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## The Cessation of Innovation: An Inquiry into Whether Congress Can and Should Strip the Supreme Court of Its Appellate Jurisdiction to Entertain Patent Cases

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THE CESSATION OF INNOVATION: AN INQUIRY INTO  
WHETHER CONGRESS CAN AND SHOULD STRIP THE SUPREME  
COURT OF ITS APPELLATE JURISDICTION TO ENTERTAIN  
PATENT CASES

CATHERINE TAYLOR\*

I. INTRODUCTION

Throughout the history of the United States, Congress has attempted to limit the Supreme Court's appellate jurisdiction.<sup>1</sup> Many academics have analyzed jurisdiction-stripping statutes, examining both their constitutionality and their policy implications.<sup>2</sup> Although these statutes often elicit controversy, Congress derives its textual power to limit jurisdiction under the Exceptions Clause of the Constitution.<sup>3</sup> Although Congress has not exercised this power often, it has most successfully limited the jurisdiction of U.S. federal courts in certain habeas corpus cases. While the Supreme Court has never entertained a statute that stripped its ability to hear cases in an entire area of law, these habeas cases still give guidance in determining the constitutionality of such statutes. One area of law that could benefit from a jurisdiction-stripping statute is patent law.

According to Article I, Section 8, Clause 8, of the United States Constitution, Congress has the power “[t]o promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclu-

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1. See Alexander K. Hooper, *Jurisdiction-Stripping: The Pledge Protection Act of 2004*, 42 HARV. J. LEGIS. 511, 512 (2005) (stating that representatives in the 108<sup>th</sup> Congress proposed jurisdiction-stripping bills, including a bill that would strip lower federal courts of subject matter jurisdiction over First Amendment challenges to the Pledge of Allegiance and a bill precluding jurisdiction over challenges to the Defense of Marriage Act); Tara Leigh Grove, *The Article II Safeguards of Federal Jurisdiction*, 112 COLUM. L. REV. 250 (2012) (discussing jurisdiction-stripping efforts during the Roosevelt, Eisenhower, Carter, and Reagan administrations); Theodore J. Weiman, *Jurisdiction Stripping, Constitutional Supremacy, and the Implications of Ex Parte Young*, 153 U. PA. L. REV. 1677, 1678 n.8 (2005) (citing Erwin Chemerinsky, *Federal Jurisdiction* § 3.1 171 (4th ed. 2003)) (“[B]etween 1953 and 1968, over sixty bills were introduced into Congress to restrict federal court jurisdiction over particular topics.”); see also Gerald Gunther, *Congressional Power to Curtail Federal Court Jurisdiction: An Opinionated Guide to the Ongoing Debate*, 36 STAN. L. REV. 895, 895 (1984) (thirty jurisdiction-stripping bills were introduced in Congress between 1981 and 1982).

2. See generally Weiman, *supra* note 1.

3. U.S. CONST. art. III, § 2, cl. 2.

sive right to their respective writings and discoveries.”<sup>4</sup> This clause gives Congress the power to govern patent rights. Patent law is a very niche field. In fact, to prosecute patents in the United States, an individual must be admitted to practice in front of the United States Patent and Trademark Office.<sup>5</sup> To pursue this career path, aspiring patent attorneys and patent agents must possess the requisite scientific education and pass the Patent Bar Examination.<sup>6</sup> No legal training is needed to take the exam, only scientific and technical training.<sup>7</sup> The Model Rules of Professional Conduct even recognize the long-established policy of the Patent and Trademark Office, and allow admitted attorneys to designate themselves as a “Patent Attorney.”<sup>8</sup> Since the field is specialized, and the science is so intertwined with the law, this technical requirement is necessary to provide proper service to inventors filing for patent applications.

Federal judges are not required to specialize in a particular field of law, let alone be technically educated and trained.<sup>9</sup> Since federal law exclusively governs patents,<sup>10</sup> the Supreme Court may hear final appeals to all patent cases, including disputes over validity and infringement. Supreme Court Justices interpret the law of the land. Some may argue that interpreting patent law is no more complex than interpreting any other form of law, and the law is just the law, no matter the factual background.<sup>11</sup> However, in a field with expert attorneys and innovative subject matter, an unspecialized judge’s legal analysis and application may overly simplify a complex issue, thereby leaving confusing precedent in the Supreme Court’s wake.<sup>12</sup>

4. U.S. CONST. art. I, § 8, cl. 8.

5. 37 C.F.R. § 11.5 (2012).

6. U.S. Patent and Trademark Office, *Office of Enrollment and Discipline (OED)*, §11.7 at 2, July 2015, [http://www.uspto.gov/sites/default/files/OED\\_GRB.pdf](http://www.uspto.gov/sites/default/files/OED_GRB.pdf).

7. *Do I Qualify to Sit for the Patent Bar Exam?*, PATBAR, <http://patbar.com/uspto-patent-bar-exam-requirements.shtml> (last visited Apr. 15, 2017).

8. COMMENTS ON RULE 7.4, MODEL RULES OF PROF’L CONDUCT (noting that Rule 7.4 also recognizes that a “lawyer engaged in Admiralty practice may use the designation ‘Admiralty;’” attorneys in other fields may only state or imply that they are specialists if two conditions are met).

9. *See, e.g., Elcommerce.com, Inc. v. SAP AG*, 745 F.3d 490 (Fed. Cir. 2014) (“While ‘the person of ordinary skill in the art’ is a legal construct, like ‘the reasonable man,’ and claim construction is ultimately a matter for the judges, it cannot be assumed that judges are persons of ordinary skill in all technological arts.”).

10. 28 U.S.C. § 1338(a) (2012).

11. *See* Diane P. Wood, *Is It Time to Abolish the Federal Circuit’s Exclusive Jurisdiction in Patent Cases?*, 13 CHL-KENT J. INTELL. PROP. 1 (2013) (“Judge Hand’s concerns about competent handling of sophisticated expert testimony are just as salient today as they were when he wrote these words; that task, however, is no more or less difficult in patent cases than it is in complex environmental cases, Food and Drug cases, antitrust cases, or many others”).

12. *See* Cook-Deegan and Niehaus, *After Myriad: Genetic Testing in the Wake of Recent Supreme Court Decisions about Gene Patents*, 2 CURR. GENET. MED. REP. 223 (2014), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4225052> (“[T]he boundaries of patentable subject matter are still fuzzy. The Supreme Court has unanimously ruled that lower courts were upholding

In fact, as later explored by this note, the Supreme Court has recently been issuing opinions that have made it harder for an inventor to obtain a patent and easier for an accused infringer to invalidate a patent.<sup>13</sup> This jeopardizes the strength of the American patent system, which in turn, directly jeopardizes American scientific innovation.<sup>14</sup> Patents are essential to the American economy because they encourage the proliferation of technological advancement. Muddled patent jurisprudence hinders America's competitiveness in the global market.<sup>15</sup> Perhaps it is time for a more specialized court to be the final arbiter of patent matters.

This note aims to answer the following questions: 1) can Congress strip the Supreme Court's appellate jurisdiction with respect to hearing patent appeals; and 2) should Congress strip this jurisdiction? More specifically, Part II of this note analyzes important Supreme Court cases that examine jurisdiction-stripping statutes before considering whether curtailing the Court's jurisdiction from hearing patent cases would pass constitutional muster. This part also considers any ideological and policy concerns associated with this type of statute. Part III explores the importance of patent law, and assesses recent Supreme Court patent law jurisprudence. The note then concludes in Part IV with a reflection on whether this recent precedent warrants a consideration of a jurisdiction-stripping statute.

## II. CONGRESS CAN STRIP APPELLATE JURISDICTION FROM THE SUPREME COURT

Jurisdiction-stripping legislation is not novel.<sup>16</sup> Throughout history, the Court has considered various statutes attempting to limit its jurisdiction. Many of these statutes have pertained to habeas corpus challenges, and the Court has frequently narrowed its ruling to the specific facts in each case. In order to synthesize the case law and apply their holdings to the patent world, it is important to examine some of these jurisdiction-limiting stat-

patents claims they should not have upheld, but it has not indicated how to draw the line between methods and molecules that are patent-eligible and those that are not.”).

13. Robert R. Sachs, *One Year Anniversary: The Aftermath of #ALICESTORM*, BILSKI BLOG, FENWICK & WEST, (June 20, 2015), <http://www.bilskiblog.com/blog/2015/06/the-one-year-anniversary-the-aftermath-of-alicestorm.html> (“For example, in TC 1600, the biotech area, in January, 2012 6.81% of all actions issued (counting both office actions and notices of allowances) were office actions with § 101 rejections; by May 2015 that percentage almost doubled to 11.86% of actions.”).

14. See generally William Hubbard, COMPETITIVE PATENT LAW, 65 FLA. L. REV. 341, 349 (2013).

15. See generally Neal Solomon, *Connecting the Dots of a Weak Patent System and Productivity Growth Decline*, IPWATCHDOG (Oct. 4, 2016), <http://www.ipwatchdog.com/2016/10/04/weak-patent-system-productivity-growth-decline/id=73433/>.

16. See e.g., Hooper, *supra* note 1 at 512.

utes more in depth. This section first analyzes Supreme Court precedent; it subsequently examines the different ideological and policy concerns associated with jurisdiction-stripping statutes, coupled with an argument that these concerns would not apply to the present inquiry.

*A. Supreme Court Case Law on Jurisdiction-Stripping Statutes*

One of the first times the Court grappled with a jurisdiction-stripping statute was after the Civil War. In 1867, Congress passed an Act that gave the Supreme Court appellate jurisdiction over habeas corpus actions.<sup>17</sup> William McCordle, who was imprisoned for publishing allegedly “incendiary and libelous” articles, invoked habeas corpus and appealed the decision of the lower court to the Supreme Court.<sup>18</sup> Before the Supreme Court issued its opinion in 1868, Congress repealed the provision that gave the Court appellate jurisdiction in these matters.<sup>19</sup> The Court noted that under the Exceptions Clause, Congress had the power to alter appellate jurisdiction of the Supreme Court.<sup>20</sup> The case was dismissed for want of jurisdiction; however, Justice Chase explained, “[t]he act of 1868 does not except from that jurisdiction any cases but appeals from Circuit Courts under the act of 1867.”<sup>21</sup> Therefore, the Court’s appellate power in cases of habeas corpus was not completely eradicated.<sup>22</sup>

Another pivotal attempt to restrict appellate review from the Supreme Court came in 1996 when the Court granted certiorari in *Felker v. Turpin*.<sup>23</sup> With strong support from President Bill Clinton, Congress enacted The Antiterrorism and Effective Death Penalty Act (“AEDPA”) of 1996.<sup>24</sup> The Act contained a provision that restricted the Supreme Court’s appellate power.<sup>25</sup> More specifically, the AEDPA contained a provision that prevent-

17. *See Ex parte McCordle*, 74 U.S. 506, 509 (1868).

18. *Id.* at 508.

19. *Id.* at 507–08.

20. *Id.* at 514.

21. *Id.* at 507–08.

22. *See Ex parte Yeger*, 75 U.S. 85, 106 (1868) (“Our conclusion is, that none of the acts prior to 1867, authorizing this court to exercise appellate jurisdiction by means of the writ of *habeas corpus*, were repealed by the act of that year, and that the repealing section of the act of 1868 is limited in terms, and must be limited in effect to the appellate jurisdiction authorized by the act of 1867.”).

23. 518 U.S. 651 (1996).

