boundaries on the master’s authority and no provision for anything remotely resembling *de novo* review.”).

151. *See Merck & Cie v. Gnosis S.P.A.*, 808 F.3d 829, 833 (Fed. Cir. 2015) (“In appeals of Board decisions, these factual findings are reviewed for substantial evidence.”).

152. 35 U.S.C. § 329 (2012). In the post-issuance review this right is not fully reciprocal. A patent challenger may not appeal an adverse finding unless they would have an independent standing in an Article III court (a requirement not imposed in the PTAB proceedings). *See Phigenix, Inc. v. ImmunoGen, Inc.*, 845 F.3d 1168, 1168 (Fed. Cir. 2017).

153. *See N. Pipeline Constr. Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 78–79 (1982) (plurality opinion) (“[T]his Court has sustained the use of adjunct factfinders even in the adjudication of constitutional rights—so long as those adjuncts were subject to sufficient control by an Art. III district court.”).

154. 318 U.S. at 170–71.

155. 285 U.S. 22, 51–54 (1932).

156. *Commodity Futures Trading Comm'n v. Schor*, 478 U.S. 833, 848 (1986).

157. 35 U.S.C. § 329 (2011); *see also* *Corning v. Fast Felt Corp.*, 873 F.3d 896, 901 (Fed. Cir. 2017).

158. *Bankers Trust*, 318 U.S. at 168; *Crowell*, 285 U.S. at 51; *Schor*, 478 U.S. at 850.

factual dispute resolution before Article I adjudicators.¹⁵⁹ Similarly, it is permissible to have private parties resolve their claims before whatever body they see fit, provided that they agree to do so. And, of course, using adjuncts such as special masters or magistrate judges does not undermine the ultimate authority of Article III courts to resolve disputes over private rights provided that “Article III courts control the [adjunct] system as a whole.”¹⁶⁰ In contrast, the power to resolve traditional common law disputes cannot be removed from Article III courts (and their “adjuncts.”)¹⁶¹

Properly viewed then, the Supreme Court’s precedents do not buttress, but rather undermine PTAB’s constitutional footing. The judicial supervision of PTAB is simply insufficient to comport with Article III requirements. PTAB “issue[s] final judgments, which are binding and enforceable even in the absence of an appeal,”¹⁶² and its factual findings are reviewed under the “deferential [substantial evidence] standard.”¹⁶³ Indeed, even questions of law are not entirely reviewable on appeal.¹⁶⁴ For example, unlike in *Crowell*, where the Court held that the existence of jurisdictional facts triggering the administrative adjudicatory process must be subject to plenary review in Article III courts,¹⁶⁵ the AIA expressly prohibits judicial review of the PTAB’s decision to institute an IPR in the first place.¹⁶⁶ Additionally, the courts defer to the PTAB’s claim construction standard,¹⁶⁷ even though the proper scope

159. See *Crowell*, 285 U.S. at 51 (“In cases of equity and admiralty, it is historic practice to call to the assistance of the courts, without the consent of the parties, masters, and commissioners or assessors, to pass upon certain classes of questions, as, for example, to take and state an account or to find the amount of damages.”); *Bankers Trust*, 318 U.S. at 170 (“[C]ourts of equity, of admiralty and of bankruptcy, by themselves and their mandatories examine and decide disputed questions of fact; and no reason is perceived why claims of the sort here involved should not be litigated, as are other claims against bankrupt estates, by such machinery and in such manner as Congress shall prescribe, saving to the claimant the right of notice and hearing, and such review as is provided by the statute as we construe it.”).

160. *Pacemaker Diagnostic Clinic of America, Inc. v. Instromedix, Inc.*, 725 F.2d 537, 544–46 (9th Cir.) (en banc) (Kennedy, J.).

161. See *Stern v. Marshall*, 564 U.S. 462, 487–503 (2011).

162. *Id.* at 486–87 (quoting *N. Pipeline Constr. Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 85–86 (1982) (plurality opinion)).

163. *N. Pipeline Constr. Co.*, 458 U.S. at 85 (plurality opinion). Indeed, the Federal Circuit upholds PTAB’s factual determinations when supported by “substantial evidence,” see *Merck & Cie v. Gnosis S.P.A.*, 808 F.3d 829, 833 (Fed. Cir. 2015)—a *more* deferential standard than the review of Bankruptcy Judges’ determinations disapproved of in *Northern Pipeline* and *Stern*. See *Dickinson v. Zurko*, 527 U.S. 150, 162–63 (1999).

164. See *infra* notes 166–168.

165. *Crowell v. Benson*, 285 U.S. 22, 62–65 (1932).

166. 35 U.S.C. § 314(d) (2012); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2136 (2016). *But see* *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1374 (Fed. Cir. 2018) (en banc) (holding that courts can review whether the PTAB complied with the time bar provisions of the statute in its institution decisions).

167. *Cuozzo*, 136 S. Ct. at 2142–46.

of the claim is a question of law.¹⁶⁸ The Supreme Court rejected a similar scheme concerning bankruptcy judges,¹⁶⁹ and there is no good reason to think that patent judges are any different.

