

## Greater Predictability and Expertise Are Principal Benefits

# New Patent Court: It's a Good Idea

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**A**LTHOUGH perhaps too long in coming, this country moved one step closer to a national court of appeals for patent cases on Oct. 30 when the Senate passed S.1477.<sup>1</sup> If passed by the House, the legislation will have an earthshaking effect on the patent system, an impact unequalled since the passage of the Patent Act of 1952.

Title III of the Senate bill, sponsored by Sen. Edward M. Kennedy, D-Mass., provides for the creation of an Article III patent appellate court by the merger of the Court of Customs and Patent Appeals (CCPA) with the Court of Claims. The new court, to be known as the Court of Appeals for the Federal Circuit, would have a structure analogous to the 11 existing circuit courts.

Unlike the present circuit courts, the new court would have nationwide appellate jurisdiction in specified areas of law, including patent appeals. It would be composed of 12 circuit judges, filled at the outset by using the combined forces of the CCPA and the Court of Claims judges. The CCPA and the Claims court would be abolished.

Although the new court's homebase is designed to be



Washington, D.C., it is empowered to sit in three judge panels and is expected to consider cases in designated places across the country. Two highly probable consequences of the proposed act are (a) increased predictability and uniformity of decisions and (b) greater judicial expertise in patent law.

**T**HE NEED for a national court of patent appeals has long been recognized. By way of illustration, the Hruska Commission<sup>2</sup> noted that divergent decisions on similar facts are commonplace in patent litigation. Under the existing system, one circuit court will often come to a decision, for example, on a patent validity question that will be exactly the opposite of that of a sister court.

Obviously, stare decisis does not operate between sister circuits. Moreover, the Supreme Court rarely grants certiorari and hears a patent case an average of only once every two years. Thus, the patent system has been characterized to date by confusion and lack of guidance at the highest judicial level.

Professor Kayton has made a statistically well-documented analysis of circuit court decisions on patent validity. He concluded that two wholly distinct sets of laws on the issue of Sec. 103<sup>3</sup> patent validity have developed, one as applied by the 5th and 7th Circuits and the other as applied by the remaining circuits.<sup>4</sup>

Today, circuit court decisions regarding the presence or absence of a requirement of "synergism" for the validity of combination patents exhibit the



same kind of schizophrenia. Often the most important factor in determining success or failure in patent validity litigation is whether or not one wins or loses in choice of forum.

Any reform that will eliminate forum shopping in patent law must be applauded. Opponents of the Kennedy bill raise the bogus argument that forum shopping is endemic to patent litigation at the district, not appellate, court level. Since the Kennedy bill does not alter district court jurisdiction, they contend that it will not solve the problem. This argument is noteworthy for its shortsightedness since, immediately upon enactment of the proposed law, all of the district courts in the nation will be guided by, and subject to, the precedents set by the new court. Hence, the current advantage associated with a particular district court forum because it is in a “friendly” patent circuit will disappear.

Opponents of the Kennedy bill argue that those who favor it are assuming that the new court will take a “pro-patent” stance. This argument is a scare tactic and is irrelevant to the proposed act since the act does not relate to the substantive patent law. Rather, the proposed act represents an important and badly needed procedural reform.

Within the framework of the existing substantive law, the new court can be expected to provide a modicum of uniformity

and predictability. If the substantive patent law is found to be lacking – a speculative possibility – it can always be modified legislatively. Obviously the wisdom of the new court’s decisions will be largely a function of judicial expertise. A specialized patent court should allow for the development of such expertise.

The history behind the proposal for a single patent appeals court goes back nearly nine decades. In 1891, Congress established the U.S. Circuit Courts of Appeal.<sup>5</sup> At that time, the circuit courts replaced direct appeals from the district courts to the Supreme Court. Since 1891, the congressional outcry for a single court of patent appeals has been heard repeatedly.<sup>6</sup> An early proposal of this kind was defeated when the American Bar Association withdrew support for it due to the onset of World War I.<sup>7</sup>

Today, the single patent appeals court proposal has wide support. The ABA’s Section of Patent, Trademark and Copyright Law, at the ABA’s 1979 annual meeting, adopted a resolution favoring “in principle” legislation that would confer exclusive patent appellate jurisdiction on a single court.<sup>8</sup> The Justice Department’s Office for Improvements in Administration of Justice<sup>9</sup> and President Carter<sup>10</sup> have recently proposed legislation similar to the Kennedy bill.

**A**SIDE from judicial uniformity, the new court would be instrumental

in developing experienced patent judges. Back in 1951, Judge Simon Rifkind put fear in the hearts of the bar regarding any “specialized court” for patent litigation when he stated that segregated law, “secluded from the rest, develops a jargon of its own, thought-patterns that are unique, internal policies which it subserves and which are different from and sometimes at odds with the policies pursued by the general law.”<sup>11</sup>

To the contrary, there is reason to be optimistic that the new court will avoid these alleged pitfalls of specialization and insularity while providing substantial patent experience for its judges. The new court is designed to hear not only patent cases but also government claims cases and all other appellate matters that are currently considered by the CCPA or the Court of Claims. These cases involve a whole spectrum of legal issues.