24. Grove, *supra* note 1, at 286–87.

25. *Id.* at 287.

ed the Supreme Court from reviewing a Court of Appeals order denying leave to file a second habeas petition by appeal or by writ of certiorari.<sup>26</sup>

In *Felker*, the Supreme Court ruled on a narrow construction of the provision.<sup>27</sup> In this case, the petitioner—convicted of murder, rape, false imprisonment, and aggravated sodomy—filed both a motion for stay of execution and a motion for leave to file a second or successive federal habeas corpus petition under 28 U.S.C. § 2254 Code in the Eleventh Circuit.<sup>28</sup> The court denied both motions, and the petitioner filed a petition for writ of habeas corpus for appellate review and for stay of execution in the U.S. Supreme Court.<sup>29</sup>

The Court first inquired whether or not the provisions of Title I of the AEDPA, which amended existing federal habeas corpus law,<sup>30</sup> applied to petitions for habeas corpus filed as original matters under 28 U.S.C. §§ 2241 and 2254;<sup>31</sup> it concluded that, while § 2244(b)(3)(E) prohibited it from reviewing a judgment on an application for leave to file a second habeas petition in district court, Title I did not repeal the Court’s ability to entertain original habeas petitions.<sup>32</sup> Therefore, the Court held, “since [the Act] does not repeal our authority to entertain a petition for habeas corpus, there can be no plausible argument that the Act has deprived this Court of appellate jurisdiction in violation of Article III, § 2.”<sup>33</sup>

The AEDPA was soon challenged again in conjunction with the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (“IIRIRA”).<sup>34</sup> These two acts contained amendments to the Immigration and Nationality Act (“INA”), which raised questions concerning their effect on the availability of habeas corpus jurisdiction under 28 U.S.C. § 2241.<sup>35</sup> In *I.N.S. v. St. Cyr*, the respondent, a lawful permanent resident of the United States, pled guilty in state court to a charge of selling a controlled substance, which made him deportable.<sup>36</sup> At that time, the AEDPA had not yet been enacted, and, at the discretion of the U.S. Attorney Gen-

26. *Felker*, 518 U.S. at 656. *See also* 28 U.S.C. § 2244(b)(3)(e) (“The grant or denial of an authorization by a court of appeals to file a second or successive application shall not be appealable and shall not be the subject of a petition for rehearing or for a writ of certiorari.”).

27. Grove, *supra* note 1, at 289.

28. *Felker*, 518 U.S. at 657.

29. *Id.* at 658.

30. *Id.* at 656.

31. *Id.* at 658.

32. *Id.* at 658–62.

33. *Id.* at 661–62.

34. *I.N.S. v. St. Cyr*, 533 U.S. 289, 292 (2001).

35. *Id.*

36. *Id.* at 293.

eral, the respondent would have been eligible for a waiver of deportation.<sup>37</sup> However, his removal proceedings had not begun until after both the AEDPA and IIRIRA had become effective, and accordingly, the Attorney General interpreted the acts to mean that he no longer had discretion to grant a waiver.<sup>38</sup> The Attorney General also argued that under these statutes, there was no judicial forum available to decide whether these statutes deprived him of the power to grant this relief.<sup>39</sup> According to the Immigration and Naturalization Service (“INS”), four sections of the 1996 statutes stripped the courts of jurisdiction with respect to the respondent’s habeas corpus application.<sup>40</sup>

The Court noted that in order for the INS to succeed, it had to overcome “both the strong presumption in favor of judicial review of administrative action and the longstanding rule requiring a clear statement of congressional intent to repeal habeas jurisdiction.”<sup>41</sup> Additionally, the Court stated, “Congress must articulate specific and unambiguous statutory directives to effect a repeal.”<sup>42</sup> The Court indicated that 1) when a certain interpretation of a statute “invokes the outer limits of Congress’ power,” there should be a “clear indication that Congress intended that result,” and 2) if “an otherwise acceptable construction of a statute would raise serious constitutional problems, and where an alternative interpretation of the statute is ‘fairly possible,’”

the Court would be obligated to construe the statute to avoid the constitutional problems.<sup>43</sup> “A construction of the amendments at issue that would entirely preclude review of a pure question of law by any court would give rise to substantial constitutional questions.”<sup>44</sup> The Court ultimately concluded that habeas jurisdiction under § 2241 was not repealed by AEDPA and IIRIRA since the absence of a judicial forum, “coupled with the lack of a clear, unambiguous, and express statement of congressional intent to preclude judicial consideration on habeas of such an important question of law, strongly counsels against adopting a construction that would raise serious constitutional questions.”<sup>45</sup>

37. *Id.*

38. *Id.*

39. *Id.* at 297.

40. *Id.* at 298.

41. *Id.*

42. *Id.* at 299.

43. *Id.* at 299–300.

44. *Id.* at 300.

45. *Id.* at 314. *See also id.* at 305. (“It necessarily follows that a serious Suspension Clause issue would be presented if we were to accept the INS’ submission that the 1996 statutes have withdrawn that power from federal judges and provided no adequate substitute for its exercise.”). Additionally, the

In a similar vein, the Supreme Court reviewed a provision of the INA that limited judicial review of the Attorney General's discretionary judgments regarding detention or release of any alien.<sup>46</sup> The respondent in *Demore v. Kim* was convicted of first-degree burglary and "petty theft with priors"; consequently, the INS detained him and charged him with being deportable from the United States.<sup>47</sup> The respondent filed a habeas corpus action challenging the constitutionality of 8 U.S.C. § 1226(c),<sup>48</sup> arguing that his detention violated due process.<sup>49</sup>

The Court first addressed the argument that 8 U.S.C. § 1226(e) deprived the Court of jurisdiction to entertain the case.<sup>50</sup> Section 1226(e) stated that "[t]he Attorney General's discretionary judgment regarding the application of this section shall not be subject to review."<sup>51</sup> It further stated that "[n]o court may set aside any action or decision by the Attorney General under this section regarding the detention or release of any alien."<sup>52</sup> With regard to the Act's provisions, the Court held that they did not strip the federal courts of the power to review a constitutional challenge to § 1226(c).<sup>53</sup> First, the respondent challenged the constitutionality of the statutory framework permitting his detention without bail; he did not challenge the "discretionary judgment" or "decision" by the Attorney General.<sup>54</sup> Second, the Court "has held that 'where Congress intends to preclude judicial review of constitutional claims its intent to do so must be clear.'"<sup>55</sup> The Court further stated, "where a provision precluding review is claimed to bar habeas review, the Court has required a particularly clear statement that

Court stated that if it were to conclude the writ was no longer available in the present situation, its holding would be a "departure from historical practice in immigration law." It is also worth mentioning that although the title of section 401(e) seems to show intent to preclude judicial review, the Court noted that the actual text "merely repeals a subsection of the 1961 statute amending the judicial review provisions of the 1952 Immigration and Nationality Act," and that neither the title nor the text mentions 28 U.S.C. § 2241. *Id.* at 308–09.

46. *Demore v. Kim*, 538 U.S. 510, 516 (2003).

47. *Id.* at 513.

48. 8 U.S.C. § 1226(c) (dealing with mandatory detention and stating that "the Attorney General shall take into custody any alien who" is removable based on a conviction of a specified crime).

49. *Demore*, 538 U.S. at 514.

50. *Id.* at 516.

51. *Id.*

52. *Id.*

53. *Id.* at 517.

54. *Id.* at 516–17.

55. *Id.* at 517; *see also Webster v. Doe*, 486 U.S. 592, 603 (finding that the language and structure of § 102(c) of the National Security Act indicated that Congress intended to commit individual employee discharges to the Director of the CIA's discretion, and that § 701(a)(2) precludes judicial review of these decisions under the Administrative Procedure Act, but also holding that a constitutional claim based on an individual discharge may be judicially reviewed by the District Court).



such is Congress' intent."<sup>56</sup> Consequently, the Court explained that § 1226(e) did not explicitly bar habeas review, and further, its "clear text" also did not bar the respondent's constitutional challenge.<sup>57</sup>

A more recent challenge to a jurisdiction-stripping provision appeared in 2006. In *Hamdan v. Rumsfeld*, the President deemed the petitioner, who was held in custody at Guantanamo Bay, eligible for trial by military commission.<sup>58</sup> The petitioner filed for a writ of habeas corpus and argued that the military commission the President convened lacked authority because 1) "neither congressional Act nor the common law of war supported trial by this commission for the crime of conspiracy," and 2) the procedures adopted by the President to try the petitioner violated the most basic tenets of military and international law, which included the standard that a defendant must be permitted to see and hear the evidence against him.<sup>59</sup> The Court first addressed the Government's motion to dismiss the writ of certiorari under the Detainee Treatment Act of 2005 ("DTA").<sup>60</sup>

The Government argued that certain subsections of the DTA repealed federal jurisdiction over both pending and future detainee habeas actions.<sup>61</sup> The Court noted that Congress has expressly provided that sections 1005 (e)(2) and (e)(3) of the Act, which give exclusive, but limited, jurisdiction to the Court of Appeals for the District of Columbia Circuit to review "final decision[s]" of combatant status review tribunals ("CSRTs") and military commissions, applied to pending cases; on the contrary, Congress chose not to expressly provide whether or not subsection (e)(1), which addresses jurisdiction in habeas cases and other actions "relating to any aspect of the detention," applied to claims pending on the date of enactment.<sup>62</sup> Subsequently, the Court concluded that Congress' silence gave rise to a negative inference in favor of jurisdiction, and it denied the Government's motion to dismiss.<sup>63</sup>

After the *Hamdan* decision, Congress enacted the Military Commissions Act of 2006 ("MCA"), section 7 of which amended 28 U.S.C. § 2241(e).<sup>64</sup> The amendments provided that 1) no court, justice, or judge will have jurisdiction to hear an application for a writ of habeas corpus filed by

56. *Demore*, 538 U.S. at 517.

57. *Id.*

58. *Hamdan v. Rumsfeld*, 548 U.S. 557, 566.

59. *Id.* at 567.

60. *Id.* at 572.

61. *Id.* at 574.

62. *Id.* at 576–84.

63. *Id.*

64. *Boumediene v. Bush*, 553 U.S. 723, 723–24 (2008).

an alien detained as an enemy combatant, and 2) except as provided in sections 1005(e)(2) and (e)(3) of the DTA, no court, justice, or judge will have jurisdiction to hear any other action against the United States relating to any aspect of the detention, transfer, treatment, trial, or conditions of confinement of a such alien.<sup>65</sup> Section 7(b) of the MCA provided that any amendments made by 7(a) would apply to all cases, relating to any aspect of the detention, transfer, treatment, trial, or conditions of detention of an alien, pending on or after the date of the enactment.<sup>66</sup>

In *Boumediene*, the petitioners, detainees of Guantanamo Bay, presented the question of whether or not they were entitled to the “constitutional privilege of habeas corpus, a privilege not to be withdrawn except in conformance with the Suspension Clause.”<sup>67</sup> The Court ultimately held that the Suspension Clause had full effect at Guantanamo Bay, and if Congress wanted to deny the privilege of habeas corpus to the detainees, it must act in accordance with the requirements of the Suspension Clause.<sup>68</sup> The Court also decided that section 7 of the MCA was an unconstitutional suspension of the writ of habeas corpus under the Suspension Clause because the DTA review process was not an adequate substitute for the writ of habeas corpus; the Court specifically pointed out that the detainees did not have the opportunity to present relevant exculpatory evidence not made part of the record in earlier proceedings.<sup>69</sup>

It is important to note that Congress’ power to strip jurisdiction is still subject to Constitutional limitations, such as due process, equal protection, and separations of powers.<sup>70</sup> For example, in *United States v. Klein*, Klein, an administrator of the deceased V. F. Wilson, brought a claim in the Court of Claims to recover the proceeds of cotton belonging to Wilson, which came into the possession of agents of the Treasury Department as captured or abandoned property during the Civil War.<sup>71</sup> Prior case law had held that

65. *Id.* at 736.