B. Reconciling the Private Rights Doctrine with Reexamination

Inter Partes Review is not the first Congressional attempt to give the Patent Office power to take a “second look” at issued patents.¹⁷⁰ The first such mechanism was adopted in 1980 when Congress created *ex parte* reexamination.¹⁷¹ Without going into great details of the reexamination process, suffice it to say, that once a petition for reexamination was granted, “the [reexamination] process unfolds just like the original examination of a patent application would . . .” In essence, it would be fair to say that for the purposes of evaluating the continuing patentability of claims subject to reexamination, the issued patent is treated as a mere patent application.¹⁷² So the question then is whether IPRs are in any meaningful way different from the *ex parte* reexaminations. The answer to that question is “yes.” And they are different in a constitutionally significant way.

In contrasting IPRs with *ex parte* reexaminations, I shall not retread ground that I have covered elsewhere beyond noting that the rights of the patentees in IPRs are narrower than in *ex parte* reexamination.¹⁷³ More significant though, are the avenues of appeal open to a patentee whose patent was invalidated in *ex parte* reexamination. Prior to the America Invents Act, an unsatisfied patent owner whose patent was cancelled, had a statutory right to either seek review in the Federal Circuit (under the traditional deferential review standards),¹⁷⁴ or institute a civil action in the U.S. District Court

168. See *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 842 (2015) (“[t]he ultimate question of construction [is] a legal question.”).

169. *Stern v. Marshall*, 564 U.S. 462, 486 (2011) (“A full majority of Justices in *Northern Pipeline* also rejected the debtor’s argument that the bankruptcy court’s exercise of jurisdiction was constitutional because the bankruptcy judge was acting merely as an adjunct of the district court or court of appeals.”).

170. See generally Dolin, *supra* note 4, at 890–95, 899–909 (discussing the history of “second look” proposals and legislation).

171. *Id.* at 890; Act of December 12, 1980 (Bayh-Dole Act), Pub. L. No. 96-517, ch. 30, § 302, 94 Stat. 3015, 3015 (codified at 35 U.S.C. § 302).

172. Dolin, *supra* note 4, at 901.

173. See generally *id.* (discussing differences between IPRs and various forms of reexamination proceedings).

174. See 35 U.S.C. § 306 (2002) (“The patent owner involved in a reexamination proceeding . . . may seek court review under the provisions of sections 141 to 145 of this title . . .”). Sections 141 through 144 govern appeals to the Federal Circuit, while Section 145 allowed “[a]n applicant dissatisfied with the decision of the Board [to] have remedy by civil action against the Director in the United States District Court for the Eastern District of Virginia.” See also *In re Applied Materials, Inc.*, 692 F.3d 1289, 1294 (Fed. Cir. 2012) (reviewing PTO’s decisions on reexamination under the “substantial evidence” standard).

(under a *de novo*) review standard.¹⁷⁵ This ability to seek *de novo* review is what made the old process constitutionally permissible.¹⁷⁶ Under such rules, the patent judges truly served as mere adjuncts to the Article III judiciary.¹⁷⁷

In 1999, the right of review in District Court was purportedly eliminated.¹⁷⁸ Admittedly, the statute allowing such review was not a model of clarity (in large part because the terminology was not updated when Congress created *ex parte* reexamination),¹⁷⁹ which in turn allowed the Patent Office to interpret it in a restrictive fashion.¹⁸⁰ Although a few District Court decisions supported the PTO's statutory interpretation that no District Court review of reexamination decisions is available¹⁸¹, it is far from clear that such an interpretation is correct.¹⁸² In any event, the elimination of the right to seek *de novo* review of a reexamination decision is of much more recent vintage than the creation of the reexamination process itself. Thus, the addition of this procedure to the Patent Act in 1980 tells us nothing about the constitutionality of IPRs created in 2012.

A harder case to distinguish is *inter partes* reexamination which was created in 1999¹⁸³ and abolished with the passage of the AIA.¹⁸⁴ The *inter partes* reexamination was in all respects identical to an *ex parte* reexamination (and therefore initial examination) but for the fact that it allowed continued participation of a third party which requested the proceedings in the first place.¹⁸⁵ Under the statute that created *inter partes* reexamination, a dissatisfied party was permitted to appeal an unfavorable decision only to the

175. In an action under § 145, the review is *de novo* and introduction of new evidence is permitted. See *Kappos v. Hyatt*, 566 U.S. 431, 444–46 (2012).

176. See *supra* notes 150, 153 and accompanying text.

177. The same analysis also applies to the even older procedures for interferences between applications and already issued patents. A patentee whose claims have been administratively cancelled in an interference proceeding had a right to a civil action, with *de novo* review of the matter. See 35 U.S.C. § 146.

178. See Charles E. Miller & Daniel P. Archibald, *Interpretive Agency-Rulemaking vs. Statutory District Court Review-Jurisdiction in Ex Parte Patent Reexaminations*, 92 J. PAT. & TRADEMARK OFF. SOC'Y 498, 500 (2010) (citing 37 C.F.R. § 1.303(a), (d), and MPEP § 2279).

179. See *Sigram Schindler Beteiligungsgesellschaft MBH v. Kappos*, 675 F. Supp. 2d 629, 631–33 (E.D. Va. 2009) (noting tension between relevant statutory provisions governing judicial review).

