

Patent Court Specialization

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ABSTRACT: A central issue in administrative law is how to balance power between executive-branch agencies and the courts that review their decisions, both to preserve separation of powers and ensure good decisionmaking. In patent law, however, such a balance does not exist. When Congress created the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) in 1982, it intended for the court to be a generalist institution that heard appeals from a variety of agencies. But since that time, the Federal Circuit has become a specialized court, with patent-related matters now comprising the overwhelming majority of its docket. Over the years, this specialization has led to various problems, including disregard for the Patent and Trademark Office’s (“PTO’s”) autonomy, political activism, and judicial legislating. The Federal Circuit has consolidated power to the point that no other branch of government serves as an effective check, raising separation-of-powers concerns. Consequently, it is important that Congress act to restore a balance of power in patent law. This could be accomplished by granting the PTO greater rulemaking authority to limit the Federal Circuit’s ability to engage in judicial legislation, to facilitate public participation, and to generally serve as a counterbalance to the powerful court.

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I. INTRODUCTION

Created during a time of hostility to patents, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) was designed to unify patent law and promote innovation.¹ Members of Congress recognized the dangers of subject-matter specialization and attempted to structure the new court to ensure that it would be generalist in nature.² Initially, it appeared that Congress was successful. The bulk of the early Federal Circuit’s docket came from a broad range of subject areas, including torts and commercial law.³

The Federal Circuit, however, did not remain generalist for long. The steady rise of patent litigation in the 1990s caused the court to shift to semi-specialized by the mid-2000s. At this time, the Federal Circuit still possessed an extensive non-patent jurisdiction,⁴ and was comparable in nature to the U.S. Court of Appeals for the District of Columbia (“D.C. Circuit”).⁵

The Federal Circuit’s semi-specialized status came to an abrupt end with the passage of the Leahy–Smith America Invents Act (“AIA”) in 2011. *Inter partes* review (“IPR”) under the AIA proved to be unexpectedly popular, with various parties rushing to challenge patent validity in the newly created Patent

1. See H.R. REP. NO. 96-1307, at 2–3 (1980), *reprinted in* 1980 U.S.C.C.A.N. 6460, 6461–62 (discussing President Carter’s call for increasing innovation and discussing how the Federal Circuit would end “the current legal confusion” caused by conflicting interpretations of patent law from regional circuits).

2. See *infra* Section III.B.

3. Daniel J. Meador, *A Challenge to Judicial Architecture: Modifying the Regional Design of the U.S. Courts of Appeals*, 56 U. CHI. L. REV. 603, 613–14 (1989) (discussing the jurisdiction of the Federal Circuit in the late 1980s).

4. See John M. Golden, *The Supreme Court as “Prime Percolator”: A Prescription for Appellate Review of Questions in Patent Law*, 56 UCLA L. REV. 657, 665–66 (2009) (discussing the Federal Circuit’s non-patent jurisdiction).

5. See John M. Golden, *The Federal Circuit and the D.C. Circuit: Comparative Trials of Two Semi-Specialized Courts*, 78 GEO. WASH. L. REV. 553, 554–55 (2010) (comparing the Federal Circuit’s specialization with that of the D.C. Circuit and describing both as semi-specialized).

Trial and Appeal Board (“PTAB”).⁶ Because PTAB decisions can be appealed to the Federal Circuit by a party possessing standing, patent-related appeals surged, transforming the Federal Circuit into what is arguably a full-blown patent court.⁷

Over the years, the Federal Circuit’s specialization has led to several problems. It has legislated through the use of bright-line rules and some of its judges have argued against Congress granting the U.S. Patent and Trademark Office (“PTO”) greater authority.⁸ It has stripped power from the PTO, initially by claiming that the Administrative Procedure Act (“APA”) does not apply to patents and later by minimizing deference.⁹ And although the Federal Circuit has been generous in allowing third parties to file amicus briefs, it has actively limited public participation through its use of judicial legislation¹⁰ and through its stringent interpretations of standing requirements.¹¹

This Essay argues that the Federal Circuit’s specialization is cause for concern. The court has generally been unwilling to provide policy rationales for its decisions and has instead relied upon a formalistic style of decisionmaking.¹² Although it is highly unlikely that the Federal Circuit’s structure is outright unconstitutional, its consolidation of patent-related authority raises separation-of-powers concerns. Consequently, this Essay proposes that Congress strengthen the PTO to serve as a counterbalance to the Federal Circuit. Greater substantive rulemaking authority for the PTO would improve the balance of power in patent law by reducing the Federal Circuit’s ability to engage in judicial legislating and by allowing the executive branch to serve a greater role in patent policymaking. It would furthermore provide advanced notice of major changes to patent law and increase public participation through the notice-and-comment process.

6. See Michael Loney, *The Surprising Rise of the PTAB*, MANAGING INTELL. PROP., Sept. 2014, at 22, 22 (discussing how patent attorneys failed to predict the popularity of IPRs and failed to “anticipate how potent a weapon the new AIA proceedings would become”).

7. See *infra* Section II.B.

8. See *infra* Sections III.B, .D.

9. See *infra* Section III.A.

10. See *infra* Section III.D.

11. See generally Sapna Kumar, *Standing Against Bad Patents*, 32 BERKELEY TECH. L.J. 87, 113–18 (2017) (discussing Federal Circuit-created obstacles to meeting the standing requirement in patent cases).

12. See Rochelle Cooper Dreyfuss, *What the Federal Circuit Can Learn from the Supreme Court—and Vice Versa*, 59 AM. U. L. REV. 787, 803 (2010) (noting that the Federal Circuit “rarely provides insight into the policy rationale for its own decisions” and observing that some Federal Circuit judges have suggested that it is wrong for the court “to explain (or even to be motivated by) policy”); Arti K. Rai, *Engaging Facts and Policy: A Multi-Institutional Approach to Patent System Reform*, 103 COLUM. L. REV. 1035, 1040, 1102–03 (2003) (observing that the “Federal Circuit has substituted formalist decisionmaking for the fact-specific, policy-oriented analysis” and arguing in favor of the court adopting a broader policymaking role).

Part II of this Essay discusses the growing specialization of the Federal Circuit. It notes that when the Federal Circuit was created, Congress intended for the court to remain generalist, and it further discusses how recent changes to patent law have impacted the court's docket. Part III examines various problems that have arisen from the Federal Circuit's specialization. It observes that specialization has contributed to the Federal Circuit disregarding the autonomy of the PTO and discusses how some Federal Circuit judges have engaged in political activism. Part III further maintains that the Federal Circuit has engaged in quasi-legislative behavior. Part IV then discusses the separation-of-powers concerns that the Federal Circuit poses and argues in favor of expanding the PTO's substantive rulemaking authority so that the PTO can serve as a counterbalance. Part V concludes.

II. THE INCREASING SPECIALIZATION OF THE FEDERAL CIRCUIT

The Federal Circuit has always been specialized by concentration, given that one of the primary reasons for its creation was to provide greater uniformity in patent law. But over time, the court's patent docket has increased dramatically, and its jurisdiction has been expanded, making the court specialized by subject matter as well.

A. A FRAMEWORK FOR SPECIALIZATION

There is more than one type of judicial specialization. First, a court can be specialized by subject matter, such that a certain type of case tends to dominate its docket.¹³ This type of specialization can be seen in the D.C. Circuit, which hears many agency appeals, and over time, has developed expertise in administrative law.¹⁴ Subject-matter specialization can furthermore occur if a court uses procedures to attract litigants for certain types of cases.¹⁵ For example, prior to 2016, 43% of all U.S. patent cases were

13. See Lawrence Baum, *Specializing the Federal Courts: Neutral Reforms or Efforts to Shape Judicial Policy?*, 74 JUDICATURE 217, 218 (1991) (discussing subject matter specialization). Note that one can also look at specialization based on the functions that a court serves. See Laura G. Pedraza-Fariña, *Understanding the Federal Circuit: An Expert Community Approach*, 30 BERKELEY TECH. L.J. 89, 117 (2015) (discussing how the Federal Circuit has three levels of expertise: (1) "expertise in formulating patent doctrine to fulfill the dual congressional mandate of uniformity and efficiency," (2) "special knowledge on how to apply abstract patent doctrine to technical fact patterns," and (3) "technical expertise").

14. This specialization first emerged from the growth of the administrative state in the 1960s and 1970s and from the perception by litigants that the D.C. Circuit has superior knowledge and precedent to handle administrative law adjudication. See John G. Roberts, Jr., *What Makes the D.C. Circuit Different? A Historical View*, 92 VA. L. REV. 375, 388-89 (2006) (discussing how the growth of the administrative state in the 1960s and 1970s and perceived expertise contributed to a rise in agency litigation).