66. *Id.* at 736–37.

67. *Id.* at 732.

68. *Id.* at 771.

69. *See id.* at 792 (“To hold that the detainees at Guantanamo may, under the DTA, challenge the President’s legal authority to detain them, contest the CSRT’s findings of fact, supplement the record on review with exculpatory evidence, and request an order of release would come close to reinstating the § 2241 habeas corpus process Congress sought to deny them. The language of the statute, read in light of Congress’ reasons for enacting it, cannot bear this interpretation.”).

70. Hooper, *supra* note 1 at 516; *see also* *Battaglia v. Gen. Motors Corp.*, 169 F.2d 254, 257 (2d Cir. 1948) (stating that Congressional control over jurisdiction is subject to compliance with at least the requirements of the Fifth Amendment, meaning that Congress must not exercise its power to restrict the jurisdiction of the courts to deprive any person of life, liberty, or property without due process of the law, or to take private property without just compensation).

71. *United States v. Klein*, 80 U.S. 128, 136 (1871).

a presidential pardon was proof an individual was innocent in law; it would be as if the individual never participated in the rebellion, and therefore, his property would be dismissed from any penalty that he might have incurred.<sup>72</sup> Before the case could reach the Supreme Court, Congress passed a statute abandoning this precedent, stating that without a disclaimer of guilt, acceptance of a presidential pardon evidenced a person's support of the rebellion.<sup>73</sup> Furthermore, Congress stated that this pardon would be taken as conclusive evidence of the act recited, and the court would not have jurisdiction on proof of pardon or acceptance, summarily made on motion or otherwise.<sup>74</sup> It also provided that the Supreme Court would have no jurisdiction when the Court of Claims rendered a judgment based on the pardons, without other proof of loyalty.<sup>75</sup>

The Court stated that Congress had "passed the limit which separates the legislative from the judicial power."<sup>76</sup> It noted that Congress cannot "prescribe a rule in conformity with which the court must deny to itself the jurisdiction thus conferred, because and only because its decision, in accordance with settled law, must be adverse to the government and favorable to the suitor."<sup>77</sup> Moreover, the Court noted that the proviso infringed the constitutional power of the Executive to grant a pardon; it "impairs the executive authority and directs the court to be instrumental to that end."<sup>78</sup> Essentially, there was a separation of powers issue, and the statute was held to be unconstitutional.<sup>79</sup>

### *B. Application of Case Law to the Present Inquiry*

A reasonable question to ask would be: how would these cases apply to statutes limiting the Court's appellate review of patent disputes? First, it is important to note that *McCardle* and *Felker* are narrow holdings; although the Court discussed the Exceptions Clause, it recognized that the statutes in question did not deprive the Court from entertaining *all* habeas corpus petitions. So, what would happen if Congress wanted to strip jurisdiction from the Court with respect to *all* patent matters? *Boumediene v. Bush* addressed these questions.

72. *Id.* at 132–33.

73. *Id.* at 133–34.

74. *Id.*

75. *Id.*

76. *Id.* at 147.

77. *Id.*

78. *Id.* at 148.

79. *Id.*

In *Boumediene*, the Court held that the MCA deprived the federal courts of jurisdiction to hear the contested habeas corpus actions.<sup>80</sup> As previously stated, the Court based its decision on the Suspension Clause, which states, “[t]he Privilege of the Writ of Habeas Corpus shall not be suspended, unless when in Cases of Rebellion or Invasion the public Safety may require it.”<sup>81</sup> The privilege of the writ of habeas corpus is a privilege enumerated in the Constitution, and the MCA deprived the federal courts from hearing the detainee’s actions. If Congress were to strip jurisdiction from the Supreme Court for patent cases, an inventor would still have access to the district courts and the Court of Appeals for the Federal Circuit. There would be no denial of access to a judicial forum, and no denial of a Constitutional right.<sup>82</sup>

Since *Boumediene* is distinguishable, we can look for guidance in *I.N.S.*, *Demore*, and *Klein*. *I.N.S.* and *Demore* do not speak to the constitutionality of limiting the Court’s patent jurisdiction; however, if Congress were to pass a jurisdiction-stripping statute, the cases illustrate that Congress must have *clear* intent to do so.<sup>83</sup> Additionally, unlike in *Klein*, the present inquiry would pass constitutional muster since it does not implicate constraints on due process, equal protection, and separations of powers.<sup>84</sup> The federal courts, including the Federal Circuit, would still abide by the basic principles of equal protection and due process. Moreover, although Congress’ power to grant patents is rooted in the Constitution, most patent challenges fall under statutory claims, not constitutional claims—a point spelled out in further detail below.<sup>85</sup> Finally, there is no a separation of powers issue since Congress has the constitutional power to govern patent rights. Therefore, there is no case law that directly precludes a statute of this nature.

### *C. Addressing Ideological and Policy Concerns of Jurisdiction-Stripping Statutes*

Because there is no case law that directly precludes Congress from completely stripping the appellate jurisdiction from the Supreme Court with respect to patent cases, this Note examines the ideological and policy

80. 553 U.S. 723, 723 (2008).

81. U.S. CONST. art. I § 9, cl. 2.

82. See *Boumediene*, 553 U.S. at 772 (2008) (“The gravity of the separation-of-powers issues raised by these cases and the fact that these detainees have been denied meaningful access to a judicial forum for a period of years render these cases exceptional.”).

83. See *I.N.S. v. St. Cyr*, 533 U.S. at 299–300.

84. Hooper, *supra* note 1, at 516.

85. See *infra* Part I(c).

concerns of similar statutes. In the United States, judicial power is enumerated in Article III of the Constitution.<sup>86</sup> Article III Section II defines the scope of the Supreme Court's appellate review in the Exceptions Clause.<sup>87</sup> This clause is the basis for the textual argument that Congress may restrict Supreme Court's appellate jurisdiction.<sup>88</sup> Supporters of a broad interpretation of Congress' jurisdiction-stripping powers believe that this power serves as a check on the unelected judiciary.<sup>89</sup> It allows members of Congress, a branch elected by the people, to restrain a branch insulated from shifts in political winds.<sup>90</sup>

Oppositionists to this broad interpretation also look to the text of Article III to make their argument, contending that the wording and structure of Article III demonstrate a mandatory federal court jurisdiction beyond the Supreme Court's original jurisdiction.<sup>91</sup> Even if Article III does not mandate the existence of lower federal courts, other scholars have argued that all cases and controversies included under the judicial power in Article III would still need to be heard by a federal court; consequently, if no inferior federal courts existed, claims would need to be heard by the Supreme Court on appeal.<sup>92</sup> In his article, Weiman contends that these arguments are weakened in light of the Judiciary Act of 1789, which failed to "fully vest the Article III judicial power in federal courts."<sup>93</sup> He argues that federal courts have historically been unable to hear certain cases (e.g., cases that do not meet the amount-in-controversy requirements), even though they are covered in Article III; therefore, the federal judiciary is not necessarily the final arbiter in all matters anyhow.<sup>94</sup>

Furthermore, the Weiman article references Professor Richard H. Fallon, who has identified two models of judicial federalism: the federalist model and the nationalist model.<sup>95</sup> Individuals who prescribe to the nationalist model believe in the principles of federal supremacy; they may disagree with limiting federal court jurisdiction because they believe that

86. U.S. CONST. art. III, §§ 1–2.

87. U.S. CONST. art. III, § 2.

88. Weiman, *supra* note 1, at 1684.

89. *Id.* at 1679.

90. *Id.* at 1685.

91. *Id.* at 1685–86 (referring to Justice Story's dictum in *Martin v. Hunter's Lessee*, 14 U.S. 304, 331 (1816) ("It would seem, therefore, to follow, that congress are bound to create some inferior courts, in which to vest all that jurisdiction which, under the constitution, is *exclusively* vested in the United States, and of which the supreme court cannot take original cognisance (sic).").

92. *Id.* at 1686.

93. *Id.*

94. *Id.* at 1686–87.

95. *Id.* at 1692.

federal courts are more apt at enforcing constitutional rights than state courts.<sup>96</sup> Likewise, Weiman argues that stripping jurisdiction from the federal courts, specifically the Supreme Court, is that jurisdictional curtailment would hinder the Court's "essential functions."<sup>97</sup> This idea of "essential functions" revolves around the theory that the Supreme Court maintains the supremacy of federal law and consistency in legal application.<sup>98</sup> For example, Professor Ratner has argued the "essential appellate functions under the Constitution are: (1) to provide a tribunal for the ultimate resolution of inconsistent or conflicting interpretations of federal law by state and federal courts, and (2) to provide a tribunal for maintaining the supremacy of federal law when it conflicts with state law or is challenged by state authority."<sup>99</sup> Through this theory, Professor Ratner contended that procedural limitations restricting a litigant's access to Supreme Court review would not normally disrupt the essential functions; however, "legislation denying the Court jurisdiction to review any case involving that subject would effectively obstruct those functions in the proscribed area."<sup>100</sup>

Despite the aforementioned ideological and policy concerns, Congress should retain the right to limit the Supreme Court's jurisdiction. First, it is important to note that Congress does not always have a partisan motive when it attempts to strip jurisdiction from the federal courts; rather, it's

96. *Id.* at 1683–84.

97. *Id.* at 1688.

98. *Id.* Weiman argues that this is a weak argument because "[t]he fundamental problem with the 'essential functions' theory is that it has not been strongly rooted in constitutional text and fails to explain why the Judiciary Act of 1789 limited federal court jurisdiction in a way that did not promote uniformity of law." *Id.* at 1688. Weisman argues that a narrowed version of this theory would more "appropriately represent the text of the Constitution, the views of the framers, and the historical applications thereafter in laws such as the 1789 Judiciary Act;" "[u]nder this theory, the clear minimum requirement upon Congress would be to maintain ultimate federal court review of state court rulings against constitutional claims." *Id.* at 1699. *See also id.* at 1705 (quoting Lawrence Gene Sager, *Constitutional Limitations on Congress' Authority to Regulate the Jurisdiction of the Federal Courts*, 95 HARV. L. REV. 17, 44 (1981), who states "[a]s will shortly become clear, I think that the essential function claim is strongest when narrowed to Supreme Court review of state court decisions that repudiate federal constitutional claims of right.") Patent law has exclusive federal jurisdiction, and the cases and controversies at issue do not deal with constitutional challenges; therefore, the jurisdiction-stripping statute in question would easily survive this narrow interpretation.

99. Leonard G. Ratner, *Congressional Power over the Appellate Jurisdiction of the Supreme Court*, 109 U. PA. L. REV. 157, 161 (1960).

100. *Id.* "But legislation that precludes Supreme Court review in every case involving a particular subject is an unconstitutional encroachment on the Court's essential functions." *Id.* at 201.

motive is much more practical.<sup>101</sup> Furthermore, a complete bar to this congressional power would be direct hindrance to Congress.<sup>102</sup>

Congress has the constitutional right to govern patents;<sup>103</sup> under the Exceptions Clause, Congress also has the power to utilize this right to govern patent law by shifting final adjudication of patent appeals from the Supreme Court to another court. The two main arguments against stripping jurisdiction from the Supreme Court are that 1) under a nationalist model of judicial federalism, federal courts are better at enforcing constitutional rights than state courts; and 2) stripping jurisdiction from the Supreme Court to entertain cases regarding an entire area of law would obstruct the Court's essential functions.