180. See Miller & Archibald, *supra* note 178, at 524–29.

181. See, e.g., *Power Integrations, Inc. v. Kappos*, 6 F. Supp. 3d 11, 20–23 (D.D.C. 2013); see also *Teles AG v. Kappos*, 846 F. Supp. 2d 102, 103 (D.D.C. 2012). But see *Canady v. Erbe Elektromedizin GmbH*, 271 F. Supp. 2d 64, 78 (D.D.C. 2002) (“The party that receives an adverse decision from the PTO's pending reexamination is not without redress When administrative remedies have been exhausted, that party may appeal to either *this court* or to the Federal Circuit.”) (emphasis added).

182. See generally Miller & Archibald, *supra* note 178 (arguing that properly read, the pre-AIA Patent Act did not bar *de novo* District Court review of *inter partes* reexamination decisions).

183. American Inventors Protection Act of 1999, Pub. L. No. 106-113, 113 Stat. 1501 (codified in relevant part in 35 U.S.C. §§ 311–318 (2006)) (repealed 2012).

184. Dolin, *supra* note 4, at 897.

185. See Dolin & Manta, *supra* 4, at 738.

Federal Circuit,¹⁸⁶ which in turn reviewed the PTO conclusions under a deferential standard.¹⁸⁷ In this sense, *inter partes* reexamination looks no different from an IPR. At the same time, differences remain. Most importantly, in the reexamination proceedings, the patentee retained an unlimited ability to amend claims,¹⁸⁸ which is a significant difference from litigation and sets the proceedings apart from being simply a substitute for a trial in federal court.¹⁸⁹ In this sense, the proceedings (like *ex parte* reexamination) were not adjudicatory in nature and did not trigger Article III's strictures.¹⁹⁰ More fundamentally though, the existence of *inter partes* reexamination which lasted barely more than ten years and resulted in fewer than 500 cases of claim cancellation¹⁹¹ is just as likely to be constitutionally suspect itself as to be proof of the IPRs' constitutionality. The fact that no Article III constitutional challenges to *inter partes* reexamination materialized is just as likely to be in consequence of the relative unimportance and rarity of the procedure as it is to be the result of universal recognition of the procedure's constitutionality.

At the end of the day, the IPRs are sufficiently and significantly different from their predecessor reexamination proceedings. The powers granted to the PTAB by the America Invents Act combined with the lack of meaningful review in an Article III court, is also what sets IPRs apart and makes them constitutionally suspect.

III. WHY ARTICLE III?

The debate over where to repose adjudicatory authority is not merely an academic exercise nor are the objections to the PTAB grounded in adherence to supposedly formalistic, but ultimately irrelevant demands that judges have life tenure and salary protection. Rather, the objection is grounded in the very purposes of Article III itself and the failure and impossibility of the PTAB, as presently configured, to live up to those goals.

186. 35 U.S.C. § 315 (2012).

187. See *Flo Healthcare Sols., LLC v. Kappos*, 697 F.3d 1367, 1376 (Fed. Cir. 2012) (applying "substantial evidence" standard to a review of PTO's determinations in an *inter partes* reexamination), *overruled on other grounds by Williamson v. Citrix Online, LLC*, 792 F.3d 1339 (Fed. Cir. 2015).

188. See *Dolin & Manta*, *supra* note 4, at 784–85.

189. *Id.*

190. See H.R. REP. NO. 112-98, pt. 1, at 46 (2011) ("The Act converts *inter partes* reexamination from an examinational to an adjudicative proceeding.").

191. U.S. PAT. & TRADEMARK OFF., INTER PARTES REEXAMINATION FILING DATA 1, (Sept. 30, 2017), https://www.uspto.gov/sites/default/files/documents/inter_parte_historical_stats_roll_up.pdf (last visited Mar. 25, 2018). There were fewer than 150 cases with claim cancellations prior to the passage of the AIA, *id.* at 6, and fewer than 300 prior to the availability of the IPRs. *Id.* at 5.

A. *The Guarantee of a Neutral Adjudicator*

The fundamental purpose of Article III is “to safeguard litigants’ ‘right to have claims decided before judges who are free from potential domination by other branches of government.’”¹⁹² The federal judiciary accomplishes this goal by ensuring that Article III judges have life tenure and salary security.¹⁹³ Once confirmed, a federal judge is entirely independent of the other two branches and no amount of Presidential or Congressional fury at any particular decision or approach to the law affects that judge’s or a collegial court’s authority.¹⁹⁴ It is just the opposite with the PTAB.

The PTAB judges serve as an extension and at the pleasure of the Director of the Patent and Trademark Office.¹⁹⁵ The Director is ultimately responsible for the decisions of the Board and conversely, the Board makes the decisions under the supervision of the Director.¹⁹⁶ The Director himself is, of course, a political appointee subject to Senate confirmation and serving at the pleasure of the President¹⁹⁷ (and under the direct supervision of the Secretary of Commerce, who is himself a political appointee).¹⁹⁸ This setup makes a fundamental difference in the security of the property rights in patents and neutrality in the adjudication of patent validity. To see why this is so, one need look no further than the transition between President Obama’s and President Trump’s Administration.

After President Trump’s inauguration, a number of individuals and groups urged him to replace Director Michelle K. Lee with someone of his own choosing. The president was lobbied to appoint someone with radically different attitude toward IPRs than that espoused by former Director Lee.¹⁹⁹ At the same time, the now-former Director Lee (or at least her policies) have

192. *Commodity Futures Trading Comm’n v. Schor*, 478 U.S. 833, 848 (1986) (quoting *United States v. Will*, 449 U.S. 200, 218 (1980)).