15. See Alan Uzelac, *Mixed Blessing of Judicial Specialisation: The Devil is in the Detail*, 2 RUSSIAN L.J. 146, 148-49 (2014) (discussing how individual judges may be specialized even on a general court, and how special procedures can produce specialization).

filed in the Eastern District of Texas, and 25% of all U.S. patent cases were heard by a single judge on that court.¹⁶

Second, a court can be specialized through the concentration of certain types of cases into a single court by legislation.¹⁷ For example, the Court of International Trade (“CIT”) hears all civil actions against the government arising from customs and international trade laws.¹⁸ Concentration provides uniformity in an area of law by eliminating conflicting decisions from other courts.¹⁹

Scholars have long theorized that both types of judicial specialization might give rise to problems. Shortly after the Federal Circuit’s creation, Judge Richard Posner argued that “[a] ‘camp’ is more likely to gain the upper hand” for a subject-matter specialized court, because appointments to the court will be made from inside the camp and because experts are more attuned to changes in professional opinion.²⁰ He maintained that uniform policy “would be an illusion” that “reflect[ed] power rather than consensus.”²¹ Political scientist Lawrence Baum has argued that specialized courts “may affect the substance of judicial policies”—either as an unintended consequence or due to interest-group influence—though he maintains this does not necessarily counsel against utilizing such courts.²² In 2012, the Consultative Council of European Judges issued an opinion on specialized courts, noting that such courts might be at risk of ossified decisionmaking and compartmentalization of law and procedure.²³ Specialized courts may be more likely to acquire

16. See Jonas Anderson, *Judge Shopping in the Eastern District of Texas*, 48 LOY. U. CHI. L.J. 539, 539 (2016) (observing that in 2015, more than 25% of all U.S. patent cases were filed with Judge Gilstrap); Owen Byrd, *Lex Machina 2015 End-of-Year Trends*, LEX MACHINA: BLOG (Jan. 7, 2016), <https://lexmachina.com/lex-machina-2015-end-of-year-trends> (showing that in 2015, 2,540 patent cases (43.6% of all U.S. patent cases) were filed in the Eastern District of Texas).

17. Baum, *supra* note 13, at 218.

18. 28 U.S.C. § 251 (2012); see Gary S. Katzmman, *The United States Court of International Trade*, 62 BOS. BAR J. 6, 7 (2018) (observing that “the CIT has residual, exclusive authority to decide any civil action against the United States and its agencies or officers that arises from any law pertaining to international trade”).

19. See Baum, *supra* note 13, at 217.

20. Richard A. Posner, *Will the Federal Courts of Appeals Survive Until 1984? An Essay on Delegation and Specialization of the Judicial Function*, 56 S. CAL. L. REV. 761, 781 (1983); see also Chad M. Oldfather, *Judging, Expertise, and the Rule of Law*, 89 WASH. U. L. REV. 847, 877 (2012) (maintaining that there is “a greater potential for any given trend to take hold within a specialized judiciary”).

21. Posner, *supra* note 20, at 781.

22. Baum, *supra* note 13, at 218, 224. Baum notes that the policy impact of specialization might be desirable, or any undesirable impact might be outweighed by advantages. *Id.* at 224; see also Consultative Council of European Judges [CCJE], Opinion (2012) No. 15, *On the Specialisation of Judges* (Nov. 13, 2012), <https://rm.coe.int/16807477d9> (discussing the pros and cons of judicial specialization).

23. Consultative Council of European Judges [CCEJ], *supra* note 22, ¶¶ 15–16; see also Clement Salung Petersen & Jens Schovsbo, *Decision-making in the Unified Patent Court: Ensuring a Balanced Approach*, in INTELLECTUAL PROPERTY AND THE JUDICIARY 231, 233 (Christophe Geiger

additional powers for themselves,²⁴ such as by characterizing issues as questions of law to minimize deference.²⁵

B. *THE EVOLUTION OF SPECIALIZATION IN THE FEDERAL CIRCUIT*

1. The Creation of the Federal Circuit

Prior to 1982, patent-infringement cases appealed from district courts to regional courts of appeal.²⁶ Some appellate courts—such as the Eighth Circuit—found most patents to be invalid, while others supported strong patent rights.²⁷ As the House Report for the Federal Courts Improvement Act observed, the use of regional circuits for patent litigation led to “undue forum-shopping and unsettling inconsistency in adjudications.”²⁸

Nevertheless, various groups and individuals opposed the creation of a new court, fearing that both subject-matter and concentration specialization would be detrimental to good decisionmaking.²⁹ Several commentators feared the new court would suffer from tunnel vision.³⁰ As Judge Randall Rader noted, opponents also feared that a new specialized court would undermine the “cross pollination” of patent law, impede the development of

et al. eds., 2018) (discussing the proposed Unified Patent Court and how its specialization poses “a risk that non-technical values and interests . . . will be either overlooked or underdeveloped”).

24. See Ori Aronson, *Out of Many: Military Commissions, Religious Tribunals, and the Democratic Virtues of Court Specialization*, 51 VA. J. INT'L L. 231, 259 (2011) (arguing that specialized courts might broadly interpret their jurisdiction to artificially expand their dockets); Oldfather, *supra* note 20, at 877 (arguing that specialized courts are more likely to allocate powers to themselves rather than to juries); see also Paul R. Gugliuzza, *The Federal Circuit as a Federal Court*, 54 WM. & MARY L. REV. 1791, 1796–97 (2013) (noting that Federal Circuit exceptionalism is consistent with scholarship theorizing that specialized courts are resistant to Supreme Court oversight and tend to expand their own power).

25. Oldfather, *supra* note 20, at 877.

26. See Sapna Kumar, *The Accidental Agency?*, 65 FLA. L. REV. 229, 239 (2013) (discussing jurisdiction for patent litigation prior to 1982).

27. See Comm'n on Revision of the Fed. Court Appellate Sys., *Structure and Internal Procedures: Recommendation for Change*, 67 F.R.D. 195, 370–71 (1975) (observing that patent holders would choose to litigate in the patent-friendly Fifth, Sixth, and Seventh Circuits, and proposing the creation of a national patent court); Lawrence Baum, *The Federal Courts and Patent Validity: An Analysis of the Record*, 56 J. PAT. OFF. SOC'Y 758, 762 (1974) (observing that the Tenth Circuit held valid 70% of all patents, while the Eighth Circuit held valid only 11% of them).

28. H.R. REP. NO. 97-312, at 20 (1981) (accompanying H.R. 4482, 97th Cong. (1981), The Court of Appeals for the Federal Circuit Act of 1981); see also Comm'n on Revision of the Fed. Court Appellate Sys., *supra* note 27, at 220 (describing the “acute” problem of forum shopping in patent law, and discussing why the Supreme Court alone was not sufficient to address the problem).

29. See, e.g., H.R. REP. NO. 97-312, at 31 (1981) (noting several witnesses “expressed fears that the . . . Federal Circuit would be unduly specialized or would soon be captured by specialized interests”); see also Pedraza-Fariña, *supra* note 13, at 146–47 (discussing concerns by various groups that the Federal Circuit would be subject to capture and tunnel vision).

30. For example, Senator Alan Simpson of Wyoming, feared the court would lack the “diversity of opinion stemming from divergent points of view and sometimes differing strains of geographical philosophy and thought.” 127 CONG. REC. 29,888 (daily ed. Dec. 8, 1981) (remarks of Sen. Simpson).

common-law jurisprudence, and lead to the court's capture by interest groups.³¹

The House and Senate Reports responded to these concerns. Both Reports maintained the Federal Circuit would "have a varied docket spanning a broad range of legal issues and types of cases," such as cases from the Court of Claims.³² The risk of future specialization and capture would be minimized, because judges with patent-law expertise would be prohibited from sitting on a disproportionate number of patent cases and the diversity of subject matter would "prevent any special interest from dominating it."³³

When the Federal Courts Improvement Act of 1982 passed, the Federal Circuit's docket was indeed balanced with various subject matters. According to Judge Newman, patent cases initially comprised only 12% of its docket.³⁴ In this regard, the Federal Circuit was originally specialized only with regard to concentration, given that patent cases did not dominate the court's docket. However, as discussed below, its subject-matter specialization would soon grow.

2. Growing Specialization

Patent litigation began to sharply increase in the 1990s,³⁵ leading to a growing patent docket in the Federal Circuit. In 2006, patent appeals comprised 29% of its docket, with personnel cases (29%) and veterans cases (22%) also remaining high.³⁶ As John Golden observed in 2009, although the Federal Circuit generally provided "the last word on interpretive questions in substantive patent law," it possessed many responsibilities beyond interpreting the Patent Act.³⁷ In this regard, the Federal Circuit was merely semi-specialized.³⁸

In 2011, the AIA was passed to remedy delays in the patent-review process, provide harmonization with foreign patent systems, and address the

31. Randall R. Rader, *Specialized Courts: The Legislative Response*, 40 AM. U. L. REV. 1003, 1006 (1991).

32. H.R. REP. NO. 97-312, at 19; S. REP. NO. 97-275, at 6 (1981).

33. S. REP. NO. 97-275, at 6.

34. George C. Beighley, Jr., *The Court of Appeals for the Federal Circuit: Has it Fulfilled Congressional Expectations?*, 21 FORDHAM INTELL. PROP., MEDIA & ENT. L.J. 671, 694 (2011) (quoting Interview with Hon. Pauline Newman, J., Fed. Cir., in D.C. (Oct. 22, 2009)); Pauline Newman, *Foreword: The Federal Circuit in Perspective*, 54 AM. U. L. REV. 821, 824 (2005).