The first issue would not be relevant in the present inquiry. Title 35 of the United States Code codifies substantive patent law; cases and controversies primarily deal with infringement and validity matters, rather than constitutional challenges. Even if a constitutional challenge were to arise,<sup>104</sup> there would not be an issue of "federal supremacy," considering that patent law is governed exclusively by federal law.<sup>105</sup> Therefore, patent law is not subject to discrepancies between state courts and federal courts.<sup>106</sup>

With respect to the second issue, there is no concern regarding the presence of "a tribunal for the ultimate resolution of inconsistent or con-

101. See Nicole A. Heise, *Stripped: Congress and Jurisdiction Stripping*, 3 FAULKNER L. REV. 1 (2011) (citing administrative concerns, like increases in litigation against the federal government, as Congress' catalyst for removing jurisdiction from the courts).

102. Sager, *supra* note 98 ("Likewise, these views would prevent Congress from establishing special tribunals—in such areas as tax, patent, copyright, or admiralty—whose judgments would be immune from Supreme Court review.").

103. Congress has the power to promote the progress of science by granting inventors the exclusive rights to their discoveries— a power that the Framers intended to be broad. In Federalist Paper No. 43, James Madison referenced the Patent and Copyright clause and concluded that "the utility of this power will scarcely be questioned." THE FEDERALIST No. 43 (James Madison). *But see* Gene Quinn, *The Constitutional Underpinnings of Patent Law*, IPWATCHDOG (May 11, 2011), <http://www.ipwatchdog.com/2011/05/11/the-constitutional-underpinnings-of-patent-law/id=16865> (citing *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 5 (1966), who notes "[t]he clause is both a grant of power and a limitation. This qualified authority, unlike the power often exercised in the sixteenth and seventeenth centuries by the English Crown, is limited to the promotion of advances in the 'useful arts.'").

104. See *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284, 1288 (Fed. Cir. 2015), *cert. denied sub nom. MCM Portfolio LLC v. Hewlett-Packard Co.* (U.S. Oct. 11, 2016) (patentee argued that *inter partes* review was unconstitutional because "any action revoking a patent must be tried in an Article III court with the protections of the Seventh Amendment.").

105. 28 USC § 1338(a) (2012).

106. It is worth noting that under the AIA, the Patent Trial and Appeal Board ("PTAB") is the correct forum for post-grant review (PGR) and *inter partes* review (IPR) proceedings. Decisions from the Patent Trial and Appeal Board regarding these proceedings, however, are appealable to the Federal Circuit.

flicting interpretations of federal law by state and federal courts.”<sup>107</sup> As stated above, a state court does not have jurisdiction to hear a patent case.<sup>108</sup> However, one may argue that there still may be conflicts among the different district courts. This is obviated by the existence of the Federal Circuit, a congressionally created court that has appellate jurisdiction over the district courts with respect to patent cases. The Federal Circuit may behave as the tribunal for the ultimate resolution of inconsistent or conflicting interpretations of patent law; it can set precedent, thereby unifying the lower courts.

### III. CONGRESS SHOULD CONSIDER A STATUTE STRIPPING THE SUPREME COURT’S APPELLATE REVIEW OF PATENT CASES

After determining that Congress likely *can* strip appellate jurisdiction from the Supreme Court with respect to patent cases, it is now time to turn to the following question: *should* Congress strip this jurisdiction? As examined below, the Supreme Court has taken an increasing interest in patent law in recent years, which has seemingly engendered anti-patent precedent. Before delving into the case law, it is essential to understand why patent law is important to the American public. After that analysis, we will examine how recent decisions by the Supreme Court have had adverse effects on the current state of patent law. This will help us consider whether or not jurisdiction-stripping legislation would be appropriate.

#### *A. Patent Law is Essential for Innovation and Vital for the Economy*

Technological advancements and scientific discoveries are imperative for societal progression. In fact, “[t]he economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in ‘Science and useful Arts.’”<sup>109</sup> Anti-patent sentiment and muddled jurisprudence is lethal to the patent system, which for two centuries has been vital to the American economic success.<sup>110</sup>

107. Ratner, *supra* note 99 at 161.

108. *But see* Gunn v. Minton, 133 S. Ct. 1059, 1065 (2013) (“State legal malpractice claims based on underlying patent matters will rarely, if ever, arise under federal patent law for purposes of § 1338(a).”).

109. Mazer v. Stein, 347 U.S. 201, 219 (1954).

110. *See generally* Maureen K. Ohlhausen, Acting Chairman, Fed. Trade Comm’n, Remarks at The Economic Contribution of Technology Licensing Conference USPTO’s Global Intellectual Property Academy 6 (June 8, 2016),



According to the U.S. Department of Commerce, innovation has accounted for almost 75% of the economic growth in the U.S. since World War II.<sup>111</sup> Furthermore, “economists contend that as much as 80% of growth in the gross domestic economy stems from the introduction of new technologies.”<sup>112</sup> This economic growth is important for American businesses because it creates competitiveness in global markets. The World Bank has reported that the world’s greatest economic gains have come from developing nations that “aggressively opened their economies to foreign technologies and business methods and protected the intellectual property rights of their developers.”<sup>113</sup> Additionally, from 1960 to 2000, a study of patenting and growth in ninety-two countries showed an association between a 20% increase in the annual number of patents granted and an increase of 3.8% in output.<sup>114</sup>

Patents encourage innovation for a multitude of reasons. First, a patent is an exclusive right.<sup>115</sup> With this exclusive right, a patentee is able to reduce his or her competition in the marketplace.<sup>116</sup> Furthermore, having little competition in the marketplace facilitates the commercialization of the invention. This, in turn, usually leads to high monetary rewards, either through the sale of the invention or a licensing agreement.<sup>117</sup> Patent protection is also important because it allows small-time inventors to invent without fear of being taken advantage of by a large corporation.<sup>118</sup> Although the United States is still the preferred venue for patent enforcement, some practitioners believe that Europe may eventually take America’s place on the patent stage.<sup>119</sup> Because patent law is so important to both the American

[https://www.ftc.gov/system/files/documents/public\\_statements/958603/160608strongpatentsystem.pdf](https://www.ftc.gov/system/files/documents/public_statements/958603/160608strongpatentsystem.pdf), (“First, as the Brookings Institute observed in 2013, ‘patents are correlated with economic growth across and within the same country over time’ and ‘R&D spending since 1953 is highly correlated with patenting and the patent rate[.]’”).

111. ARTI RAI ET AL., U.S. DEP’T OF COMMERCE, PATENT REFORM: UNLEASHING INNOVATION, PROMOTING ECONOMIC GROWTH & PRODUCING HIGH-PAYING JOBS 2 (2010).

112. William Hubbard, *Competitive Patent Law*, 65 FLA. L. REV. 341, 349 (2014).

113. Robert Shapiro & Kevin Hassett, *The Economic Value of Intellectual Property*, INTELLECTUAL PROP. REP. 5 (Oct. 2005)

<http://www.sonecon.com/docs/studies/IntellectualPropertyReport-October2005.pdf>.

114. *Id.* (citing Derek H.C. Chen and Carl Dahlman, *Knowledge and Development: A Cross-Section Approach*, (The World Bank Pol’y Res., Working Paper No. 3366, 2004.)).

115. *Reasons for Patenting Your Invention*, WIPO, [http://www.wipo.int/sme/en/ip\\_business/importance/reasons.htm](http://www.wipo.int/sme/en/ip_business/importance/reasons.htm).

116. *Id.*

117. *Id.*

118. John Villasenor, *Why Patents and Copyright Protections Are More Important Than Ever*, SCIENTIFIC AM. (Nov. 14, 2013), <http://www.scientificamerican.com/article/why-patents-copyright-protections-are-more-important-than-ever/>.

119. Peter Leung, *Will Europe Become the Center of the Patent World? Not Yet*, INTELL. PROP. BLOG, BLOOMBERG BNA, <http://www.bna.com/europe-become-center-b57982067812>. The EU Unified

and global economy, it is imperative that courts, at the least, remain neutral when deciding patent cases—even preferably erring on the side of the patentee. Anti-patent sentiment could spell out danger for both American innovation and the American economy.

### *B. The Current State of Patent Law*

Now that this Note has illustrated the importance that patents hold in our society, we must turn our attention to the Supreme Court’s objectionable treatment of patent law. First, the Supreme Court has been reversing very important decisions by the Federal Circuit, a court Congress specifically created to hear specialized cases. Next, the Supreme Court has been misinterpreting Congress’ interpretation of Title 35 as well as the scientific and technical facts behind certain cases. These reversals, as well as the ongoing legal and factual misinterpretations, have created confusion in patent law jurisprudence, which in turn has made it more difficult for an inventor to both obtain and retain a patent.

#### 1. The Supreme Court and the Federal Circuit: A Love Story Gone Wrong.

In the beginning, the Supreme Court mainly left the Court of Appeals for the Federal Circuit at peace; however, in recent years, the Supreme Court has ostensibly been disregarding Federal Circuit jurisprudence.<sup>120</sup> In 1982, Congress established the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”). Congress created the Federal Circuit in order to

Patent Court Agreement is a treaty between certain European Union member states creating a single Unified Patent Court system; the UPC will handle infringement and validity cases for participating EU states. For more information on the Unified Patent Court, see *An Enhanced European Patent System*, UPC (Jan. 20, 2016), <http://www.unified-patent-court.org/images/documents/enhanced-european-patent-system.pdf>; 20, 2016; see also *UP & UPC FAQs*, FISH & RICHARDSON (July 12, 2016), <http://www.fr.com/global/unitary-patent-faqs/>; <http://www.fr.com/global/unitary-patent-faqs/>.

120. Since its creation, the Federal Circuit has elicited strong criticism among legal scholars. One argument is that since the Federal Circuit has exclusive jurisdiction over patent law appeals, there is little room for different legal interpretations to be tried and tested among the various circuits. Many people feel that the Federal Circuit is very pro-patent, arguing that a specialized court with exclusive jurisdiction would be inherently biased. See Zachary Shapiro, *Patent Law, Expertise, and the Court of Appeals for the Federal Circuit*, BILL OF HEALTH BLOG (July 14, 2015), <http://blogs.law.harvard.edu/billofhealth/2015/07/14/patent-law-expertise-and-the-court-of-appeals-for-the-federal-circuit/>). However, this bias pales in comparison to the confusing and seemingly anti-patent precedent set by the Supreme Court. Furthermore, critics of the Federal Circuit also argue that patent law should not be treated “differently” from other areas of law. The argument is that patent cases are actually not inherently more challenging than any other type of law. See Wood, *supra* note 11. On the contrary, patent law is a distinct field, whose jurisprudence affects the American economy. Additionally, it is still one of the few fields that requires a separate bar examination, which further demonstrates its legal uniqueness.

provide more “certain areas of federal jurisdiction and relieve the pressure on the dockets of the Supreme Court and the courts of appeals for the regional circuits.”<sup>121</sup> The Federal Circuit was formed after years of extensive research and study.<sup>122</sup> Results of this study pointed to problems associated with the lack of uniformity in specialized areas of law, including patent law.<sup>123</sup> Congress extended the jurisdiction of the Federal Circuit so that they “had the power to review appeals from the U.S. Court of International Trade, the Merit Services Protection Board, the board of contract appeals, and certain administrative decisions of the secretaries of Agriculture and Commerce, as well as all appeals related to patents.”<sup>124</sup>

The Supreme Court and the Federal Circuit have a recent history of tension. For example, between 2005 and 2015, the Supreme Court heard 27 patent appeals from the Federal Circuit, and the Court reversed 22 of them.<sup>125</sup> The Supreme Court grants certiorari to many of these cases in attempts to synchronize patent law with the rest of the law. The Federal Circuit, however, narrowly applies these rulings. For instance, the Federal Circuit held that isolated DNA was patentable twice before the Supreme Court finally reversed *Myriad*.<sup>126</sup> Speaking about the uniformity of circuit court decisions, Chief Justice John Roberts even joked, “Well, they don’t have a choice, right? They can’t say, ‘I don’t like the Supreme Court rule, so I’m not going to apply it—other than the Federal Circuit.’”<sup>127</sup>

121. *Landmark Judicial Legislation*, FED. JUD. CTR., [http://www.fjc.gov/history/home.nsf/page/landmark\\_22.html](http://www.fjc.gov/history/home.nsf/page/landmark_22.html) (last visited Dec. 3, 2016).