193. *See Stern v. Marshall*, 564 U.S. 462, 483–84 (2011).

194. *See id.* at 484.

195. *See Jonathan S. Masur, Patent Inflation*, 121 *YALE L.J.* 470, 496 n.106 (2011) (citing 35 U.S.C. § 6(a) (2006)).

196. *See Stuart Minor Benjamin & Arti K. Rai, Administrative Power in the Era of Patent Stare Decisis*, 65 *DUKE L.J.* 1563, 1587–88 (2016). The Director himself is a member of the PTAB and has the power to select which other administrative patent judges hear which cases. 35 U.S.C. § 6(c) (2012).

197. 35 U.S.C. § 3(a)(1), (4) (2002).

198. *Id.* at § 1(a) (The PTO is “an agency . . . within the Department of Commerce.”); § 3(a) (specifying that the Director of the PTO is also under the Secretary of Commerce).

199. *See, e.g., James Edwards, The Bottom Line on Trump’s PTO: Michelle Lee Must Go*, IPWATCHDOG.COM (Jan. 24, 2017), <http://bit.ly/2w8vNEA>; *see also Gene Quinn, President Trump Must Pick a PTO Director Who Believes Patents are Private Property Rights*, IPWATCHDOG.COM (June 28, 2017), <http://bit.ly/2w7SK15>.

their defenders in both the government and private sector.²⁰⁰ This tug-of-war over who should run an important agency is, in and of itself, neither surprising nor noteworthy. As administrations change, so do policy goals and therefore personnel. In this regard, the PTO is no different from any other government agency. What is different though is that the arguments for change in the PTO leadership were directly tied to the arguments for change in the adjudicatory process in the IPRs. While changes in other agencies happen as part of regular rulemaking process, subject to the Administrative Procedure Act, apply globally to all those regulated by the relevant agencies, and perhaps most importantly do not change the scope of private property rights. The changes in the leadership of the PTO, on the other hand, can affect private property rights in patents, can occur without any rule-making, and can apply just to a selection of favored (or disfavored) patents. In other words, an installation of a new Director can result in a complete about-face with respect to a conclusion of validity (or invalidity) of any given patent simply because the political winds have changed.

It is important to remember that the America Invents Act does not limit the number of times the same patent can be subjected to an *inter partes* review.²⁰¹ Nor is there a time limit on challenging a patent in an IPR.²⁰² The opportunity for multiple reviews has been widely used, and some would say abused.²⁰³ At the same time, a decision of one PTAB panel does not bind another one and surviving one review provides no armor against subsequent challenges.²⁰⁴ Given these parameters, it follows that a PTO director (or for that matter a president) intent on invalidating a particular patent can continue ordering more and more *inter partes* reviews until the desired outcome is achieved. Under this system, a patent that may have survived review (and litigation) during one presidential administration could be re-evaluated and invalidated as soon as a new president is inaugurated and his choice for the PTO Director is confirmed. Such a process can take place not because of any

200. See, e.g., Letter from Adobe Systems, Inc. et al. to Donald J. Trump, President of the U.S. (Apr. 25, 2017), <http://bit.ly/2w8cGKX>; see also Ashley Gold et al., *Lee Staying on as Patent Chief under Trump Administration*, POLITICO (Jan. 19, 2017), <http://politi.co/2w8xGRT>.

201. 35 U.S.C. § 315(e) (2012) (limited estoppel provision); see also *Cepheid v. Roche Molecular Sys., Inc.*, IPR2015-00881, Paper No. 9, at 2, 5–8 (P.T.A.B. Sept. 17, 2015) (instituting *inter partes* review after previous request by the same challenger was denied).

202. 35 U.S.C. § 311(c) (2012) (requiring that IPRs start nine month after patent issuance, but setting no deadline for such filings).

203. See, e.g., Dolin, *supra* note 4, at 939–44. Some patents have been subject to in excess of 125 separate IPR petitions. Pedram Semeni, *Patexia Chart 31: Can Patents Survive Multiple IPR Challenges? (Case Study)*, PATEXIA (Mar. 8, 2017), <http://bit.ly/2iGkosG>.

204. Patent Trial and Appeal Board, Standard Operating Procedure 2 (Rev. 9), § VI.A (2014) (“Every Board opinion is, by default, a routine opinion until it is designated as precedential or informative. . . . A routine opinion is not binding authority.”).

change in the substantive law, but merely because the political powers wish to abrogate a particular patent. The scenario could work in reverse as well. For example, in a situation where a patent is invalidated, the President could remove the Director and have the new Director order a rehearing of the PTAB's decision which would then result in a contrary result.