In addition, the new court would in no way interfere with the interaction between general legal concepts and patent law principles that currently occurs at the trial level. District court jurisdiction for patent matters is unaffected by the Kennedy bill. If the proposed act is adopted, novel legal theories will continue to be introduced in patent trials. General law concepts of contracts, torts and other areas of law, to the extent that they relate to, are analogous to, or encompass the law of patents, will continue to have their rightful role. At



the same time, appellate judges would have an opportunity to become experienced in hearing patent appeals – more so than present circuit judges who only occasionally hear such cases.

CCPA Judge Jack R. Miller aptly pointed out the necessity of not being side-tracked by the generalist/specialist or insular/mainstream dichotomies when he observed that “consumers of justice are today far more interested in prompt, efficient and uniform service than in being caught in the middle of a dispute between generalists and specialists. They are demanding the services of lawyers who specialize in certain fields of law, and they are increasingly vocal in their criticism of a system which fosters lack of uniformity in application of the law and promotes forum shopping.

“It isn’t good for the image of the federal judiciary for word to get around that a certain circuit is a ‘taxpayer’s circuit,’ or that a certain circuit is ‘friendly’ to patents while another is ‘unfriendly,’” the judge stated.<sup>12</sup> The new circuit court would eliminate the basis for this criticism.

Perhaps the strongest advocate of patent-experienced court such as the proposed Court of Appeals for the Federal Circuit was Learned Hand. In *Parke-Davis v. Mulford*,<sup>13</sup> Judge Hand decried the “inordinate expense of time” that is required when patent-inexperienced courts are used. He expressed his concern and dismay over the present

system of patent litigation with the rhetorical comment: “How long we shall continue . . . without the aid of unpartisan and authoritative scientific assistance in the administration of justice no one knows; but all fair persons not conventionalized by provincial legal habits of mind ought, I should think, unite to effect some such advance.”<sup>14</sup>

The opportunity for “some such advance,” as represented by the Kennedy bill, is now at hand. Lest this opportunity be lost, support of the bill to effectuate early passage by the House is in order.

#### (Endnotes)

<sup>1</sup> S.1477, 96th Cong., 1st Sess. This bill passed in the Senate on Oct. 15, 1979, and was referred to the House Committee of the Judiciary on Nov. 2, 1979. When enacted into law, it will be cited as the “Federal Courts Improvements Act of 1979.”

<sup>2</sup> See Commission on the Revision of the Federal Court Appellate System, Structure and Internal Procedures: Recommendations for Change, reprinted in 67 F.R.D. 195 (1975). See also Federal Judicial Center, Report of the Study Group on the Caseload of the Supreme Court (the Freund Committee) (1972).

<sup>3</sup> 35 U.S.C. 103 (1970).

<sup>4</sup> I. Kayton, *The Crisis of Law in Patents*, in *Patent Property: Cases and Readings*, 214 (5th ed. 1975). Professor Kayton discusses mainly differences in circuit court standards regarding the Sec. 103 “nonobviousness” defense. However, different standards in the various circuits can also be found in the area of “best mode” and “late claiming.” See Carlson, *The Best Mode Disclosure*

*Requirement in Patent Practice*, 60 J. Pat. Off. Soc’y. 171, 192-4 (1978); G. Rose, *The Muncie Gear Doctrine*, in 1979 *Patent Law Handbook* at 105-8 (Clark Boardman).

<sup>5</sup> Act of Mar. 3, 1891, ch. 517, Sec. 2, 26 Stat. 827.

<sup>6</sup> For a history of the early congressional bills to establish a single court of patent appeals, see *Single Court of Patent Appeals – A Legislative History*, 21, (Comm. Print 1959)(report of Patent Committee of National Research Council, 1919).

<sup>7</sup> In 1918, the ABA abandoned support of the proposal. See Report of the Committee of Patent, Trademark and Copyright Law, 4 ABAJ 471, 479 (1918). In the following year, the ABA opposed such a proposal. See Report of the Committee of Patent, Trademark and Copyright Law, 5 ABAJ 440, 441-46 (1919).

<sup>8</sup> See 444 pat., T.M. & Copyright J. (BNA Sept. 6, 1979).

<sup>9</sup> See Meador, *Proposal for Improvements in the Federal Appellate Courts*, (June 21, 1978). The report, issued by Professor Meador in his capacity as Assistant Attorney General in charge of the Office for Improvements in the Administration of Justice, U.S. Justice Department, is similar to that embodied in the present Kennedy bill. See also “U.S. Appeals Plan: Success at Last?,” N.L.J., Sept. 25, 1978, at 1; “Appeals Court Needed,” N.L.J., Dec. 18, 1978.

<sup>10</sup> S.677 transmitted by President Carter to Congress on Feb. 27, 1979. This bill, entitled the Judicial Improvement Act of 1979, and 678, entitled the Federal Courts Improvement Act of 1979, were substantially identical and provided the basis for the evolution of the Kennedy bill.

<sup>11</sup> Rifkind, *A Special Court for Patent Litigation? The Danger of a Specialized Judiciary*, 37 ABAJ 425-6 (1951).

<sup>12</sup> Miller, *Future of the CCPA*, 60 J. Pat. Off. Soc’y. 676,682 (1978).

<sup>13</sup> 189 Fed. 95 (S.D.N.Y. 1911).

<sup>14</sup> Id. At 115.

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