122. *Id.*

123. *Id.*

124. *Id.*

125. Steven Seidenberg, *Tug-of-war over Interpretations of Patent Law Continues between Federal Circuit and SCOTUS*, ABA J., (Jan. 1, 2016, 3:00 AM),

[http://www.abajournal.com/magazine/article/tug\\_of\\_war\\_over\\_interpretations\\_of\\_patent\\_law\\_continues\\_between\\_federal](http://www.abajournal.com/magazine/article/tug_of_war_over_interpretations_of_patent_law_continues_between_federal). See also Timothy B. Dyk, *Thoughts on the Relationship Between the Supreme Court and the Federal Circuit*, 16 CHI.-KENT J. INTELL. PROP. 67, 67 (2016) (“In the past ten years, the Supreme Court has taken an average of four of our cases each term, representing 5.4% of the Court’s merits cases. A large proportion of those cases have involved substantive patent law or related procedural issues.”).

126. *Association for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2111 (2013).

127. Seidenberg, *supra* note 125 (citing oral arguments for *Carlsbad Technology Inc. v. HIF Bio Inc.*). See also *Biosig Instruments, Inc. v. Nautilus, Inc.*, 783 F.3d 1374 (Fed. Cir. 2015) (holding, on remand, that under the Supreme Court’s revised “reasonable certainty” test, the claims still complied with Section 112). In this case, the Federal Circuit stated, “we may now steer by the bright star of ‘reasonable certainty,’ rather than the unreliable compass of ‘insoluble ambiguity,’” which can be construed as a “snarky” response to the Supreme Court’s shift from the “insolubly ambiguous” standard to the reasonable certainty test. Erin Coe, *The Battle for Patent Law: Federal Circuit Looks to Hold the Line as Supreme Court Eyes IP*, LAW360 (July 9, 2016), <https://www.law360.com/articles/814461/the-battle-for-patent-law>.

A recent example of the tension between the Federal Circuit and the Supreme Court can be seen in the Federal Circuit's opinion in *Apple v. Samsung*,<sup>128</sup> which collides with the Supreme Court's ruling in *eBay v. MercExchange*.<sup>129</sup> In *eBay*, the Supreme Court stated that Court of Appeals did not correctly apply the traditional four-factor framework that governs the award of injunctive relief, but instead used a unique "general rule that a permanent injunction will issue once infringement and validity have been adjudged." The Circuit felt injunctions should only be denied in the "'unusual case', 'under 'exceptional circumstances' and 'in rare instances . . . to protect the public interest.'"<sup>130</sup> The four-factor test that the Court applied is the same four-factor test applied in other civil cases involving awarding permanent injunctive relief. This four-factor test states that

A plaintiff must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.<sup>131</sup>

In the aftermath of this case, patentees acquired far fewer injunctions, and "[t]hey also found it nearly impossible to obtain an injunction when an infringed patent was just a tiny part of a large, complex product or service."<sup>132</sup> This was because courts have consistently held that an infringing element must drive consumer demand in order for irreparable harm to exist.<sup>133</sup>

This holding is in tension with the recent *Apple v. Samsung* decision.<sup>134</sup> In its opinion, the Federal Circuit adopted a pro-patentee interpretation of "irreparable harm."<sup>135</sup> Furthermore, in relation to the last factor of the test, the Federal Circuit went on to say that

[w]e base this conclusion not only on the Patent Act's statutory right to exclude, which derives from the Constitution, but also on the importance of the patent system in encouraging innovation. Injunctions are vital to this system. As a result, the public interest nearly always weighs in favor

128. *Apple Inc. v. Samsung Elecs. Co.*, 809 F.3d 633, 647 (Fed. Cir. 2015).

129. *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 395 (2006). See Seidenberg, *supra* note 125 (discussing the difficulty in reconciling *Apple v. Samsung* with *eBay, Inc.*).

130. *eBay, Inc.*, 547 U.S. 388, 393–94 (citing *MercExchange, LLC v. eBay, Inc.*, 401 F.3d, at 1338).

131. *Id.* at 391.

132. Seidenberg, *supra* note 125.

133. *Id.*

134. *Id.*

135. *Id.*

of protecting property rights in the absence of countervailing factors, especially when the patentee practices his inventions.<sup>136</sup>

This pro-patentee sentiment contrasts with the sentiment set out in *eBay*, which advocated for a more neutral approach.<sup>137</sup> In her dissenting opinion, Chief Judge Prost even mentions the incompatibility of the majority's opinion with the Supreme Court's decision in *eBay*.<sup>138</sup>

Although Congress created this special court to analyze patent cases, the Supreme Court has been trying to enforce its own patent interpretations upon the Federal Circuit. This lack of deference has created a tension between the two courts. This tension likely stems from the fact that the Federal Circuit has a more formal approach in expressing rules of law.<sup>139</sup> While some feel that this 'formality' has had adverse effects on patent law,<sup>140</sup> it arguably promotes certainty and uniformity in patent law, while the Supreme Court's fascination with abstraction and flexibility has made it easier to invalidate patents.

For example, the Supreme Court has made it easier for a patent to be found invalid on the basis of obviousness. *KSR Int'l Co. v. Teleflex Inc.* has considerably influenced the law of obviousness under 35 U.S.C. §103 (hereinafter "103").<sup>141</sup> In this case, Teleflex alleged that KSR International

136. *Apple Inc. v. Samsung Elecs. Co.*, 809 F.3d 633, 647 (Fed. Cir. 2015).

137. Seidenberg, *supra* note 125.

138. *Apple Inc.*, 809 F.3d at 662–63 (Prost, C.J., dissenting) ("But I am confident that we all remain mindful that pre-*eBay*, '[a]ccording to the Court of Appeals, this statutory right to exclude alone justify[d] its general rule in favor of permanent injunctive relief.' The Supreme Court, however, unanimously rejected that approach, reasoning that 'the creation of a right is distinct from the provision of remedies for violations of that right.' For the same reason, the statutory right to exclude should not categorically bias the public interest factor '*strongly*' in the determination of the injunctive remedies as the majority asserts.") (internal citations omitted).

139. Timothy R. Holbrook, *The Supreme Court's Complicity in Federal Circuit Formalism*, 20 SANTA CLARA COMPUTER & HIGH TECH. L.J. 1 (2004). *See also* *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S. Ct. 1923, 1932 (2016) (abrogating *In re Seagate Tech., LLC*, 497 F.3d 1360 (Fed. Cir. 2007), and holding that the Federal Circuit's two-part test for enhanced damages under Patent Act was "unduly rigid, and it impermissibly encumbers the statutory grant of discretion to district courts."); *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 (2014) (holding that "an 'exceptional' case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case or the unreasonable manner in which the case was litigated.)). The latter case abrogated *Brooks Furniture Mfg., Inc. v. Dutailier Int'l, Inc.*, 393 F.3d 1378 (Fed. Cir. 2005); the Court held that "[t]he framework established by the Federal Circuit in *Brooks Furniture* is unduly rigid, and it impermissibly encumbers the statutory grant of discretion to district courts." *Id.* at 1755.

140. *See* Laura G. Pedraza-Fariña, *Understanding the Federal Circuit: An Expert Community Approach*, 30 BERKELEY TECH. L.J. 89, 89 (2015) ("The Federal Circuit's systematic preference for formal, rigid rules over flexible standards, many commentators believe, has contributed to patent law's disconnect from the needs of communities of innovators working in a quickly-evolving technological environment.").

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

had infringed its patent for an adjustable pedal system.<sup>142</sup> KSR counter claimed that the patent was obvious under 103.<sup>143</sup> The Court ruled in favor of KSR, and established principles to help determine obviousness.<sup>144</sup> In its opinion, the Court held that the “teaching-suggestion-motivation test” utilized by the Federal Circuit was helpful insight to identify a reason for combining prior art; however, the Court stated that it should not be used as a strict rule.<sup>145</sup>

The Court stated that it would be necessary for a court to look to “interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue.”<sup>146</sup> Moreover, according to the Court, a court may take into account the “inferences and creative steps that a person of ordinary skill in the art would employ.”<sup>147</sup> This shows that, according to the Court, combination patents deserve extra scrutiny, which may present a concern of hindsight bias.<sup>148</sup> According to an article from the Albany Law Journal, district courts studied in the article were over seven times more likely to find patents obvious based on the *KSR* holding, and the Federal Circuit was 40%–57% more likely to find a patent obvious on review.<sup>149</sup>

Consistency is important for a field that is so closely tied with the American economy. As this Note will explore further in its next section, these flexible approaches not only create inconsistency, but they also are purportedly harmful for patents. Furthermore, by setting these new standards, the Court is not just rejecting the Federal Circuit’s patent law juris-

142. *Id.* at 405–06.

143. *Id.* at 406.

144. *Id.* at 415–18. (“When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability. For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill. *Sakraida* and *Anderson’s–Black Rock* are illustrative—a court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions.”).

145. *Id.* at 419.

146. *Id.* at 418.

147. *Id.* See also *id.* at 421 (“A person of ordinary skill is also a person of ordinary creativity, not an automaton.”).

148. See *id.* at 421.

149. Ali Mojibi, *An Empirical Study of the Effect of KSR v. Teleflex on the Federal Circuit’s Patent Validity Jurisprudence*, 20 ALB. L.J. SCI. & TECH. 559, 596 (2010), <http://www.albanylawjournal.org/documents/articles/20.3.559-mojibi.pdf>.

prudence; it is also declining to take into account Congress' legislative intent.