35. See Gene Quinn, *The Rise of Patent Litigation in America: 1980-2012*, IPWATCHDOG (Apr. 9, 2013), <http://www.ipwatchdog.com/2013/04/09/the-rise-of-patent-litigation-in-america-1980-2012/id=38910> (providing statistics for patent cases commenced and terminated between 1980 and 2012).

36. U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, APPEALS FILED, BY CATEGORY: FY 2006, <http://www.ca9.uscourts.gov/sites/default/files/the-court/statistics/ChartFilings06.pdf> (last visited April 20, 2019).

37. Golden, *supra* note 4, at 665-66.

38. See Golden, *supra* note 5, at 555 (describing the Federal Circuit as a "radical experiment in semi-specialization").

growing problem of bad patents.³⁹ It established a new adjudicatory process that allowed third parties to challenge patents under IPR,⁴⁰ post-grant review, and covered business-method patent review.⁴¹ It also granted the PTO fee-setting authority, providing it with the power to set fees based on its costs.⁴² Although Congress did not give the PTO substantive rulemaking authority over the entire Patent Act, it did grant the agency the power to issue “regulations . . . establishing and governing inter partes review under this chapter.”⁴³

The AIA’s passage profoundly altered the PTO’s relationship with the Federal Circuit.⁴⁴ As Melissa Wasserman observed, Congress shifted the balance of power in patent law by strengthening the PTO and making it the primary interpreter of parts of the AIA.⁴⁵ In *Cuozzo Speed Technologies, LLC v. Lee*, the Supreme Court rejected the idea that IPR is merely “a surrogate for court proceedings” and confirmed that the PTO’s new rulemaking authority is, in fact, substantive.⁴⁶ The Court applied the *Chevron* framework in reviewing the PTO’s use of the broadest-reasonable-construction standard for patent claims and deferred to the PTO’s interpretation of the AIA.⁴⁷

Inadvertently, however, the AIA increased the Federal Circuit’s specialization. IPR proceedings proved to be unexpectedly popular, and patent appeals from the PTO exploded—jumping from 9% of the Federal Circuit’s docket in 2011 to 33% in 2016.⁴⁸ In a period of just 16 years, the total percentage of the court’s patent docket nearly doubled, from 33% to

39. See Sarah Tran, *Patent Powers*, 25 HARV. J.L. & TECH. 609, 626–40 (2012) (discussing how the AIA addressed concerns regarding delays in review and low-quality patents).

40. 35 U.S.C. §§ 311–319 (2012).

41. *Id.* §§ 321–329.

42. *Id.* § 41.

43. *Id.* § 316(a)(4); see also Arti K. Rai, *Patent Validity Across the Executive Branch: Ex Ante Foundations for Policy Development*, 61 DUKE L.J. 1237, 1239 (2012) (“[T]he AIA did confer upon the PTO the ability to conduct postgrant review proceedings that resemble formal adjudications.”).

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

45. See Melissa F. Wasserman, *The Changing Guard of Patent Law: Chevron Deference for the PTO*, 54 WM. & MARY L. REV. 1959, 1964–65 (2013) (discussing how “the AIA alter[ed] the fundamental power dynamic between the Federal Circuit and the PTO,” and made the PTO “the chief expositor of substantive patent law standards”).

46. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142–43 (2016).

47. *Id.* at 2144–45.

48. Compare U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, APPEALS FILED, BY CATEGORY: FY 2011, http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/Caseload_by_category_2011.pdf (last visited April 20, 2019), with U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, APPEALS FILED, BY CATEGORY: FY 2016, http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/FY16_Caseload_by_Category.pdf (last visited April 20, 2019) (illustrating caseload breakdown in the Federal Circuit Court of Appeals for 2011 and 2016).

63%.⁴⁹ Judge Dyk estimated in 2016 that “the percentage of actual workload for patent cases . . . is probably on the order of 80%.”⁵⁰

The Federal Circuit’s shifting docket has changed the nature of its specialization. From the outset, its docket was concentrated, given that it had exclusive jurisdiction over almost all patent cases.⁵¹ But now, it is also specialized in a second dimension—with patent cases dominating the court’s work. This dual specialization sets the Federal Circuit apart from the D.C. Circuit, which hears non-administrative law cases for more than two-thirds of its docket.⁵² Judge Dyk has noted that the dominance of patent issues in the Federal Circuit “has increased our isolation, and the sense of our uniqueness,” which he believes “is highly undesirable.”⁵³ As Part III discusses, specialization has given rise to a number of problems, which are likely to continue to grow.

III. BAD BEHAVIOR FROM SPECIALIZATION

The Federal Circuit’s specialization has improved uniformity in patent jurisprudence and has allowed its judges to develop a deep legal expertise in patent law.⁵⁴ But notwithstanding Congress’s promise that the Federal Circuit would function like a normal appellate court, a number of problems emerged after its creation. Although the Supreme Court was able to mitigate some of these issues, many have proven to be intractable.

49. Timothy B. Dyk, *Thoughts on the Relationship Between the Supreme Court and the Federal Circuit*, 16 CHI.-KENT J. INTELL. PROP. 67, 77 (2016). Although the percentage of PTAB appeals is now holding steady, it does not appear that percentage of patent cases will drop significantly in the foreseeable future. See U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, APPEALS FILED, BY CATEGORY: FY 2017, http://www.ca9.uscourts.gov/sites/default/files/the-court/statistics/FY_17_Filings_by_Category.pdf (last visited April 20, 2019) (showing the number of PTO appeals holding steady from 2016).

50. Dyk, *supra* note 49, at 78.

51. Note that the AIA expanded subject-matter jurisdiction for the Federal Circuit. Prior to the AIA, the Federal Circuit had subject-matter appellate jurisdiction only over cases “arising under” federal patent law. After the AIA, the Federal Circuit also gained jurisdiction over compulsory counterclaims. See 28 U.S.C. § 1295(a)(1) (2012).

52. See generally *Federal Court Management Statistics, December 2017*, U.S. COURTS, <http://www.uscourts.gov/statistics-reports/federal-court-management-statistics-december-2017> (last updated Dec. 31, 2017) (providing statistics on federal court cases). Note that although the D.C. Circuit possesses exclusive appellate jurisdiction for some specific agency issues, it lacks exclusive jurisdiction over any agency in its entirety. See Eric M. Fraser et al., *The Jurisdiction of the D.C. Circuit*, 23 CORNELL J.L. & PUB. POL’Y 131, 154–55 (2013) (listing statutes in which the D.C. Circuit has exclusive jurisdiction).

53. Dyk, *supra* note 49, at 78.

54. See Jonas Anderson, *Congress as a Catalyst of Patent Reform at the Federal Circuit*, 63 AM. U. L. REV. 961, 977–78 (2014) (discussing how the Federal Circuit eliminated appellate forum shopping, improved predictability in patent enforcement cases, “and standardized various aspects of patent litigation”); J. Jonas Anderson, *Specialized Standards of Review*, 18 STAN. TECH. L. REV. 151, 154, 175 (2014) (observing that the Federal Circuit “is a specialized center of patent jurisprudence” and has a unique mandate to unify patent law); Peter Lee, *The Supreme Assimilation of Patent Law*, 114 MICH. L. REV. 1413, 1461, 1464 (2016) (arguing that the “unique institutional expertise” merits some exceptions to traditional rules of deference).

A. DISREGARD FOR AGENCY AUTONOMY

When Congress passed the APA in 1946, it hoped to provide greater fairness in administrative procedures, as well as oversight to agencies.⁵⁵ Although earlier drafts of the APA excepted some agencies, including the Patent Office, the final bill had no such exclusions.⁵⁶ Indeed, the 1947 Attorney General's Manual states that "the [APA] covers generally all agencies of the United States,"⁵⁷ with few carveouts, such as for national security.⁵⁸

Nevertheless, from its inception, the Federal Circuit acknowledged neither the APA's applicability to the PTO nor the PTO's autonomy as an executive-branch agency. In 1986, Judge Giles Rich admitted that the Federal Circuit was still "breaking [the] habit" of reversing PTO decisions that the court disagreed with, and he defended the court's practice of engaging in de novo factfinding.⁵⁹ The Federal Circuit reviewed PTO decisions the same way that it would review a decision from a district court, notwithstanding the fact that the executive branch is entitled to greater deference under the APA for tasks Congress entrusted to it.⁶⁰ In discussing the relationship between the Federal Circuit and the PTO in 1993, Judge Jay Plager noted that there is no other U.S. agency "in which the standard of review over the agency's decisions gives the appellate court as much power" as what the Federal Circuit has over the PTO.⁶¹

The Supreme Court attempted to correct this problem. In *Dickinson v. Zurko*, it held that the Federal Circuit must correctly apply the judicial-review standards set out in § 706 of the APA when reviewing any agency decision, including those from the PTO.⁶² The Court rejected the Federal Circuit's argument that pre-APA cases established a less deferential standard of review under § 559 of the APA.⁶³ It further emphasized that the "court/agency"

55. See H.R. REP. NO. 79-1980, at 8, 18 (1946) [hereinafter APA House Report] (noting that the APA was designed to provide, among other things, "fairness in administrative operation" and discussing prior concerns regarding the judicial oversight of agencies).