The PTO Director's ability to affect adjudication of specific patent cases is not a mere participant in a law professor's imagined "parade of horrors." Rather, it is a description of actual facts on the ground. Thus, the PTO Director has, on more than one occasion, when presented with a panel decision of which she disapproved ordered new judges to be added to the panel for the sole purpose of getting the PTAB to reach the "right" decision.²⁰⁵ One might think that such a procedure would be a little different from (and therefore no more controversial than) a rehearing *en banc* in a circuit court. But on closer inspection, the two procedures are entirely dissimilar. When a Court of Appeals decides to rehear a case *en banc*, that decision is taken by all non-recused judges of that court,²⁰⁶ all of whom later participate in deciding the matter,²⁰⁷ and the issued opinion is binding on the whole court unless overruled by the Supreme Court or another *en banc* decision.²⁰⁸ At the PTAB, on the other hand, the decision to expand the panel is made unilaterally by the Director, the participating judges are those that the Director decides to assign to the task,²⁰⁹ and thus far, none of the expanded panels' opinions have been designated precedential or even informative.²¹⁰ Unlike the

205. See, e.g., *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, IPR2015-00762, Paper No. 12 (P.T.A.B. July 20, 2015) (2-1), *rev'd on reh'g by expanded panel by, id.*, Paper No. 16 (Oct. 16, 2015) (3-2); see also *Target Corp. v. Destination Maternity Corp.*, IPR2014-00508, Paper Nos. 18, 20 (P.T.A.B. Sept. 20, 2014) (expanded, five-member panel) (3-2), *rev'd on reh'g by, id.* Paper Nos. 31, 32 (Feb. 12, 2015) (further expanded, seven-member panel) (4-3).

206. See FED. R. APP. P. 35(a).

207. 28 U.S.C. § 46(c) (2012). Even in the Ninth Circuit, where the *en banc* process involves merely an "expanded panel" rather than all of the court's judges, the judges are selected at random, precisely to assure fairness to the litigants. See FED. R. APP. P. 35-3 (9th Cir.).

208. See *United States v. Castillo-Rivera*, 853 F.3d 218, 233 (5th Cir.), *cert. denied*, 138 S. Ct. 501 (2017); see also Michael T. Morley, *Nationwide Injunctions, Rule 23(b)(2), and the Remedial Powers of the Lower Courts*, 97 B.U.L. REV. 615, 649 (2017).

209. See 35 U.S.C. § 6(c) (2012) ("Each appeal, derivation proceeding, post-grant review, and inter partes review shall be heard by at least 3 members of the Patent Trial and Appeal Board, who shall be designated by the Director."); see also *In re Alappat*, 33 F.3d 1526, 1531-32 (Fed. Cir. 1994), *abrogated on other grounds by* *Bilski v. Kappos*, 561 U.S. 593 (2010) ("Commissioner [has] the authority to designate the members of a panel to consider a request for reconsideration of a Board decision. This includes, as in this case, the Commissioner designating an expanded panel made up of the members of an original panel, other members of the Board, and himself as such, to consider a request for reconsideration of a decision rendered by that original panel.").

210. For a list of PTAB's precedential opinions, see *Precedential Opinions*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/patents-application-process/appealing-patent-decisions/decisions-and-opinions/precedential> (last visited Mar. 25, 2018). For a list of informative opinions, see *Informative Opinions*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/patents-application->

Courts of Appeal that use the *en banc* process to decide “question[s] of exceptional importance,”²¹¹ or resolve conflicts in the decisions of the court’s panels,²¹² it appears that the PTAB uses expanded panels for the purpose of reaching results favored by the Director in specific cases.²¹³ And if the Director can order the Board to do that, so too can her bosses—the Secretary of Commerce and the President. This is precisely the danger that the protections of Article III were meant to guard against.²¹⁴ It is unfathomable that a President could order the Chief Judge of the Federal Circuit to rehear a case *en banc* simply because he dislikes the outcome. But it is entirely within the President’s prerogative to do so when the case is in front of the PTAB. This ability almost ensures that “litigants’ right to have claims decided before judges who are free from potential domination by other branches of government”²¹⁵ is anything but safeguarded.

One might suggest that whatever overstepping of bounds that the PTAB has engaged in during the early implementation of the America Invents Act can be corrected by further legislation or rulemaking within the PTO. Thus, one might concede that “panel stacking” and Director’s nearly unfettered ability to order further IPRs are a problem, but that there are already some limits on these authorities²¹⁶ and that if needed, further ones can be implemented. From my perspective, though such additional limits would be welcome, they would not address the fundamental problem. True enough, the system as it currently exists has some limits. For example, the PTO cannot order *inter partes* reviews on its own and has to await a petition from a challenger prior to instituting proceedings.²¹⁷ But it is not as if there is a shortage of such challengers, including both competitors and “public interest” organizations.²¹⁸ So this requirement hardly serves as a limitation on PTO’s ability to convert a previous judgment of validity into one of invalidity or vice versa. Similarly, while the statutory estoppels provisions and deadlines for seeking

process/appealing-patent-decisions/decisions-and-opinions/informative-opinions-0 (last visited Mar. 25, 2018).

211. FED. R. APP. P. 35(a)(2).

212. *Id.* at 35(a)(1).

213. See Oral Argument, *Yissum Research Dev. Co. of The Hebrew Univ. of Jerusalem v. Sony Corp.*, 626 F. App’x 1006, 1007 (Fed. Cir. 2015), <http://www.717madisonplace.com/wp-content/uploads/2017/08/2015-1342-excerpt-7.mp3> (Attorney for the PTO conceding that “anytime there has been a seeming other-outlier [the Director] engaged the power to reconfigure the panel.”).

214. See *supra* notes 193–194 and accompanying text.

215. *Commodity Futures Trading Comm’n v. Schor*, 478 U.S. 833, 848 (1986) (quoting *United States v. Will*, 449 U.S. 200, 218 (1980)).