## 2. The Supreme Court's Dearth of Congressional Deference

Along with disavowing the congressionally created Federal Circuit, the Supreme Court has also refused to defer to Congress with respect to statutory interpretation. Title 35 governs aspects of patent law. 35 U.S.C. § 101 (hereinafter "§ 101") states that "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title."<sup>150</sup> A pivotal case interpreting this statute is *Diamond v. Chakrabarty*.<sup>151</sup> In this case, the Court stated that the relevant legislative history supported a broad construction of § 101.<sup>152</sup> When authoring the Patent Act of 1793, Thomas Jefferson held true to his belief that ingenuity should be treated liberally, and he defined statutory subject matter as "any new and useful art, machine, manufacture, or composition of matter, or any new or useful improvement [thereof]."<sup>153</sup> In 1952, patent law was recodified, and in the accompanying Committee Reports, Congress stated that it intended patentable subject matter to "include anything under the sun that is made by man."<sup>154</sup> Embracing this principle, the Court still decided that there were three inherently patent-ineligible subject matters: laws of nature, physical phenomena, and abstract ideas.<sup>155</sup>

Despite Congress' intended liberal interpretation, the Supreme Court has recently been taking a more conservative approach to § 101 interpretations. For example, the Court decided to further limit patent-eligibility in the recent *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*<sup>156</sup> In this case, the Court held that the process claims at issue were patent-ineligible; according to the Court, the claims were directed to a process for determining whether a given dosage level of thiopurine to treat patients with autoimmune diseases was too low or too high.<sup>157</sup> The idea behind the patents was to look at the correlation between the level of metabolites in a patient's bloodstream and the effectiveness of the drug against autoimmune

150. 35 U.S.C. § 101 (1952).

151. *Diamond v. Chakrabarty*, 447 U.S. 303, 305 (1980).

152. *Id.* at 308.

153. *Id.* (citing Act of Feb. 21, 1793, § 1, 1 Stat. 319).

154. *Id.* at 309 (citing S. REP. NO. 1979-82 (1952)); H.R. REP. NO. 1923-82 (1952).

155. *Id.*

156. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1294 (2012).

157. *Id.* at 1294.

diseases, like Crohn's disease.<sup>158</sup> The Court held that these claims covered phenomena of nature, and any additional steps were "well-understood, routine, conventional activity already engaged in by the scientific community."<sup>159</sup> In this decision, Justice Breyer admitted that the additional steps in the claim "are not themselves natural laws;" however, he continued that the additional steps still did not transform the nature of the claim.<sup>160</sup> This interpretation seemingly goes against Congress' legislative intent for a broad construction of § 101.

Further interpreting the test delineated in *Mayo*, the Court decided *Alice Corp. v. CLS Bank* in 2014.<sup>161</sup> In this case, the Supreme Court held that the claims on review contained patent-ineligible subject matter.<sup>162</sup> The Court relied on a two-part test to determine eligibility set out in *Mayo*.<sup>163</sup> First, the Court determined whether the claims were directed to an abstract idea. In *Alice*, the Court turned to *Bilski v. Kappos* to analyze the category of abstract ideas.<sup>164</sup> In *Bilski*, the Court concluded that the claims were directed to a method for hedging against the financial risk of price fluctuations.<sup>165</sup> Using this precedent for its decision, the Court stated that the claims in *Alice* were directed to "using a third-party intermediary to mitigate settlement risk."<sup>166</sup> Much like the claims in *Bilski*, the Court felt the claims in *Alice* encompassed "a fundamental economic practice long prevalent in our system of commerce."<sup>167</sup>

158. *Id.*

159. *Id.*

160. *Id.* at 1297. ("To put the matter more succinctly, the claims inform a relevant audience about certain laws of nature; any additional steps consist of well-understood, routine, conventional activity already engaged in by the scientific community; and those steps, when viewed as a whole, add nothing significant beyond the sum of their parts taken separately. For these reasons we believe that the steps are not sufficient to transform unpatentable natural correlations into patentable applications of those regularities.").

161. 134 S. Ct. 2347 (2014).

162. *Id.* at 2352.

163. *Id.* at 2355 (The first step in the test is to determine whether the claims at issue are directed to a patent-ineligible concept; if yes, a court must ask "[w]hat else is there in the claims before us? [A court should] consider the elements of each claim both individually and 'as an ordered combination' to determine whether the additional elements 'transform the nature of the claim' into a patent-eligible application.").

164. *Id.* at 2355.

165. *Id.* at 2355–56 (citing *Bilski v. Kappos*, 561 U.S. 593, 599 (2010)) ("Claim 1 [in *Bilski*] recited a series of steps for hedging risk, including: (1) initiating a series of financial transactions between providers and consumers of a commodity; (2) identifying market participants that have a counterrisk for the same commodity; and (3) initiating a series of transactions between those market participants and the commodity provider to balance the risk position of the first series of consumer transactions. Claim 4 'pu[t] the concept articulated in claim 1 into a simple mathematical formula.'" (internal citations omitted).

166. *Id.* at 2356.

167. *Id.*



Next, the Court searched for an inventive concept, reasoning that if an idea is abstract, there must be additional elements of the claim, either alone or in an ordered combination, to transform the abstract claim into patentable subject matter.<sup>168</sup> At the end of this decision, the Court held that, “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.”<sup>169</sup> Therefore, the Court held that the petitioner’s system and media claims added nothing of substance to the underlying abstract idea; consequently, they were patent-ineligible under § 101.<sup>170</sup>

This case has been a hallmark decision in the patent world, mainly because of its dismal effects on patent eligibility. One big issue with this decision is that the Court stated, “[i]n any event, we need not labor to delimit the precise contours of the ‘abstract ideas’ category in this case.”<sup>171</sup> The problem with this is that the Court gave a very ambiguous definition of the term abstract, leaving little guidance to the lower courts, and opening the doors for a very broad interpretation.<sup>172</sup> Moreover, the Court gave no clear definition of a generic computer.<sup>173</sup>

As of June 19, 2015, about 72% of Federal Circuit and district court decisions heard on § 101 grounds have invalidated the patents at issue in whole or in part; furthermore, there is an extremely high success rate of motions on the pleading.<sup>174</sup> When a motion on the pleadings is granted, a case can be adjudicated before discovery, and even sometimes before claim construction, which gives a patentee less of a chance to defend his or her property rights. Additionally, based on an article from June 2016, over 36,000 patent applications had been rejected based on *Alice*, and over 5,000

168. *Id.* at 2357.

169. *Id.* at 2358.

170. *Id.* at 2360.

171. *Id.* at 2357.

172. Sachs, *supra* note 13 (“The federal courts, the Patent Trial and Appeal Board, and the USPTO are using the very lack of a definition to liberally expand the contours of abstract ideas to cover everything from computer animation to database architecture to digital photograph management and even to safety systems for automobiles.”).

173. *See generally Alice Corp.*, 134 S. Ct. 2347 (2014).

174. Sachs, *supra* note 13 (“The success rate of motions on the pleadings (including motions to dismiss and judgments on the pleadings) is extremely impressive: 67% of defense motions granted, invalidating 54% of asserted patents.”). These statistics have remained relatively stagnant a year later. Robert R. Sachs, *Two Years after Alice: A Survey of the Impact of a “Minor Case” (Part 1)*, FENWICK & WEST: BILSKI BLOG (June 16, 2016) <http://www.bilskiblog.com/blog/2016/06/two-years-after-alice-a-survey-of-the-impact-of-a-minor-case.html> (“The percentage of patents invalidated has also been constant year over year, 66% vs. 65%.”). Three federal judges have recently criticized the *Alice* decision, stating that the two-part test for analyzing patent validity is too subjective, and it has prompted hundreds of patent invalidity motions in their districts. Dorothy Atkins, *Federal Judges Slam Alice at Event Honoring Judge Whyte*, LAW360 (Oct. 18, 2016 9:49 PM), <http://www.law360.com/articles/853103/federal-judges-slam-alice-at-event-honoring-judge-whyte>.

applications had been abandoned.<sup>175</sup> If an application is abandoned before publication, the public does not benefit because there is no disclosure; however, if it is abandoned after publication, a company risks disclosing an unpatented invention to a competitor.<sup>176</sup> Moreover, one of the most shocking parts of the *Alice* decision is that in no part of the opinion does the Court mention the word “software.” This is noteworthy due to *Alice*’s dire effects on software patents.<sup>177</sup>

Soon after *Alice*, the Federal Circuit issued an opinion holding in favor of the patentee.<sup>178</sup> In this case, the court stated that the claims satisfied step two of the test delineated in *Mayo/Alice*.<sup>179</sup> The court held that the claims were patent-eligible because

They do not merely recite the performance of some business practice known from the pre- Internet world along with the requirement to perform it on the Internet. Instead, the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.<sup>180</sup>

Although this decision seemed to be a beacon of hope for patent owners, an article written in 2015 stated that only nine district court opinions have used *DDR* as precedent to find patent eligibility, while over thirty court opinions have cited *DDR* as inapplicable.<sup>181</sup> Moreover, in the year since the article published, the Federal Circuit decided more than twice as many cases as the previous year, yet it still found very few cases with patent-eligible claims; this means that since *Alice*, there has been little case law a patent owner can rely on if his or her software patent is challenged.<sup>182</sup>

175. Robert R. Sachs, *Two Years after Alice: A Survey of the Impact of a “Minor Case” (Part 2)*, FENWICK & WEST: BILSKI BLOG (June 20, 2016), <http://www.bilskiblog.com/blog/2016/06/two-years-after-alice-a-survey-of-the-impact-of-a-minor-case-part-2.html> (basing statistic on published applications, which, according to the author, have historically accounted for 60% of all patent applications; consequently, he contends that the numbers are likely higher).

176. *Id.*

177. See Austin Underhill, *Who Is Alice, And Why Is She Driving Patent Attorneys Mad as Hatters?*, ABOVE THE LAW (Feb. 19, 2016, 1:52 PM), <http://abovethelaw.com/2016/02/who-is-alice-and-why-is-she-driving-patent-attorneys-mad-as-hatters>. The *Alice* decision has also had a great effect on business method patents. As of June 2016, the PTAB has granted 83.6% of petitions seeking Covered Business Method (CBM) review that considered a § 101 argument on the merits; the PTAB reaffirmed 96% of those decisions as Final Decisions.). Sachs, *supra* note 13.

178. *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1248 (Fed. Cir. 2014).

179. *Id.* at 1257–59.

180. *Id.* at 1257.

181. Sachs, *supra* note 13.

182. Sachs, *supra* note 13; See Enfish, LLC v. Microsoft Corp., 822 F.3d 1327 (Fed. Cir. 2016). This recent case possibly brings clarification to Section 101 jurisprudence. The Federal Circuit determined that the claims at issue were directed to a self-referential table for a computer database rather than an abstract idea. *Id.* at 1335–36 (“We do not read *Alice* to broadly hold that all improvements in computer-related technology are inherently abstract and, therefore, must be considered at step two . . . . For that reason, the first step in the *Alice* inquiry in this case asks whether the focus of the claims is on

This high rate of invalidation raises concerns for inventors. Why would an inventor waste his or her time and money filing for a patent application, when there is a high likelihood that it will be invalidated? Furthermore, what does this new jurisprudence do to the presumption of validity?<sup>183</sup> Is this presumption merely a hollow word? Innovation is vital to the wellbeing of society. Furthermore, the Constitution enumerates Congress' power to promote the sciences;<sup>184</sup> therefore, courts should not be weakening patent rights, they should be encouraging patent rights.