56. See generally Administrative Procedure Act, Pub. L. 79-404, 60 Stat. 237 (1946); see also APA House Report, *supra* note 55, at 16 (noting that "the [APA] is meant to be operative 'across the board' in accordance with its terms, or not at all" and stating that "in no part of the bill is any agency exempted by name"); Kumar, *supra* note 26, at 235.

57. U.S. DEP'T OF JUSTICE, ATTORNEY GENERAL'S MANUAL ON THE ADMINISTRATIVE PROCEDURE ACT 10 (1947).

58. *Id.* at 10-11 (discussing the carveouts in the APA, including military authority, agencies with industry representatives as members, and times of war).

59. Giles S. Rich, *Thirty Years of This Judging Business*, 14 AIPLA Q.J. 139, 149 (1986) ("Reviewing the PTO Boards, our attitude was we reversed them if they were wrong. . . . We have been breaking that habit.").

60. See 5 U.S.C. § 706 (2012).

61. S. Jay Plager, *An Interview with Circuit Judge S. Jay Plager*, 5 J. PROPRIETARY RTS. 2, 5 (1993).

62. *Dickinson v. Zurko*, 527 U.S. 150, 152 (1999).

63. *Id.* at 161 (disagreeing that in 1946, the CCPA recognized a stricter standard of review for PTO decisions).

judicial-review standard is more deferential than the “court/court” review standard for district court decisions.⁶⁴

The Federal Circuit, nevertheless, has found ways to circumvent *Zurko*. Under § 706(2)(A) of the APA, fact-finding from informal proceedings are reviewed under the arbitrary-and-capricious standard.⁶⁵ But the Federal Circuit continues to use the less deferential substantial-evidence standard under § 706(2)(E), which is generally reserved for fact-finding arising through formal rulemaking and adjudication.⁶⁶ This is notable, given that the Federal Circuit applies arbitrary-and-capricious review to several non-patent agencies and has emphasized that that standard is “highly deferential.”⁶⁷ The Federal Circuit has also recharacterized many mixed questions of law and fact as pure questions of law, including for cases heard by the PTAB under the AIA, thereby allowing the court to use de novo review.⁶⁸ This not only undermines the PTO’s authority, but may also limit its ability in carrying out Congress’s goals.⁶⁹

The Federal Circuit has disregarded other Supreme Court precedent regarding judicial review under the APA. For example, in *SEC v. Chenery*, the Supreme Court held that a court cannot appeal an agency decision on a basis other than what the agency gave.⁷⁰ Yet in *In re Comiskey*, the Federal Circuit affirmed the rejection of a patent application on grounds that were different from what the Board of Patent Appeals and Interferences provided.⁷¹ Judge Kimberly Moore dissented from the denial of the petition for rehearing en banc, maintaining that “[t]he Supreme Court did not intend *Chenery* to be an open invitation for appellate courts to consider in the first instance any legal ground of its choosing for reviewing agency decisions whether it results in

64. *Id.* at 161–62.

65. *See generally* Rai, *supra* note 12 (discussing the Federal Circuit’s refusal to acknowledge factual disputes).

66. *See In re Gartside*, 203 F.3d 1305, 1314–15 (Fed. Cir. 2000) (holding that because the court has a comprehensive closed record, the substantial evidence standard should apply); *see also* Gugliuzza, *supra* note 24, at 1821–22 (discussing how the Federal Circuit applies the less deferential substantial evidence standard to PTO factfinding).

67. *See, e.g.*, *Cleveland Assets, L.L.C. v. United States*, 883 F.3d 1378, 1382 (Fed. Cir. 2018); *Veterans Justice Grp., L.L.C. v. Sec’y of Veterans Affairs*, 818 F.3d 1336, 1343 (Fed. Cir. 2016); *Tinton Falls Lodging Realty, L.L.C. v. United States*, 800 F.3d 1353, 1358 (Fed. Cir. 2015).

68. *See* Stuart Minor Benjamin & Arti K. Rai, *Who’s Afraid of the APA? What the Patent System Can Learn from Administrative Law*, 95 GEO. L.J. 269, 301 (2007) (discussing how the Federal Circuit avoided deferential review for technical and factual PTO claims by reconstructing them as questions of law); Rebecca S. Eisenberg, *A Functional Approach to Judicial Review of PTAB Rulings on Mixed Questions of Law and Fact*, 104 IOWA L. REV. 2387, 2405–15 (2019) (discussing the Federal Circuit’s inadequate deference for PTAB factfinding); Rai, *supra* note 12, at 1052.

69. Eisenberg, *supra* note 68, at 2397–98.

70. *SEC v. Chenery Corp.*, 318 U.S. 80, 88 (1943).

71. The Board of Patent Appeals and Interferences’ rejection was based solely on § 103, but the Federal Circuit’s rejection was under § 101. *In re Comiskey*, 554 F.3d 967, 973 (Fed. Cir. 2009) (“We do not reach the ground relied on by the Board below . . . because we conclude that many of the claims are ‘barred at the threshold by § 101.’”); *see* Kumar, *supra* note 26, at 269–74.

affirmance or not.”⁷² She observed that the court was improperly intruding on the PTO’s power to choose the basis for its decision and expressed concern that “the sweeping application” of this new rule might be extended to agency review in general.⁷³ Although it remains to be seen whether Judge Moore’s fears come to pass, subsequent Federal Circuit cases have continued to ignore *Chenery*.⁷⁴

B. POLITICAL ACTIVISM FROM THE BENCH

Judicial politicking occurs when judges engage in political behavior, such as lobbying.⁷⁵ It is typically a problem associated with state judges who run for office, and are thus beholden to donors.⁷⁶ But Article III judges can engage in political behavior as well, by lobbying for legislation, seeking to weaken agencies that they oversee, or attempting to amass more power for their respective courts.⁷⁷

The clearest example of judicial politicking is with former Judge Randall Rader. During his time on the bench, including as Chief Judge, he frequently gave speeches advocating for Congress to not intervene and to leave power with the Federal Circuit. In a speech to the Eastern District Bench and Bar, Judge Rader repeatedly praised the unabashedly pro-plaintiff Eastern District of Texas, maintained that judiciary “has the best tools to delve deeply into the facts and law of each specific case,” and urged Congress “to proceed with great caution” with regard to curbing abuses by patent trolls.⁷⁸ Judge Rader also sharply criticized the PTO on various occasions. At the American Intellectual Property Law Association annual meeting in October 2013, he claimed that

72. *In re Comiskey*, No. 2006-1286, 2009 U.S. App. LEXIS 400, at *18 (Fed. Cir. Jan. 13, 2009) (Moore, J., dissenting). Judge Moore’s dissent was joined by Judges Pauline Newman and Randall Rader. *Id.*

73. *Id.* at *38.

74. See Gugliuzza, *supra* note 24, at 1823 (collecting cases); see also Amy R. Motomura, *Rethinking Administrative Law’s Chenery Doctrine: Lessons from Patent Appeals at the Federal Circuit*, 53 SANTA CLARA L. REV. 817, 850 (2013) (discussing how the Federal Circuit has affirmed the PTO on other grounds, even in cases in which the PTO’s legal decision was based on subsidiary factual determinations).

75. See, e.g., David Luban, *The Twice-Told Tale of Mr. Fixit: Reflections on the Brandeis/Frankfurter Connection*, 91 YALE L.J. 1678, 1688–89 (1982) (book review) (describing Justice Brandeis’s political lobbying as “extrajudicial politicking” but maintaining that such activity did not violate separation of powers).

76. See, e.g., Gerald F. Uelman, *Crocodiles in the Bathtub: Maintaining the Independence of State Supreme Courts in an Era of Judicial Politicization*, 72 NOTRE DAME L. REV. 1133, 1133–36 (1997) (discussing how elected state judges are influenced by public opinion, giving rise to judicial politicking); William Glaberson, *States Take Steps to Rein in Excesses of Judicial Politicking*, N.Y. TIMES (June 15, 2001), <https://www.nytimes.com/2001/06/15/us/states-taking-steps-to-rein-in-excesses-of-judicial-politicking.html> (discussing state efforts to limit the role of campaign politics in judicial elections).