216. See, e.g., 35 U.S.C. §§ 315(a)–(b), (e) (2014).

217. See *supra* notes 129–130.

218. See Rochelle C. Dreyfuss, *Giving the Federal Circuit A Run for Its Money: Challenging Patents in the PTAB*, 91 NOTRE DAME L. REV. 235, 292 (2015).

IPRs for parties that have been sued for infringement somewhat lessen (though without obviating) the opportunity for serial IPR abuse,²¹⁹ they do not address the constitutional concerns with the PTAB's impartiality. The America Invents Act-imposed limits on IPRs are merely statutory commands, and nothing in the logic supporting the constitutionality of the Act would require that such limits be maintained. That is to say if adjudication of patent validity can be assigned to an Article I tribunal, there is no reason to believe that such assignment must be limited to situations where the patent challenger is estopped from raising the same arguments in a subsequent petition or suit and, or, files his petition within only one year from being sued. The constitutionality of the current post-issuance review system simply does not depend on the statutory provisions limiting the scope or the timing of the review.²²⁰ For the same reason, any additional limitations on the PTO's discretion would not address the constitutional objection. The "purpose of Article III is to insure fairness to all litigants."²²¹ That guarantee cannot be dependent on mere legislative or executive promises not to put their thumb on the scale. An Article I tribunal is fundamentally incapable of providing the same safeguards to litigants that are taken for granted in Article III courts.

B. PTAB, Article III, and the Separation of Powers

As important as Article III's role is in protecting impartial adjudication, it has another role—safeguarding “the role of the independent judiciary within the constitutional scheme of tripartite government.”²²² It “serves a structural purpose, ‘barring congressional attempts to transfer jurisdiction [to non-Article III tribunals] for the purpose of emasculating’ constitutional courts and thereby prevent[ing] ‘the encroachment or aggrandizement of one branch at the expense of the other.’”²²³ Yet, the PTAB's entire *raison d'être* is to diminish the power of federal judiciary and expand the power of the Executive Branch. And that goal has, in many ways, been accomplished.

The sponsors of the AIA were quite clear as to the purpose of the post-issuance provisions. Thus, the House Judiciary Committee report that accompanied the bill declared that the post-issuance review is meant to “serve

219. See Dolin, *supra* note 4, at 939–44.

220. Cf. Moore v. Robbins, 96 U.S. 530, 534 (1877) (“If such a power exists, when does it cease? There is no statute of limitations against the government; and if this right to reconsider and annul a patent after it has once become perfect exists in the Executive Department, it can be exercised at any time, however remote.”).

221. *In re Earle Indus., Inc.*, 71 B.R. 919, 923 (Bankr. E.D. Pa. 1987).

222. *Commodity Futures Trading Comm'n v. Schor*, 478 U.S. 833, 848 (1986) (quoting *Thomas v. Union Carbide Agr. Prod. Co.*, 473 U.S. 568, 583 (1985)).

223. *Wellness Int'l Network, Ltd. v. Sharif*, 135 S. Ct. 1932, 1944 (2015).

as an effective and efficient alternative to often costly and protracted district court litigation.”²²⁴ In the Senate, one of the AIA’s chief sponsors declared that “[t]here really is no sense in allowing expensive litigation over patents that are no longer valid.”²²⁵ The legislative history of the Act is replete with statements evincing the desire to increase the powers of the PTO and decrease those of the federal judiciary in resolving patent disputes.²²⁶ And the sponsors were successful on at least two levels.

First, as one commentator noted, PTAB’s “final written decisions invalidating [patent] claims [have] come to replace summary judgment and post-trial decisions” rendered by Article III courts.²²⁷ The federal courts facilitated this takeover by overwhelmingly staying co-pending litigation pending PTO review.²²⁸ This is not surprising as there is little reason to expend time and labor on a case that may disappear once the PTO issues its final decision. As a result, federal courts have been essentially deprived of their responsibility for adjudicating patent cases and determining the scope of these property rights, while the role of the Executive Branch has been correspondingly enlarged.

Second, and perhaps more importantly, the PTAB has made judges (and even Supreme Court justices) mere adjuncts and advisors to the PTO.²²⁹ The opinions and judgments of Article III courts with respect to any given patent are never settled and never final, because the PTO can always (applying lower level of proof and a broader claim construction) cancel the patent in *inter partes* review regardless of its success in front of any number of federal judges.²³⁰ Thus, a patentee may file a suit for infringement, win it, obtain either an injunction or ongoing royalty payment, win an appeal at the Federal Circuit, and have that decision affirmed by the Supreme Court, only to see the PTO invalidate the very same patent on the very same evidence,²³¹ which

224. H.R. REP. NO. 112-98, pt. 1, at 45 (2011).

225. 157 CONG. REC. S7413 (Nov. 14, 2011) (statement of Sen. Kyl). Of course, patents are not invalidated until there is a judgment of invalidity, so Senator Kyl’s statement is somewhat circular.

226. See Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II of II*, 21 FED. CIRCUIT B.J. 539, 600–01 (2012).

227. Craig E. Countryman, *2015 Patent Decisions of the Federal Circuit*, 65 AM. U. L. REV. 769, 833 (2016).

228. MORGAN, LEWIS & BOCKIUS LLP 2017 PTAB DIGEST: THE LATEST TRENDS AND DEVELOPMENTS IN POST-GRANT PROCEEDINGS 26 (2017), available at https://www.morganlewis.com/-/media/files/publication/report/ptab-post-grant-proceedings_fin_screen.ashx (showing that courts have stayed co-pending litigation about 70% of the time).