Besides invalidating patents with its broad approach to § 101, the Supreme Court also seems to intermix the analysis for patent eligibility under § 101 with the analysis for patentability under 35 U.S.C. §§ 102 and 103 (hereinafter “§ 102” and “§103,” respectively).<sup>185</sup> According to § 102, an invention must be novel.<sup>186</sup> This means that the claimed invention cannot have been “patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention.”<sup>187</sup> Section 103 states that an inventor may not receive a patent if the “subject matter as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which said subject matter pertains.”<sup>188</sup> The sec-

the specific asserted improvement in computer capabilities (i.e., the self-referential table for a computer database) or, instead, on a process that qualifies as an ‘abstract idea’ for which computers are invoked merely as a tool.”). In another recent case, the Federal Circuit discussed the problems with abstraction, and proceeded to analyze the claims at issue by examining earlier cases “in which a similar or parallel descriptive nature can be seen.” *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, No. 2015-1180, 2016 WL 6440387 at \*4, (Fed. Cir. Nov. 1, 2016) (“The problem with articulating a single, universal definition of ‘abstract idea’ is that it is difficult to fashion a workable definition to be applied to as-yet-unknown cases with as-yet-unknown inventions. That is not for want of trying; to the extent the efforts so far have been unsuccessful it is because they often end up using alternative but equally abstract terms or are overly narrow.”). *See also id.* at \*4 n.1 (“For examples, compare [*In re Bilski*] reaffirming ‘machine-or-transformation’ as the § 101 test for process claims, with [*Bilski v. Kappos*] indicating that ‘machine-or-transformation’ is perhaps one possible test, but not the only one. *See also* the several opinions in this court’s [*CLS Bank International v. Alice Corp.*]”).

183. *See* 35 U.S.C. § 282 (2016).

184. U.S. CONST. art. I, § 8, cl. 8.

185. Eric Guttag, *Ignorance Is Not Bliss: Alice Corp. v. CLS Bank International*, IP WATCHDOG (July 25, 2014),

<http://www.ipwatchdog.com/2014/07/25/ignorance-is-not-bliss-alice-corp-v-clb-bank-international/id=50517>. *See also Mayo*, 132 S. Ct. at 1304. (“We recognize that, in evaluating the significance of additional steps, the §101 patent-eligibility inquiry and, say, the §102 novelty inquiry might sometimes overlap.”).

186. 35 U.S.C. § 102.

187. *Id.* The claimed invention also cannot have been described in a patent issued under section 151, or in an application for a patent published under 122(b), wherein the patent or application was filed before the effective filing date of the claimed invention. It is important to note that this is the language used post-American Invents Act of 2011.

188. 35 U.S.C. § 103; *see Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 1 (1966) (delineating factors to determine the obviousness framework).

ond part of the analysis in the *Alice* decision, which is the quest for the inventive concept, seems to combine the analyses required under each statute. In part two of the test, the Court states that abstract ideas are patent-ineligible when the additional steps of the claims are routine and well understood by those in the scientific community.<sup>189</sup> By its very nature, determining whether or not steps are routine and well understood by those skilled in the art requires consideration of novelty and non-obviousness.<sup>190</sup>

When the § 101 patent-eligibility inquiry overlaps with the § 102 and § 103 analyses, there is a risk of creating significantly greater legal uncertainty. This combination of sections makes it easier to challenge a patent's validity on § 101 grounds. For example, a challenger could use a combination of the written description and the prior art to allege that the patent claims are routine and conventional.<sup>191</sup> It also ignores the legislative history behind Congress' 1952 Patent Act, which states that anything under the sun made by man is patentable. Furthermore, by re-codifying the patent law, Congress has shown that patent eligible subject matter is only one requirement needed to obtain a patent.

Finally, when the Supreme Court weakens patent rights, it affects Congress' enumerated ability to promote science. The Supreme Court's declaratory judgment jurisprudence arguably weakens patent rights. In order to file a declaratory judgment action in the district courts, the party filing the suit must establish the existence of an actual case or controversy between itself and the opposing party.<sup>192</sup> In a patent case, a declaratory judgment is a legally binding declaration, in which a court conclusively affirms the rights of a party (e.g., determines a patent's validity or declares non-infringement). A cornerstone case in the interpretation of this law occurred in *Medimmune, Inc. v. Genentech, Inc.*<sup>193</sup>

In *Medimmune, Inc. v. Genentech, Inc.*, MedImmune had a licensing agreement with Genentech, which covered an existing patent and a then-pending patent application.<sup>194</sup> When the USPTO granted the pending application, Genentech sent MedImmune a letter stating it expected them to pay

189. *Alice Corp. v. CLS Bank International*, 134 S. Ct. 2347, 2359 (2014).

190. See Jason Rantanen, *Guest Post: The Blurring of §§ 101 and 103—A Double-Edged Sword that Cuts the Other Way*, PATENTLYO (Oct. 6, 2015), <http://patentlyo.com/patent/2015/10/blurring-%C2%A7%C2%A7-double.html> ("In *Mayo*, 132 S. Ct. at 1298, for example, Justice Breyer cited admissions in the specification that the processes for determining the level of metabolites in a patient's blood were 'well known in the art'.").

191. *Id.*

192. 28 U.S.C. § 2201 (2016).

193. *MedImmune v. Genentech*, 549 U.S. 118, 118 (2007).

194. *Id.* at 121.

royalties.<sup>195</sup> MedImmune alleged that Genentech's patent was invalid and that their product did not infringe its claims; however, they still paid royalties on the patent.<sup>196</sup> The petitioner then sought declaratory relief.<sup>197</sup> The Court considered whether a patent licensee had to first terminate its licensing agreement in order to satisfy the actual controversy requirement under the Declaratory Judgment Act.<sup>198</sup> The Court reversed the Federal Circuit's decision and held that MedImmune was not required to break its licensing agreement in order to seek a declaratory judgment in federal court, which would render the underlying patent invalid, unenforceable, or not infringed.<sup>199</sup>

Before this case, the Federal Circuit applied a reasonable apprehension standard in order to determine whether or not the case-or-controversy requirement had been satisfied.<sup>200</sup> In its place, the Court held that they must consider "whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment."<sup>201</sup> By considering all the circumstances, the Court has essentially lowered the bar for bringing a declaratory judgment action.<sup>202</sup> In lowering the bar for bringing a declaratory judgment action, a licensee has the advantage of remaining in good standing, all while attacking the validity of a patent.<sup>203</sup> The consequence of this is that the bargaining power of both parties entering a licensing agreement is greatly shifted.<sup>204</sup> Ultimately, the shift in negotiation power creates a huge imbalance.<sup>205</sup>

As of now, there are not many consequences to challenging the validity of a licensor's patent.<sup>206</sup> This may discourage potential licensing agreements, which, in turn, could possibly hinder future innovation.<sup>207</sup> Essentially, "the overhead cost associated with licensing a patent is now

195. *Id.*

196. *Id.* at 121–22.

197. *Id.* at 122.

198. *Id.* at 128.

199. *Id.* at 137.

200. *See id.* at 132 n.11.

201. *Id.* at 127.

202. Nicholas G. Smith, *Medimmune v. Genentech: A Game-Theoretic Analysis of the Supreme Court's Continued Assault on the Patentee*, 15 MARQ. INTELL. PROP. L. REV. 503, 527 (2011).

203. *Id.*

204. *Id.*

205. *Id.*

206. *Id.*

207. *Id.*

greater because of the imbalance of power between patentees and licensees, which decreases the value of a patent sought to be licensed.”<sup>208</sup> Another major issue with the *MedImmune* decision is that it makes it more difficult to monetize patents.<sup>209</sup> After *MedImmune*, there is now a risk of having a patent declared invalid before licensing or litigation ever occurs.<sup>210</sup> This results in a shift in the balance of power in licensing negotiations; “the risk partially shifts away from the licensee to the patent holder.”<sup>211</sup> Because value is a function of risk, the value of the patent could be adversely affected.<sup>212</sup>

Additionally, attorneys will now have to consider alternative contract provisions in order to avoid declaratory judgments actions.<sup>213</sup> This could greatly increase transactional costs and add risk to the licensing process since parties may be apprehensive to enter into a licensing agreement with these provisions.<sup>214</sup> Furthermore, the possibility of litigation increases, as a licensee has little to lose from accepting a license before turning immediately to the courts.<sup>215</sup> Companies are discouraged from seeking licenses for their patents to an expansive group, considering they may be faced with multiple validity and non-infringement challenges.<sup>216</sup> Potential licensors will have to take extra time to consider each and every possible licensee before entering into any agreement.<sup>217</sup> This could cause a problem because patents may be transferred to the least risky user instead of a valuable entity.<sup>218</sup> In sum, the Supreme Court has not given the proper deference to Congress, and has in turn made it difficult for an inventor to enforce his or her patent- an effect contrary to Congressional intent.

208. *Id.*

209. Peter Jay, *Removing Incentives for Technology Transfer: Medimmune v. Genentech*, 5 BUFF. INTELL. PROP. L.J. 69, 83 (2007).

210. *Id.*

211. *Id.*

212. *Id.*

213. *Id.* at 81.

214. *Id.*

215. *Id.* at 82.

216. *Id.*

217. *Id.*

218. *Id.* For another analysis on the potential impact of *MedImmune*, see Ahmend & Diner, *In the Aftermath of MedImmune v. Genentech, Is It All Doom and Gloom for Licensors or Are There Rays of Hope in the Future?* FINNEGAN (Apr. 2007), <http://www.finnegan.com/resources/articles/articlesdetail.aspx?news=6c82c943-80d3-44d1-8587-fc608b1ff322>; see also Scott G. Greene, *The Return of the King: Rethinking Lear, Medimmune, and the Effects of Licensee Estoppel in the Context of Aia Post-Grant Procedures*, 71 N.Y.U. ANN. SURV. AM. L. 81, 105 (2015) (“The jurisprudence following *MedImmune* has resulted in a significant broadening of scenarios under which a licensee or prospective licensee is able to bring a patent invalidity challenge.”).

### 3. The Supreme Court's Interpretation of Science

Besides misinterpreting the legal aspects of patent law, the Court has also misinterpreted the science behind certain cases. In order to make a proper judicial decision, courts are required to understand the facts of a case. In patent law, the facts of a case can rely heavily on scientific analysis. The Supreme Court has had difficulty fully comprehending scientific analysis, as perfectly demonstrated in *Association for Molecular Pathology v. Myriad Genetics, Inc.*<sup>219</sup> Myriad Genetics located, isolated, and sequenced two human cancer susceptibility genes, BRCA1 and BRCA2; mutations in these two genes can greatly increase the risks of breast and ovarian cancer.<sup>220</sup> On appeal, the Supreme Court had to answer the following questions: 1) whether or not isolated DNA was patentable under § 101 and § 102 and 2) whether or not patent claims relating to cDNA were eligible under § 101.<sup>221</sup>

In this decision, the Supreme Court held that isolated DNA is not patentable subject matter since it fell within the law of nature exception.<sup>222</sup> The Court argued that Myriad did not “create or alter any of the genetic information encoded in the BRCA1 and BRCA2 genes,” nor did they alter the genetic structure of DNA.<sup>223</sup> According to the Court, Myriad did not create anything; “[t]o be sure, it found an important and useful gene, but separating that gene from its surrounding genetic material is not an act of invention.”<sup>224</sup> On the contrary, the Supreme Court also held that “cDNA is not a ‘product of nature’ and is patent eligible under § 101, except insofar as very short series of DNA may have no intervening introns to remove when creating cDNA.”<sup>225</sup> The Court reasoned that cDNA differed from natural DNA since in cDNA, “the non-coding regions have been removed”; therefore, a “lab technician unquestionably creates something new when cDNA is made.”<sup>226</sup>

There are divided opinions on the policy implications behind patenting isolated DNA;<sup>227</sup> however, the main issue is not necessarily the Court's

219. 133 S. Ct. 2107 (2013).

220. *Id.* at 2110–11.

221. *Id.* at 2111.

222. *Id.* at 2117.

223. *Id.* at 2116.