77. See Luban, *supra* note 75, at 1688–89 (discussing alleged politicking by Justice Brandeis).

78. Randall R. Rader, Chief Judge, Eastern District of Texas, Patent Law and Litigation Abuse at Eastern District Bench and Bar, at 7, 11 (Nov. 1, 2013), <http://mcsmith.blogs.com/files/rader-2013-ed-tex-bb-speech.pdf>.

there would soon be hundreds of PTAB “judges ‘acting as death squads, killing property rights’”⁷⁹ and was reported as being “troubled” by how PTAB proceedings vary compared to traditional district court litigation.⁸⁰ Judge Rader was not alone in his lobbying as chief judge—Judge Paul Michel engaged in such behavior as well.⁸¹

Specialized judges appear to be more prone to politicking. As Jonas Anderson has observed, generalist judges have less of an incentive to lobby for new legislation because legislative changes don’t have a substantial impact on their docket.⁸² By contrast, Federal Circuit judges hear a high volume of patent cases, giving them a greater incentive to intervene in the legislative process.⁸³ This desire to control their docket, coupled with their elevated status in the patent community, raises the risk that these judges could unduly influence Congress. Admittedly, not all specialized judges engage in such behavior,⁸⁴ and some regional appellate judges are specialized in particular areas.⁸⁵ But although generalist judges have called for legislative reform and criticized Congress,⁸⁶ the practice appears to be far more common with specialized courts.⁸⁷

79. Tony Dutra, *Rader Regrets CLS Bank Impasse, Comments on Latest Patent Reform Bill*, BLOOMBERG BNA (Oct. 29, 2013), <http://www.bna.com/rader-regrets-cls-n17179879684>.

80. Rob Sterne & Gene Quinn, *PTAB Death Squads: Are All Commercially Viable Patents Invalid?*, IPWATCHDOG (Mar. 24, 2014), <http://www.ipwatchdog.com/2014/03/24/ptab-death-squads-are-all-commercially-viable-patents-invalid/id=48642>.

81. See Letter from Paul R. Michel, Chief Judge, U.S. Court of Appeals for the Fed. Circuit, to Patrick Leahy & Orrin G. Hatch, Senate Comm. on the Judiciary (May 3, 2007), <http://www.fr.com/files/uploads/attachments/patentdamages/05-03-07Michelletter.pdf>; Letter from Paul R. Michel, Chief Judge, U.S. Court of Appeals for the Fed. Circuit, to Shanna A. Winters, Chief Counsel, House Subcomm. on Courts, the Internet, & Intellectual Prop. (June 7, 2007), <http://www.intellectualpropertylawblog.com/wp-content/uploads/sites/98/2007/06/Michel-letter-to-Winters.pdf>.

82. J. Jonas Anderson, *Judicial Lobbying*, 91 WASH. L. REV. 401, 448–49 (2016).

83. See *id.* at 448 (observing that “the Federal Circuit was very active in legislative lobbying during the recent legislative patent reform precisely because of the potential impact that legislation would have had on the workings of the court”).

84. For example, Chief Judge Sharon Prost does not appear to have lobbied for any legislation or advocated for stripping the PTO of power.

85. See Edward K. Cheng, *The Myth of the Generalist Judge*, 61 STAN. L. REV. 519, 541–42 (2008) (discussing how a judge’s background may contribute to specialization on the bench).

86. See Anderson, *supra* note 82, at 437 (discussing how Fifth Circuit judge Edith Jones lobbied for bankruptcy reform); Adam Liptak, *Ruth Bader Ginsburg, No Fan of Donald Trump, Critiques Latest Term*, N.Y. TIMES (July 10, 2016), <https://www.nytimes.com/2016/07/11/us/politics/ruth-bader-ginsburg-no-fan-of-donald-trump-critiques-latest-term.html> (criticizing the Senate’s failure to consider President Obama’s nomination of Judge Merrick Garland to the Supreme Court); Richard Posner, *Do Patent and Copyright Law Restrict Competition and Creativity Excessively?*, BECKER-POSNER BLOG (Sept. 30, 2012), <http://www.becker-posner-blog.com/2012/09/do-patent-and-copyright-law-restrict-competition-and-creativity-excessively-posner.html> (then-Seventh Circuit judge Richard Posner calling for Congress to reform copyright law).

87. Anderson, *supra* note 82, at 440 (maintaining that “the depth of specialized jurist involvement in legislative affairs is striking”). Members of other specialized courts have

C. INSTITUTIONAL DESIGN AND JUDICIAL DECISIONMAKING

From an institutional-design perspective, the Federal Circuit is an inferior lawmaker compared to the political branches. Both Congress and the PTO have access to more information than the Federal Circuit, which is dependent upon the parties that are in front of it.⁸⁸ For legislation, bicameralism and presentment forces Congress to act at a deliberate pace and ensures that there is public support for laws.⁸⁹ For agency rulemaking, the APA's notice-and-comment process under § 553 allows the public to serve as "safety valves" and provide meaningful commentary on any proposed rule.⁹⁰ Furthermore, if a reviewing court finds that an agency failed to address legitimate concerns expressed by the public during policymaking, the court will strike the rule down under hard-look review.⁹¹

Courts generally lack access to good information. It is possible for the public to provide input in patent cases by filing amicus briefs, which the Federal Circuit liberally allows.⁹² However, prior to oral argument, it is not always clear on which ground an appellate court is considering ruling, making it difficult for the public to effectively weigh in on issues. As Colleen Chien has observed, patentees and their lawyers file roughly 75% of all amicus briefs, while individuals and universities file only 10%.⁹³ The formal requirements and short time frame pose obstacles to less-organized groups attempting to participate in the judicial process.⁹⁴

Outside of amicus briefs, courts do not have access to information beyond what the parties provide. As Judge Lourie noted in the context of

unofficially lobbied Congress as well, including the Court of Appeals for the Armed Forces and the Foreign Intelligence Surveillance Court. *Id.* at 438–39.

88. See Diarmuid F. O'Scannlain, *Politicians in Robes: The Separation of Powers and the Problem of Judicial Legislation*, 101 VA. L. REV. ONLINE 31, 34 (2015) (discussing how Congress has "superior fact-finding and information-gathering abilities" compared to courts).

89. *Id.* at 37.

90. See *Am. Radio Relay League, Inc. v. FCC*, 524 F.3d 227, 236 (D.C. Cir. 2008) (citation omitted) (discussing the important role the public plays in notice-and-comment rulemaking).

91. See *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43–44, 56–57 (1983) (establishing a searching standard of review for agency questions of policy).

92. See Colleen V. Chien, *Patent Amicus Briefs: What the Courts' Friends Can Teach Us About the Patent System*, 1 U.C. IRVINE L. REV. 397, 406 (2011) (observing that "the Federal Circuit has rarely denied a request to file a patent amicus brief on nonprocedural grounds"); Ryan Vacca, *Acting Like an Administrative Agency: The Federal Circuit En Banc*, 76 MO. L. REV. 733, 743–44 (2011) (discussing the Federal Circuit's liberal policy in permitting amicus briefs).

93. Chien, *supra* note 92, at 413.

94. I experienced this problem first hand in attempting to organize with others to file an amicus brief in the Supreme Court for *WesternGeco LLC v. ION Geophysical Corp.*, 138 S. Ct. 2129 (2018). I am not currently a member of the Supreme Court bar, which is a requirement for solo-authoring an amicus brief before the Supreme Court, so I ended up co-authoring a brief on behalf of the Houston Intellectual Property Lawyers Association. See Sapna Kumar & Ifiti Ahmed, *Amicus Brief of the Houston Intellectual Property Lawyers Association in Support of Neither Party*, 16-1011 (2018), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3133378.

patentable subject matter, “[i]ndividual cases, whether heard by [the Federal Circuit] or the Supreme Court, are imperfect vehicles for enunciating broad principles because they are limited to the facts presented.”⁹⁵ In the context of patentable subject matter, Judge Lourie observed that such problems “certainly require attention beyond the power of this court” and stated that “clarification by higher authority, perhaps by Congress” was required.⁹⁶

The combination of a vague statute and reliance on judicial rulemaking is admittedly not unique to patent law. For example, under the Sherman Act, much of the modern antitrust law has been developed through case-by-case adjudication.⁹⁷ Rebecca Haw Allensworth has observed that amicus briefs provide the Supreme Court with a variety of perspectives in these cases, and that the Court often responds to the major comments raised, not unlike rulemaking.⁹⁸ However, as Allensworth noted, amicus briefs are a pale imitation of notice-and-comment rulemaking. Amicus brief authors are constrained to comment on only the narrow dispute in front of the Court and the Court is not obligated to address the concerns of raised by the public.⁹⁹ Moreover, the situation in patent law is worse than it is in antitrust, given the concentration of patent cases into one court of appeals.

The Federal Circuit has further exacerbated the information problem through the doctrine of standing. In general, members of the public can participate in shaping substantive patent law by filing patent-related lawsuits directly in federal court. A party can challenge an agency decision under § 702 of the APA, if the party can establish that it has constitutional standing and that it meets the zone-of-interests test.¹⁰⁰ Alternatively, a party can use the Declaratory Judgement Act, if it can show that a substantial controversy exists “between parties having adverse legal interests, of sufficient immediacy and reality” warranting its issuance.¹⁰¹ However, as several scholars have observed,

95. *Berkheimer v. HP Inc.*, 890 F.3d 1369, 1374 (Fed. Cir. 2018) (Lourie, J., concurring in the denial of a rehearing en banc).