229. For a thorough discussion of how the PTAB undermines the ability of the judiciary to achieve resolution of and finality in patent disputes see Brief of Prof. Dmitry Karshedt as Amicus Curiae Supporting Petitioner, *Oil States*, 137 S. Ct. 2239 (No. 16-1712), 2017 WL 3888204.

230. See *Novartis AG v. Noven Pharm. Inc.*, 853 F.3d 1289, 1294 (Fed. Cir. 2017) (“[P]rior decisions . . . d[o] not bind the PTAB.”).

231. See *id.*

in turn would abrogate infringer's duty to comply with the duties imposed by judicial decree.²³² In essence, the PTAB makes final "judgment[s] . . . inoperative and nugatory, leaving the aggrieved party without a remedy."²³³ Judicial determination of patent validity is now too often "merely an opinion, which . . . remain[s] a dead letter, and without any operation upon the rights of the parties, unless"²³⁴ reaffirmed by the PTAB during an *inter partes* review. As the Supreme Court said over 200 years ago, "[s]uch revision and control [of judicial decisions is] radically inconsistent with the independence of that judicial power which is vested in the courts."²³⁵ This observation ought to remain true even after the rise and maturation of the administrative state.

IV. THE PATH FORWARD

The AIA created post-issuance proceedings with three goals in mind: "to decrease the cost of patent litigation, reduce the number of 'dubious' or improperly granted patents, and increase the certainty of patent rights."²³⁶ As I have argued elsewhere, thus far, the reforms failed to accomplish any of these goals, and likely exacerbated some problems.²³⁷ In light of that failure and of constitutional infirmities discussed, one solution is simply abrogating post-issuance review. But one need not throw out the baby with the bathwater in order to address the constitutional challenges or to achieve Congress' goals. Nor does one need to forego the obvious expertise that the Patent Office has in patent matters. But in order to comply with the Constitution, one must render unto Caesar that which is Caesar's. A system where the ultimate power to adjudicate patent validity resides, as it always

232. See *Worden v. Searls*, 121 U.S. 14 (1887) (holding that when a patent is invalidated, any injunction against violating the patent dissolves). *But see* *Gugliuzza*, *supra* note 4, at 299–302 (discussing the Federal Circuit's approach to a final judgment for *past* damages which the adjudged infringer appears to be required to pay). Again, it is true that a defendant in a patent suit may not file an IPR petition more than a year after having been sued, 35 U.S.C. § 315(b) (2012), and it is unlikely that the entire process described above could be completed in a year. However, this is of no consequences. First, as discussed above, the time limitation is a matter of statutory language and is not constitutionally compelled. Nothing prevents Congress from changing the point at which the one-year countdown begins from the beginning of the suit to the end of one. Second, the statutory deadline is quite porous in application. The PTAB has consistently allowed out of time petitions to be joined to other, timely filed, petitions. It has done so even when both the late and timely petitions are filed by the same entity. While it is within the power of the PTO to limit these practices, once again, it is hard to fathom which constitutional provision would require it to do so. In short, if the PTO can, consistent with the Constitution, exercise the powers it currently does, nothing would appear to forbid it from exercising the same powers with even fewer restraints.

233. *Gordon v. United States*, 69 U.S. 561, 561 (1864).

234. *Id.*

235. *Case of Hayburn*, 2 U.S. 408, 410 (1792).

236. *Dolin & Manta*, *supra* note 4, at 721–22.

237. See generally *Dolin*, *supra* note 4 (critiquing AIA's reforms for having imposed additional costs and uncertainty while failing to live up to Congressional goals of the reform effort).

has, in Article III courts, but where that power is exercised with reference to the opinions of experts would be entirely permissible and perhaps laudable.

There are several options to accomplish the above goal. First, Congress could restore *de novo* review of PTAB's decision by civil action as had been the case until 1999 with respect to all PTO's decisions.²³⁸ Alternatively, Congress could limit availabilities of IPRs to those parties that have been sued for infringement. Under such a system, the District Court would, on either party's motion, refer the matter to the Patent Office for its report and recommendation, much like it refers various matters to magistrate judges.²³⁹ An unsatisfied party would then be able to note exceptions to the PTAB's recommendations with the final decision resting with the District Court.²⁴⁰ An added benefit of this system is that it would require the PTO to harmonize its claim construction standards with those applicable in court, which would in turn ensure consistency in the meaning of the claims both across various fora and across different stages of litigation (i.e., validity and infringement). With the courts maintaining ultimate control over the dispute, both the rights of the litigants to an impartial adjudicator would be protected and the Judiciary's power would not be diminished by the Executive's actions.²⁴¹

Furthermore, reforms are needed to ensure that judicial decrees are indeed final and not subject to revision by later PTO actions.²⁴² Whether by limiting PTO's ability to institute an IPR for a patent which had survived litigation through the appeal to the Federal Circuit or by making clear that later cancellation of claims does not affect an earlier final judgment with respect to an adjudged infringer, Congress must make sure that judicial decrees do not become little more than a starting point for future bargaining over the fully adjudicated rights.