224. *Id.* at 2117.

225. *Id.* at 2119.

226. *Id.*

227. See Jason Rantanen, *Myriad: Isolated DNA out, cDNA in*, PATENTLYO (June 13, 2013), <http://patentlyo.com/patent/2013/06/myriad-isolated-dna-out-cdna-in.html> (stating the ineligibility of isolated DNA may allow researchers more freedom to sequence whole-genomes; however, it may also incentivize companies to keep early stage discoveries more secretive); see also Kevin Noonan, *An*

ultimate conclusion, but rather the reasoning behind it. Perhaps most members of the Court fell asleep during their freshman year biology course, as perhaps some of this Note's readers did.<sup>228</sup> Consequently, it is important to briefly discuss both isolated DNA as well as cDNA.

Genes carry the instructions to make proteins.<sup>229</sup> They are made up of DNA, and they can vary in size from a few hundred bases to more than two million bases.<sup>230</sup> In nature, the human genome contains about 3 billion base pairs in total.<sup>231</sup> These base pairs reside in the twenty-three pairs of chromosomes contained in the nucleus of our cells.<sup>232</sup> Chromosomes consist of hundreds to thousands of genes.<sup>233</sup> "Each of the estimated 30,000 genes in the human genome makes an average of three proteins."<sup>234</sup> In nature, genes clearly do not exist in a vacuum. An isolated fragment of DNA is not naturally occurring, and locating, sequencing, and isolating one specific gene out of 30,000 genes can be a rigorous process. The Supreme Court even points out, "isolating DNA from the human genome severs chemical bonds and thereby creates a *nonnaturally* occurring molecule."<sup>235</sup> But still, the Court holds that the isolated DNA claims cover naturally occurring phenomena, which seems somewhat paradoxical.<sup>236</sup>

The Court comes to this conclusion because the genetic information encoded in the BRCA1 and BRCA2 genes itself was not altered.<sup>237</sup> Assuming, *arguendo*, that this is the proper analysis, and that judges should look to the underlying genetic information, the Court should have come to a different conclusion with respect to the patentability of cDNA. Here, the

*antidote to the politics of the human gene patenting debate*, SCOTUSBLOG (Feb. 6th, 2013), <http://www.scotusblog.com/2013/02/an-antidote-to-the-politics-of-the-human-gene-patenting-debate/> (arguing that patenting isolated human DNA does not 1) inhibit innovation, 2) inhibit genetic research, or 3) inhibit future technologies, such as personalized medicine).

228. It is worth mentioning that the syllabus of the decision refers to synthetically created "exons-only strands of nucleotides" as "composite DNA (cDNA)." *Myriad*, 133 S. Ct. at 2109. In molecular biology, cDNA stands for complementary DNA; Noah Feldman, *The Supreme Court's Bad Science on Gene Patents*, BLOOMBERG LAW, (June 13 2013), <http://www.bloomberglaw.com/articles/2013-06-13/the-supreme-court-s-bad-science-on-gene-patents>; Noam Prywes, *The Supreme Court's Sketchy Science*, SLATE, [http://www.slate.com/articles/health\\_and\\_science/science/2013/06/supreme\\_court\\_patent\\_case\\_science\\_the\\_justices\\_misunderstand\\_molecular\\_biology.html](http://www.slate.com/articles/health_and_science/science/2013/06/supreme_court_patent_case_science_the_justices_misunderstand_molecular_biology.html).

229. *The Human Genome Project Completion: Frequently Asked Questions*, NAT'L HUMAN GENOME RESEARCH INST. (Oct. 30, 2010).

230. *Id.*

231. *Id.*

232. *Id.*

233. *Id.*

234. *Id.*

235. *Myriad*, 133 S. Ct. at 2118. (emphasis added).

236. *Myriad*, 133 S. Ct. at 2116–19.

237. *Id.*



Court argues that a person creates something new when cDNA is made, mostly because cDNA differs from natural DNA in that cDNA does not contain the non-coding regions.<sup>238</sup> The Court focuses more on how the cDNA is made, rather than its underlying genetic information.

cDNA is made from mRNA.<sup>239</sup> During transcription, RNA polymerase II uses a strand of DNA as a template to make a complementary strand of RNA, called pre-mRNA.<sup>240</sup> In nature, pre-mRNA undergoes a process called splicing.<sup>241</sup> The purpose of splicing is to remove introns, which are sequences of RNA that do not contain instructions for protein construction.<sup>242</sup> The remaining segments are called exons, which are the part of the mRNA that contain instructions for protein assembly.<sup>243</sup> The spliced mRNA can be referred to as primary mRNA.<sup>244</sup> How does this relate to cDNA? Well, cDNA is usually generated by the enzyme reverse transcriptase, which uses the information in primary mRNA to produce a complementary DNA strand.<sup>245</sup> Complementary DNA contains the same protein-coding information found in a segment of “natural” DNA;<sup>246</sup> therefore, the analysis for cDNA should really be no different from the Court’s analysis for isolated DNA.

It is worth mentioning that, in his concurring opinion, Justice Scalia wrote, “I join the judgment of the Court, and all of its opinion except Part I–A and some portions of the rest of the opinion going into fine details of molecular biology. I am unable to affirm those details on my own knowledge or even my own belief.”<sup>247</sup> In a criminal or any other civil case, the judge is expected to know and fully understand the facts and how they apply to existing law. Why shouldn’t the same standard be held for a patent matter? In a case that affects genetic researching and the biotechnology industry,<sup>248</sup> the Court should have been able to understand the actual biological facts in order to make a proper decision.<sup>249</sup>

238. *Id.* at 2119.

239. See *Isolation and Use of cDNA Clones*, [http://www-users.med.cornell.edu/~jawagne/cDNA\\_cloning.html](http://www-users.med.cornell.edu/~jawagne/cDNA_cloning.html).

240. See *Eukaryotic Gene Transcription: Going from DNA to mRNA*, KHAN ACADEMY, <https://www.khanacademy.org/test-prep/mcat/biomolecules/dna/a/eukaryotic-gene-transcription-going-from-dna-to-mrna>

241. *Id.*

242. *Id.*

243. *Id.*

244. *Id.*

245. See *Isolation and Use of cDNA Clones*, *supra* note 239.

246. *Association for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2111 (2013).

247. *Id.* at 2120.

248. See Esteban Burrone, *Patents at the Core: the Biotech Business*, WIPO,

## IV. CONCLUSION

Innovation is the key to success in this globalized world. Over the past few years, the Supreme Court has made many errors in patent jurisprudence, which has put innovation at risk.<sup>250</sup> Is stripping jurisdiction from the Supreme Court the answer? Congress would not be precluded from passing this type of jurisdiction-stripping legislation. Furthermore, certain ideological and policy concerns stimulated by previous jurisdiction-stripping statutes are not at issue here. In the simplest scenario, the Federal Circuit would be the final arbiter of patent appeals, still allowing for uniform jurisprudence and judicial checks on any equal protection, due process, or separation of powers claims, if any constitutional claims ever were to arise.

Although the Supreme Court can strip jurisdiction with respect to the Court's ability to entertain patent appeals, the real question lies in whether or not Congress should pass this legislation. Stripping jurisdiction is a controversial idea, and some may argue that it may be too soon to make that judgment. What is clear, however, is that there needs to be some reform in the Supreme Court's patent law jurisprudence. Maybe a simple solution would be to ensure that at least one justice on the Court is registered to practice before the USPTO. Or, another possible solution would be to appoint a technical advisor to the justices, who could assist the Court in interpreting any scientifically complex case.

The idea of having a scientifically trained person on a patent court is not novel. For example, in the German patent system, there are twenty-nine boards in which judges of the Federal Patent Court can sit, which include nullity boards, technical boards of appeal, boards of appeal for trademarks,

[http://www.wipo.int/smc/en/documents/patents\\_biotech\\_fulltext.html](http://www.wipo.int/smc/en/documents/patents_biotech_fulltext.html) ("Compared with other major industries that also rely on research and development (R&D), such as the chemical industry, for which the ratio of R&D expenditure to total revenues is approximately 5%, or the pharmaceutical industry, for which the equivalent figure is generally no more than 13%, biotechnology companies generally invest a significantly higher proportion of their revenues in R&D (often between 40% and 50%). As in any research-based industry, the protection of research results becomes a major issue.").

249. *Mayo* and *Myriad* have also impacted the ability to acquire and secure biotech related patents. Sachs, *supra* note 13 (displaying figure directed to patents challenged in Federal Courts, which shows that 53% of biotech related patents have been invalidated under § 101).

250. See Ryan Davis, *Kappos Calls for Abolition of Section 101 Of Patent Act*, LAW360 (Apr. 12, 2016, 4:32 PM), <http://www.law360.com/articles/783604/kappos-calls-for-abolition-of-section-101-of-patent-act>. According to this article, David Kappos, the former director of the USPTO, called for the abolition of Section 101 of the Patent Act, stating decisions like *Alice* on the issue are a "real mess" and threaten patent protection for key U.S. industries. He stated that the Supreme Court's decisions in *Mayo*, *Myriad*, and *Alice*, along with the lower interpretations of these decisions by the lower courts, have made it too difficult to procure patents on biotechnology and software inventions. According to Kappos, foreign patent officials have reacted with "bemusement" while watching the U.S. invalidate patents under Section 101. According to Kappos, foreign companies competing with American businesses see a golden opportunity in the reduced patent protection for software and biotechnology.

a juridical board of appeal, a board of appeal for utility models, and a board of appeal in plant variety cases.<sup>251</sup> On this court, there are currently 118 judges; these judges are a mixture of lawyers and scientists.<sup>252</sup> These technical judges have all the same duties and privileges of a professional judge; they sit on all cases involved in the properties of a technical invention.<sup>253</sup> The implementation of technically trained judges has existed in specialized patent courts in various countries, like Germany, Sweden, Switzerland, and Denmark.<sup>254</sup> In the United Kingdom, patent law judges usually have scientific and technical training; however, they are not officially referred to as technical judges.<sup>255</sup> Actually, an advantage to stripping jurisdiction could be that Congress would have the power to alter the Federal Circuit so that it better emulates the European system.

It might be worth Congress's time and energy to study the patent systems of other countries; however, that is for another note. Although there may be other solutions to an increasingly foreboding situation, stripping jurisdiction from the Supreme Court is a rational consideration. Due to their importance in the American and global economy, patents should at least be analyzed neutrally. Supreme Court opinions in recent years have put patent law on shaky grounds. The Supreme Court has not granted deference to the congressionally created Federal Circuit, nor has it granted deference to Congress' legislative intent. Furthermore, the Court occasionally misunderstands the science behind the case law, thereby limiting its ability to communicate clear, uniform rules. It's time to reform the judiciary in order to stop the cessation, and promote innovation.

251. *Functions*, BUNDES PATENT GERICHT, [https://www.bundespatentgericht.de/cms/index.php?option=com\\_content&view=article&id=2&Itemid=8&lang=en](https://www.bundespatentgericht.de/cms/index.php?option=com_content&view=article&id=2&Itemid=8&lang=en).

252. *Id.*

253. *Id.*

254. Xavier Seuba, *Inside Views: CEIPI Launches Training Program for Technical Judges of Unified Patent Court*, INTELL. PROP. WATCH (Sept. 29, 2015), <http://www.ip-watch.org/2015/09/29/ceipi-launches-training-program-for-technical-judges-of-unified-patent-court/>.

255. *Id.* The Unified Patent Court would also seat technical judges.