96. *Id.* As Dennis Crouch suggested, it is also possible that Lourie was suggesting that Congress provide the PTO with rulemaking authority. See Dennis Crouch, *Judge Lourie and Newman: Call for Congress to Act*, PATENTLY-O (June 1, 2018), <https://patentlyo.com/patent/2018/06/lourie-newman-congress.html>.

97. See Rebecca Haw, *Amicus Briefs and the Sherman Act: Why Antitrust Needs a New Deal*, 89 TEX. L. REV. 1247, 1248 (2011) (observing that “[l]ike constitutional law, the modern law of the Sherman Act has been developed through the common law process”).

98. *Id.* at 1257.

99. See *id.* at 1259–61, 1264–65 (discussing how amicus brief authors are more constrained compared to commenting under APA rulemaking, and how the Supreme Court is not required to read or respond to amicus briefs).

100. See *Lexmark Int’l v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1387 (2014) (discussing the zone of interests test); *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 560–61 (1992) (noting that a plaintiff must be able to show injury, causation, and redressability to meet constitutional standing).

101. *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007) (quoting *Md. Cas. Co. v. Pac. Coal & Oil Co.*, 312 U.S. 270, 273 (1941)).

the Federal Circuit has severely limited third-party actions through its interpretation of the doctrine of standing.¹⁰² Although the AIA has made it easier to challenge patents through PTAB proceedings, the current system doesn't allow the public to provide input into how the Patent Act is interpreted. Moreover, members of the public who don't meet constitutional standing are unable to appeal an adverse PTAB decision to the Federal Circuit.¹⁰³

D. JUDICIAL LEGISLATING

Rapidly evolving technical innovation can put pressure on old laws. Yet until recently, the PTO lacked any kind of substantive rulemaking authority,¹⁰⁴ and even now, only possesses it for proceedings under the AIA.¹⁰⁵ The PTO's limited rulemaking authority, coupled with congressional inaction, has forced the Federal Circuit to adapt its jurisprudence.¹⁰⁶ As early as 1983, the Federal Circuit created bright-line rules to help guide district courts and innovators.¹⁰⁷ In doing so, it provided the patent bar with greater clarity than what more nuanced balancing tests could achieve, but with little public input or procedural safeguards to ensure good decisionmaking.¹⁰⁸

The Supreme Court began aggressively pushing back against bright-line rules in 2006—striking down rules regarding injunctions, declaratory

102. See, e.g., Gaia Bernstein, *The End User's Predicament: User Standing in Patent Litigation*, 96 B.U. L. REV. 1929, 1970–72 (2016) (discussing the challenges that end users face in meeting standing requirements under the Declaratory Judgment Act); Kumar, *supra* note 11, at 136 (arguing that the Federal Circuit uses the doctrine of standing under the Administrative Procedure Act to block meritorious patent challenges); Megan M. La Belle, *Patent Law as Public Law*, 20 GEO. MASON L. REV. 41, 92 (2012) (maintaining that “the Federal Circuit’s jurisprudence with respect to standing and personal jurisdiction shares at least one important commonality—the obstruction of affirmative patent validity challenges”).

103. See *Consumer Watchdog v. Wis. Alumni Research Found.*, 753 F.3d 1258, 1262 (Fed. Cir. 2014) (holding that Consumer Watchdog had not shown injury from the patent that it was challenging). Note, however, that the Federal Circuit recently held that a party who is not facing a specific threat of infringement litigation by the patentee can still establish injury in fact, so long as the challenger “is engaged or will likely engage in an[] activity that would give rise to a possible infringement suit.” *E.I. Dupont De Nemours & Co. v. Synvina C.V.*, 904 F.3d 996, 1005 (Fed. Cir. 2018) (alteration in original) (internal quotation marks omitted).

104. See Tran, *supra* note 39, at 623–26 (discussing how pre-AIA, the Federal Circuit interpreted the PTO’s powers to not include general substantive rulemaking authority).

105. See *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142 (2016) (holding that Congress granted the PTO substantive rulemaking authority over *inter partes* review).

106. See Golden, *supra* note 5, at 573–74 (observing that the PTO’s lack of substantive rulemaking authority means that absent congressional action, “pressure for adaptation falls on the Federal Circuit’s jurisprudence”).

107. Kumar, *supra* note 26, at 248 (discussing *Smith Int’l, Inc. v. Hughes Tool Co.*, 718 F.2d 1573 (Fed. Cir. 1983)).

108. *Id.* at 245, 256–57.

judgments, obviousness, and patent eligibility.¹⁰⁹ For a while, it looked as though the era of Federal Circuit rulemaking was over.¹¹⁰ But since that time, it has continued to apply rigid tests. For example, the Supreme Court recently struck down the Federal Circuit's absolute bar against extraterritorial damages under § 271(f) of the Patent Act¹¹¹ and its artificial limits on enhanced damages under § 284.¹¹²

Admittedly, courts of general jurisdiction frequently engage in activity that could be regarded as quasi-legislative. District courts have the power to create procedural rules under the Federal Rules of Civil Procedure and Federal Rules of Criminal Procedure.¹¹³ Similarly, district and appellate courts can prescribe local rules of practice, which can easily impact substantive law.¹¹⁴

But notwithstanding its decreased reliance on bright-line rules, the Federal Circuit's specialization gives it immense power over a single statute, far more than what other courts possess.¹¹⁵ The Federal Circuit's patent-dominated docket coupled with the judges' own experience gives it both the confidence and the skills needed to make substantial changes in patent law. Even when the Federal Circuit uses more nuanced tests, the precedent it creates immediately becomes the law of the land, until the Supreme Court or Congress can undo it. As discussed in Part IV, this poses a threat to separation of powers.¹¹⁶

109. *See* *Bilski v. Kappos*, 561 U.S. 593, 602–04 (2010) (holding that the machine-or-transformation test is not mandatory for determining patent eligibility of a process under § 101); *KSR Int'l Co. v. Teleflex, Inc.*, 550 U.S. 398, 415 (2007) (rejecting the Federal Circuit's "rigid approach" for obviousness); *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 130–32 (2007) (rejecting the Federal Circuit's rule that a licensee cannot establish "actual controversy" unless it breaches the license agreement); *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 394 (2006) (rejecting the Federal Circuit's rule of granting injunctive relief automatically upon a finding of infringement).

110. In 2013, I optimistically described this as "the [f]all of the [b]right-[l]ine [r]ule," maintaining that "the Federal Circuit's rigid reliance on rules will no longer be tolerated." Kumar, *supra* note 26, at 250, 253.

111. *WesternGeco LLC v. Ion Geophysical Corp.*, 138 S. Ct. 2129, 2137–38 (2018) (holding that the presumption against extraterritoriality does not categorically exclude all patent damages arising outside the United States).

112. *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1933–34 (2016) (rejecting the Federal Circuit's two-part test for enhanced damages and further rejecting its tripartite framework for appellate review).

113. FED. R. CRIM. P. 57(a)(1); FED. R. CIV. P. 83(a)(1).

114. *See* 28 U.S.C. § 2071(a) (2012) ("The Supreme Court and all courts established by Act of Congress may from time to time prescribe rules for the conduct of their business."); Megan M. La Belle, *The Local Rules of Patent Procedure*, 47 ARIZ. ST. L.J. 63, 98–99 (2015) (discussing how procedural local patent rules can impact substantive patent law).

115. The only analogous situation is the D.C. Circuit's influence over interpreting the APA. Although other courts of appeal interpret the same statute, the D.C. Circuit's interpretation is regarded as being highly influential.

116. *See infra* Section IV.A.

IV. SPECIALIZATION AND PATENT LAW'S BALANCE OF POWER

Under either a formalistic or functionalist conception of separation of powers, no branch of government should become so strong that it is no longer adequately kept in check. Yet, in patent law, the Federal Circuit dominates with little pushback from Congress or the PTO. It is therefore important that Congress look for ways to shift the balance of power in patent law away from the judicial branch. Although restructuring the court is one way to address this problem, Congress could alternatively grant the PTO substantive rulemaking authority over the entirety of the Patent Act.

A. SEPARATION-OF-POWERS CONCERNS

The term “separation of powers” does not appear in the Constitution, but is instead inferred from the dividing of legislative, executive, and judicial power into separate Articles.¹¹⁷ The doctrine represents a tightrope between securing liberty by dispersing power among branches and maintaining a workable government in which necessary tasks can be accomplished.¹¹⁸

From a formalistic perspective, the politically accountable branches share in policymaking power and the judicial branch is excluded from making law.¹¹⁹ Forbidding courts from engaging in legislation promotes democracy by ensuring political accountability.¹²⁰ As Justice Powell noted in the context of implied private rights of action, judicial lawmaking encourages Congress “to shirk its constitutional obligation and leave the issue to the courts to decide,” as opposed to “confronting the hard political choices involved.”¹²¹

117. See *Buckley v. Valeo*, 424 U.S. 1, 124 (1976) (per curiam) (maintaining that separation of powers “was not simply an abstract generalization in the minds of the Framers,” but rather, was integrated into the Constitution); see also Michael C. Dorf & Charles F. Sabel, *A Constitution of Democratic Experimentalism*, 98 COLUM. L. REV. 267, 439–40 (1998) (discussing the origin of separation of powers).