As a final matter, I should note that not all post-issuance review processes may need to be seriously reformed, for not all of them suffer from the same infirmity. Post Grant Reviews ("PGRs")²⁴³ are, in my view, fundamentally different from IPRs in a way which makes them stand on a more solid constitutional footing and which may yet allow them to provide significant benefits to the system. The most important difference between PGRs and IPRs is the fact that the former is limited to the first nine months of a patent's

238. See *supra* notes 175177 and accompanying text.

239. 28 U.S.C. § 636(b) (2012).

240. *Id.*

241. See *supra* notes 150, 151 and accompanying text.

242. See *supra* notes 228235 and accompanying text.

243. 35 U.S.C. § 321 (2012). For a discussion on how PGRs operate, see Dolin, *supra* note 4, at 914–19.

life.²⁴⁴ The short time frame of availability of this procedure not only guards against various abusive processes, but may also be of a constitutional significance. The Supreme Court has previously addressed a similar system where land patents were concerned.²⁴⁵ Under the law at the time, the decision on whether to grant a land patent was made by local registers and receivers, but an appeal could be had to the Commissioner of the General Land-Office and from there to the Secretary of the Interior.²⁴⁶ The land patent was not final until the Secretary of the Interior rendered his decision or the time for filing an appeal had expired.²⁴⁷ However, once that point was reached and

[T]he patent issued under the seal of the United States, and signed by the President, is delivered to and accepted by the party, the title of the government passe[d] with this delivery. With the title passe[d] away all authority or control of the Executive Department over the land, and over the title which it has conveyed.²⁴⁸

In this sense, for at least some time, the rights an individual would receive under a land patent would be provisional and pending the decision of the Secretary of the Interior or the expiration of time to seek such a decision. At the same time, “one officer of the land office [was] not competent to cancel or annul the act of his predecessor. That [was viewed as] a judicial act, and require[d] the judgment of a court.”²⁴⁹

By analogy then, an invention patent could be viewed as “subject to an appeal to the” PTO Director, provided such appeal is taken in time. If it is, then the Director’s judgment would be final (other than through judicial review), but if it is not, or if the Director affirms the initial grant, then the authority of the Executive Branch over the matter would come to an end. The constitutional standing of the PGR would be further enhanced if Congress were to provide a right for a civil action to challenge patent cancellation in that proceeding. Indeed, it makes little sense to allow an unsuccessful applicant to obtain District Court review of the PTO’s denial of the patent, though that denial be finalized in a decision of the PTAB,²⁵⁰ but prohibit such review

244. See 35 U.S.C. § 321(c) (2014).

245. See, e.g., *Moore v. Robbins*, 96 U.S. 530, 531–33 (1877); see also *Johnson v. Towsley*, 80 U.S. 72, 86 (1871).

246. See *Moore*, 96 U.S. at 532–33.

247. *Id.*

248. *Id.* at 533.

249. *United States v. Stone*, 69 U.S. 525, 535 (1864).

250. 35 U.S.C. § 145. (2012).

to a previously successful applicant whose patent was quickly abrogated by a decision of the very same tribunal.²⁵¹ PGRs, if properly done, have a potential to truly enhance the patent system by making sure that at least some granting decisions are not made *ex parte* and on a limited record.²⁵² This would serve the Congressional goal of reducing the number of improperly issued patents, and also strengthen those patents that survive the review, which should, at least theoretically, lower the likelihood, and therefore the cost of litigation.²⁵³

CONCLUSION

While the concern over spiraling cost of litigation in general, and patent litigation in particular is understandable, and although the desire to improve and strengthen the patent system is admirable, the solutions chosen by Congress to address these issues must be constitutional. Treating issued patents as equivalent to other statutorily created rights is inconsistent with both the history and nature of patents as well as Supreme Court precedents stretching back over a century and a half. The America Invents Act failed to heed the constitutional strictures in creating the Patent Trials and Appeals Board. The result was not just bad policy perpetrated by a “patent death squad,” but a system where the validity of patents is dependent on the executive branch’s favor and benevolence towards patents and patentees. This system not only fails to achieve the goals of AIA’s drafters of creating stronger and more secure patent rights,²⁵⁴ but undermines the very foundation of the tripartite system of government. At the same time, the system is not unsalvageable. Congress can and should improve it in ways that restore the proper balance between the Executive and the Judiciary branches, and also provide patentees and challengers with confidence in their respective rights in the adjudicator of those rights. Congress may wish to consider a number of changes to the system so as to avoid various abuses, but in order to restore patents to their rightful place and to protect our tripartite system of government, Congress must, at the very least, reestablish the courts’ ability for a *de novo* review of decisions regarding validity of an issued patent and preserve the inviolability of final judicial decrees.

251. *Id.* at § 329 (no right to pursue an appeal under § 145).

252. See FED. TRADE COMM’N, TO PROMOTE INNOVATION: THE PROPER BALANCE OF COMPETITION AND PATENT LAW AND POLICY, ch. 5, 7–10 (2003) (pointing out the inherent limitations attendant to *ex parte* examination process), <https://www.ftc.gov/sites/default/files/documents/reports/promote-innovation-proper-balance-competition-and-patent-law-and-policy/innovationrpt.pdf>.

253. See H.R. REP. NO. 112-98, pt. 1, at 38–40. Of course, such gains would be for naught if the IPRs continue as presently constituted. The efficacy of either process in achieving the goals Congress had when it passed the AIA, however, is a topic for another paper.

254. Dolin, *supra* note 4, at 947–48.