118. See *Youngstown Sheet & Tube Co. v. Sawyer*, 343 U.S. 579, 635 (1952) (Jackson, J., concurring) (“While the Constitution diffuses power the better to secure liberty, it also contemplates that practice will integrate the dispersed powers into a workable government.”); *Myers v. United States*, 272 U.S. 52, 293 (1926) (Brandeis, J., dissenting) (observing that separation of powers does not promote efficiency, but prevents “the exercise of arbitrary power”); see also THE FEDERALIST NO. 47 (James Madison) (arguing that “[t]he accumulation of . . . legislative, executive, and judici[al]” power together leads to tyranny and that keeping these powers distinct promotes liberty).

119. See William N. Eskridge, Jr., *Dynamic Statutory Interpretation*, 135 U. PA. L. REV. 1479, 1497 (1987) (“The formalist argument is that the creation of law by federal judges is beyond the authority given them in the Constitution, for it trenches upon the lawmaking power given to Congress.”); Robert J. Pushaw, Jr., *Justiciability and Separation of Powers: A Neo-Federalist Approach*, 81 CORNELL L. REV. 393, 431–32 (1996) (discussing the policymaking function of Congress and the executive branch, and the exclusion of judges from legislating).

120. See Dorf & Sabel, *supra* note 117, at 443 (observing that separation of powers “empowers democracy” through “ensuring that legislative decisions are made by persons accountable to the people”).

121. *Cannon v. Univ. of Chi.*, 441 U.S. 677, 743 (1979) (Powell, J., dissenting).

Judicial lawmaking allows the legislative process to be bypassed, undermining the public benefit that is served through the political process.¹²² In the context of constitutional law, Judge Diarmuid O’Scannlain has similarly argued that when judges engage in lawmaking, they render the Constitution’s procedures for the political branches “meaningless.”¹²³

Functionalists generally believe that a formalistic three-branch conception of government is neither constitutionally mandated nor adequately reflective of the government as it actually exists.¹²⁴ The three branches of government inherently have overlapping functions.¹²⁵ Consequently, functionalism considers whether current governmental practices advance an evolving set of fundamental principles,¹²⁶ including avoiding factionalism, promoting deliberation in government, and ensuring that each branch is able to serve as a check on the other branches.¹²⁷

But although formalists and functionalists view separation of powers differently, both ultimately seek a balance of power among the branches. Elizabeth Magill observes that formalists seek to achieve balance “through inter-institutional rivalry and competition,” while functionalists promote balance through “tension and competition among the departments.”¹²⁸ In this regard, as the Supreme Court noted in *Buckley v. Valeo*, separation of powers is ultimately supposed to be a “safeguard against the encroachment or aggrandizement of one branch at the expense of the other.”¹²⁹ Separation of

122. *Id.*

123. O’Scannlain, *supra* note 88, at 37.

124. See Peter L. Strauss, *Formal and Functional Approaches to Separation-of-Powers Questions—A Foolish Inconsistency?*, 72 CORNELL L. REV. 488, 492 (1987) (maintaining that formalism “cannot describe the government we long have had, is not required by the Constitution, and is not necessary to preserve the very real and desirable benefits of ‘separation of powers’ that form so fundamental an element of our constitutional scheme”).

125. See Cass R. Sunstein, *Constitutionalism After the New Deal*, 101 HARV. L. REV. 421, 430 (1987) (“The three branches of course have overlapping functions; each is involved to some degree in the activities of the other.”). For example, administrative agencies frequently possess all three powers, which is viewed as the cost of having a workable government. See Strauss, *supra* note 124, at 492–93 (discussing how agencies possess legislative, judicial, and executive power).

126. See Thomas W. Merrill, *The Constitutional Principle of Separation of Powers*, 1991 SUP. CT. REV. 225, 231 (observing that functionalists believe that “structural disputes should be resolved not in terms of fixed rules but rather in light of an evolving standard”); Sunstein, *supra* note 125, at 495–96 (discussing how “functional approaches examine whether present practices undermine constitutional commitments that should be regarded as central,” and observing that such commitments include “basic structural principles” that go beyond the plain text of the Constitution).

127. See Merrill, *supra* note 126, at 232 (discussing the functionalist support for ensuring that each branch be able to operate as an effective check on the others); Sunstein, *supra* note 125, at 495–96 (discussing how structural principles, including “avoidance of factionalism” and the “promotion of deliberation in government” play a critical role in the functionalist approach in determining whether present practices undermine constitutional commitments).

128. See M. Elizabeth Magill, *The Real Separation in Separation of Powers Law*, 86 VA. L. REV. 1127, 1160–61 (2000).

129. *Buckley v. Valeo*, 424 U.S. 1, 122 (1976).

powers should furthermore ensure that each branch “be vigorous in asserting its proper authority.”¹³⁰

Under either view, the Federal Circuit has become too powerful in patent law at the expense of Congress and the executive branch. From the outset, the Federal Circuit disregarded the APA and used its expertise to undercut the PTO’s delegated policymaking and fact-finding authority. Even after the Supreme Court forced the Federal Circuit to apply § 706 of the APA in *Zurko*, the Federal Circuit has continued to characterize mixed PTO decisions as questions of law and has affirmed the PTO on grounds that the agency did not provide.¹³¹ In doing so, the Federal Circuit has increased its own power to declare what substantive patent law is, jeopardizing the balance of power among the branches.

The fact that specialization is driving the Federal Circuit’s encroachment of executive-branch authority is further illustrated by comparing patent and non-patent agency appeals. Although the PTO is entitled to *Skidmore* deference for some of its non-AIA interpretations of law, the Federal Circuit rarely applies that standard to the PTO’s decisions.¹³² The Federal Circuit similarly resisted providing *Chevron* deference to patent-related decisions of the U.S. International Trade Commission until 2015.¹³³ Yet, it has freely granted *Chevron* deference to the Court of Federal Claims, Office of Personnel Management, Merit Systems Protection Board, Secretary of Defense, Department of Commerce, and Trademark Trial and Appeals Board, and it has granted *Skidmore* deference to the Department of Veteran’s Affairs.¹³⁴ The Federal Circuit is also regarded as being deferential to agencies for international trade.¹³⁵ This disparity in deference highlights how patent expertise skews judicial review.

130. *Clinton v. City of New York*, 524 U.S. 417, 452 (1998) (Kennedy, J., concurring).

131. See Gugliuzza, *supra* note 24, at 1820–23 (discussing the Federal Circuit’s use of minimal deference to PTO factfinding and its disregard of *Chenery*). See generally Kumar, *supra* note 26 (discussing how the Federal Circuit acts like an agency).

132. *BlackLight Power, Inc. v. Rogan*, 295 F.3d 1269, 1273–74 (Fed. Cir. 2002) (granting *Skidmore* deference to the PTO); see *Bayer AG v. Carlsbad Tech., Inc.*, 298 F.3d 1377, 1381 (Fed. Cir. 2002) (holding that the district court properly granted *Skidmore* deference to the PTO’s interpretation of the Uruguay Round Agreements Act); see also Benjamin & Rai, *supra* note 68, at 300 (discussing how the Federal Circuit rarely applies *Skidmore* deference to the PTO).

133. Outside of dicta, the first patent case in which the Federal Circuit accorded the U.S. International Trade Commission *Chevron* deference was in 2015. See *Suprema v. Int’l Trade Comm’n*, 796 F.3d 1338, 1345–46 (Fed. Cir. 2015); see also Sapna Kumar, *Expert Court, Expert Agency*, 1547 U.C. DAVIS L. REV. 1547, 1567–68 (2011) (discussing the Federal Circuit’s granting of *Chevron* deference in dicta in 2004).

134. See Kumar, *supra* note 133, at 1550 n.7 (collecting cases). Note, however, that the Federal Circuit’s misapplication of *Chenery* began in 1985 with an appeal from the Merit Systems Protection Board. See *Motomura*, *supra* note 74, at 839.

135. See Paul R. Gugliuzza, *Rethinking Federal Circuit Jurisdiction*, 100 GEO. L.J. 1437, 1466–67 (2012).

The Federal Circuit may also be contributing to a dynamic that encourages Congress to shirk. Judge O’Scannlain observed that if a court refrains from acting, it forces a decision onto Congress with the proper constitutional procedures of bicameralism and presentment.¹³⁶ By engaging in quasi-legislative behavior and lobbying for Congress to stay out of patent law, the Federal Circuit takes away Congress’s need to act and deprives the public of deliberative lawmaking.¹³⁷

Given the role that specialization played in creating these problems, they are likely to get worse with the post-AIA rise the Federal Circuit’s patent docket. As Section B discusses, Congress needs to intervene to balance power in patent law.

B. SHIFTING THE BALANCE OF POWER

Although the Federal Circuit was never intended to be specialized, it has strayed far from the paradigm of a normal appellate court. At its inception, Congress deliberately provided it with jurisdiction over non-patent agencies to help prevent tunnel vision and to ensure good decisionmaking. However, the post-AIA shift in the Federal Circuit’s docket has transformed it into a patent court, increasing the risk of future problems.

One way to address this would be to correct the institutional defects that plague the Federal Circuit. Over the years, scholars have made a variety of suggestions for improving it as an institution. To remedy tunnel vision and promote an exchange of ideas, one or more courts of appeal could be permitted to hear patent cases.¹³⁸ The Federal Circuit could be provided with jurisdiction over a variety of non-patent cases to provide its judges with a broader perspective and to mitigate the risk of capture.¹³⁹ Generalist district court judges could be permitted to serve staggered terms of limited duration on the Federal Circuit,¹⁴⁰ or advisory panels could be utilized to provide non-

136. O’Scannlain, *supra* note 88, at 37.

137. Note that the Supreme Court contributes to this problem as well, such as through its decisions regarding § 101 of the Patent Act. See Dennis Crouch, *Providing the Factual Underpinnings of Eligibility*, PATENTLY-O (April 22, 2018), <https://patentlyo.com/patent/2018/04/proving-underpinnings-eligibility.html> (discussing how Director Iancu has found the Supreme Court’s patent eligibility jurisprudence to be ambiguous and restrictive).

138. See Craig Allen Nard & John F. Duffy, *Rethinking Patent Law’s Uniformity Principle*, 101 NW. U. L. REV. 1619, 1625 (2007) (proposing that at least one additional court be granted jurisdiction over patent appeals); Diane P. Wood, *Is It Time to Abolish the Federal Circuit’s Exclusive Jurisdiction in Patent Cases?*, 13 CHI-KENT J. INTELL. PROP. 1, 10 (2013) (proposing that any regional court be permitted to hear patent cases).

139. See Gugliuzza, *supra* note 135, at 1498–99 (arguing in favor of providing the Federal Circuit with more non-patent cases).

140. See Jeremy W. Bock, *Restructuring the Federal Circuit*, 3 N.Y.U. J. INTELL. PROP. & ENT. L. 197, 229–33 (2014) (arguing in favor of allowing generalist district court judges to serve limited terms on the Federal Circuit).

patent expertise.¹⁴¹ But unfortunately, Congress has shown no inclination towards restructuring the Federal Circuit's jurisdiction.

A more feasible option is for Congress to continue to strengthen the PTO, so that the executive branch could check the Federal Circuit. Congress has already taken steps to provide the PTO with greater autonomy under the AIA by granting it limited substantive rulemaking authority for PTAB proceedings.¹⁴² The Supreme Court has also expanded the PTO's power by incrementally forcing the Federal Circuit to follow the APA, in order to promote uniformity in the administrative state.¹⁴³

Congress should strongly consider granting the PTO full substantive rulemaking authority and make the PTO the primary interpreter of the Patent Act.¹⁴⁴ Increasing the PTO's rulemaking powers would correct several problems that patent specialization introduced. If the PTO has authority to create binding rules interpreting the Patent Act, then the Federal Circuit will lose most of its quasi-legislative powers. If the Federal Circuit created a bright-line rule, then the PTO could override it through notice-and-comment rulemaking. Agency autonomy would increase because the court would be forced to defer to the PTO's interpretations of the Patent Act under *Chevron*.

Allowing the PTO to use notice-and-comment rulemaking would also increase transparency, deliberation, and public input. To comply with § 553 of the APA, an agency must provide "either the terms or substance of the proposed rule or a description of the subjects and issues involved."¹⁴⁵ An agency cannot hide relevant studies or information that might serve as a basis for the final rule.¹⁴⁶ Several courts of appeal have held that if a final rule is not the "logical outgrowth" of the original proposed rule, the agency must go through another round of notice-and-comment rulemaking.¹⁴⁷ The rationale is that the agency must provide adequate notice to the public of the area that

141. See Pedraza-Fariña, *supra* note 13, at 155 (arguing for "[t]he use of advisory panels with a mixture of economic, sociological, and technological expertise").

142. See *Guozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2136, 2142 (2016) (holding that under the AIA, Congress granted the PTO substantive rulemaking authority over *inter partes* review and that the *Chevron* framework of judicial review was appropriate).

143. See Kumar, *supra* note 26, at 277 (discussing the Supreme Court's attempt to bring uniformity to administrative law).

144. See Wasserman, *supra* note 45, at 2018 (arguing in favor of "[m]aking the PTO the primary interpreter of the core patentability standards" and supporting the Federal Circuit granting *Chevron* deference to the PTO).

145. 5 U.S.C. § 553(b)(3) (2012).

146. *Am. Radio Relay League, Inc. v. FCC*, 524 F.3d 227, 236–37 (D.C. Cir. 2008) (observing that § 553 of the APA ensures that agencies "reveal portions of the technical basis for a proposed rule in time to allow for meaningful commentary," thereby ensuring "that a genuine interchange occurs" (internal quotation marks omitted)).

147. See *Long Island Care at Home, Ltd. v. Coke*, 551 U.S. 158, 174 (2007) (quoting *Nat'l Black Media Coal. v. FCC*, 791 F.2d 1016, 1022 (2d Cir. 1986)) (collecting cases). Note that the Supreme Court in *Long Island Care at Home* did not comment on whether it agrees with the logical outgrowth test. *Id.*

it is considering regulating and allow the public to provide meaningful comments.¹⁴⁸ Consequently, the procedural safeguards that § 553 provides would allow the public to play a far greater role in providing input for patent law.

There are some downsides to shifting power to the PTO. Rulemaking can sometimes be slower than judicial legislating, which means that it could take longer to get a new rule in place compared to a getting bright-line rule from a court. For example, although rulemaking takes on average 18 months, a quarter of all rules take more than 30 months to be finalized.¹⁴⁹ Furthermore, like specialized courts, agencies are vulnerable to capture by interest groups.¹⁵⁰ Patent practitioners have also been generally uneasy with increasing the PTO's authority, given the strong relative trust for the Federal Circuit. Nevertheless, strengthening the PTO would prevent the Federal Circuit from amassing too much power, while increasing the quality of decisionmaking and preserving uniformity. Absent a complete overhaul of the patent litigation system, increasing the PTO's substantive rulemaking authority is the best path forward to addressing the problems caused by the Federal Circuit's specialization.

V. CONCLUSION

The Federal Circuit was never intended to be a specialized patent court, but nevertheless, has evolved into one. The growth of U.S. patent litigation had already made the court semi-specialized when the AIA was passed. The unexpected popularity of IPRs subsequently caused the Federal Circuit's patent docket to grow further, to the point that patent-related cases now consume most of its time.

The concentration of patent cases in the Federal Circuit has helped provide uniformity, but at a steep cost. Over time, the Federal Circuit has consolidated a tremendous amount of power, acting as a legislator and a lobbyist, and resisting Congressional intervention. Although patent law broadly impacts the general public, there are scant opportunities for individuals to provide input. Standing limits challenges to patents and amicus briefs are an imperfect means for bringing important issues to the court's attention. As the Federal Circuit's patent docket continues to grow, these

148. See *Rural Cellular Ass'n v. FCC*, 588 F.3d 1095, 1101 (D.C. Cir. 2009) (observing that the "opportunity for comment" under § 553 of the APA "must be a meaningful opportunity," and that an agency must be "sufficiently open-minded" to meet the requirement).

149. See James Hobbs, *Is the Rulemaking Process Really a Quagmire?*, REG. REV. (Jan. 17, 2013), <https://www.theregreview.org/2013/01/17/17-hobbs-regulatory-breakdown-chapter-8> (discussing statistics for the duration of the notice-and-comment rulemaking process).

150. See Wasserman, *supra* note 45, at 2014-17 (observing that capture concerns for the PTO apply to the Federal Circuit as well); see also Richard L. Revesz, *Specialized Courts and the Administrative Lawmaking System*, 138 U. PA. L. REV. 1111, 1148-51 (1990) (observing that the composition of specialist courts can be shaped by specialist bar associations and can become captured by the same).

problems will likely persist. Yet, Congress has shown no interest in restructuring the Federal Circuit to reestablish the diversity of cases that the court has lost.

The best solution to this problem may be to expand the PTO's substantive rulemaking authority. Notice-and-comment rulemaking provides the public with the opportunity to help shape policy and allows rules to be implemented with better information than a court has access to. By making the PTO the primary interpreter of the Patent Act, separation-of-powers concerns would be alleviated, and the Federal Circuit could serve as a check on the PTO's power.