

# PATENT LAW FEDERALISM

PAUL R. GUGLIUZZA\*

Most lawsuits arising under federal law can be filed in either state or federal court. Patent suits, however, may be filed only in federal court. Why do patent cases receive exceptional treatment? The usual answer is that federal courts, unlike state courts, provide uniformity and expertise in patent matters. This Article analyzes whether exclusive jurisdiction actually serves those policy aims and concludes that the uniformity-expertise rationale is overstated. If exclusive federal patent jurisdiction is to be justified, attention must also be given to pragmatic considerations, such as the respective quality of state and federal trial courts, the courts' ability to manage complex civil litigation, and the preclusive effects of state court judgments. By reconstructing the theoretical framework for exclusive federal patent jurisdiction, this Article yields normative insights for institutional policy more broadly. Most importantly, it suggests that legislative repeals of exclusive jurisdiction—in any field of law—will be ineffective because litigants, even if given a choice, will prefer the federal courts over inexperienced and unfamiliar state courts.

Introduction .....	12
I. The Uniformity-Expertise Paradigm .....	17
A. The Origin of Exclusive Federal Patent Jurisdiction.....	17
B. Defining Uniformity and Expertise .....	20
C. The Emergence of the Uniformity-Expertise Consensus.....	21
D. Uniformity and Expertise in Action .....	23
II. Questioning the Uniformity-Expertise Consensus.....	27
A. Modern Jurisdictional Doctrine: An Emerging Tension over Patent Law Federalism.....	29
B. Exclusive Jurisdiction and Legal Uniformity .....	35
1. Legal Uniformity on Appeal .....	37
2. Legal Uniformity at the Trial Level .....	42
C. Is Legal Uniformity a Desirable Policy Aim? .....	48

---

\* Associate Professor, Boston University School of Law. For comments, thanks to Jonas Anderson, Jack Beermann, Michael Burstein, Jorge Contreras, Stacey Dogan, Shubha Ghosh, Wendy Gordon, Tim Holbrook, Will Hubbard, Megan La Belle, Mike Meurer, Kristen Osenga, Lisa Larrimore Ouellette, Laura Pedraza-Fariña, Rachel Rebouché, Sharon Rush, Chris Seaman, and David Walker. Thanks also to participants at a faculty workshop at Boston University School of Law, the Works-in-Progress Intellectual Property Colloquium at Seton Hall University School of Law, the Patent Conference at Chicago-Kent College of Law, the Intellectual Property Scholars Conference at Cardozo School of Law, the Mid-Atlantic Patent Works-in-Progress Conference at American University Washington College of Law, and a panel on the Institutions of Patent Law at the Southeastern Association of Law Schools Annual Conference. Finally, thanks to Chris Han and Courtney Simmons for excellent research assistance.

D. Exclusive Jurisdiction and Adjudicative Uniformity .....	51
E. Exclusive Jurisdiction and Expertise .....	55
III. Rethinking Exclusive Jurisdiction .....	61
A. What State Courts Could Offer .....	62
B. Should Congress Repeal Exclusive Jurisdiction? .....	68
C. Institutional Entrenchment.....	71
Conclusion.....	75
Appendix .....	77

## INTRODUCTION

Patents are usually thought to be a concern of the federal government, not state governments. The federal Patent Act preempts state laws offering patent-like rights for inventions not patentable under federal law.<sup>1</sup> Also, the federal courts have long had exclusive jurisdiction over cases arising under the patent laws.<sup>2</sup> In the America Invents Act of 2011, Congress further restricted the ability of state courts to hear patent-related cases, extending exclusive federal jurisdiction to disputes in which a patent issue appears only in a counterclaim.<sup>3</sup>

Yet the federal government's absolute authority over the patent system has recently been called into question. In May 2013, the State of Vermont enacted the first-ever statute explicitly prohibiting bad faith assertions of patent infringement,<sup>4</sup> and several other states are poised to enact similar laws.<sup>5</sup> Over the past year, attorneys general in several states have taken steps to fight so-called patent trolls, entities that often obtain

---

1. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 156–57 (1989).

2. *See* 28 U.S.C. § 1338(a) (2012).

3. *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 19(a), 125 Stat. 284, 331 (2011) (codified at 28 U.S.C. § 1338(a)) (abrogating *Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826 (2002)).

4. *See* H. 299 § 6, Gen. Assemb., 2013–14 Legis. Sess. (Vt. 2013) (codified at VT. STAT. ANN. tit. 9, §§ 4195–99). Among other things, the Vermont statute creates a civil claim for parties who are the target of bad faith infringement assertions and authorizes the state attorney general to investigate and sue patent holders who make those assertions. *See id.*

5. As of early March 2014, Oregon had already enacted a ban on bad faith assertions of infringement, *see* S.B. 1540, 77th Leg., Reg. Sess. (Or. 2014), and bills regulating infringement assertions were pending in several other states, *see, e.g.*, S.B. 116, 2014 Gen. Assemb., 14th Reg. Sess. (Ky. 2014); S. Paper 654, 126th Leg., 2d Reg. Sess. (Me. 2014); Leg. B. 677, 103d Leg., 2d Sess. (Neb. 2014); S.B. 1222, 2014 Gen. Assemb., Reg. Sess. (Pa. 2014); S.B. 150, 2014 Gen. Assemb., Reg. Sess. (Va. 2014); H.B. 375, 2014 Gen. Assemb., Reg. Sess. (Va. 2014); Assemb. B. 656, 2013–14 Leg., 101st Reg. Sess. (Wis. 2014).

quick settlements by threatening prohibitively expensive infringement litigation.<sup>6</sup> And the U.S. Supreme Court in *Gunn v. Minton*<sup>7</sup> ruled that the federal courts do not have exclusive jurisdiction simply because a legal claim raises an issue of patent law.<sup>8</sup> Specifically, the Court held that a state court could hear a state law malpractice case against a patent attorney even though the court would have to determine whether, but for the attorney's alleged negligence, the patent's validity would have been upheld in infringement litigation.<sup>9</sup> The scope of the *Gunn* decision has quickly become controversial in the Federal Circuit, which has exclusive jurisdiction over appeals in patent cases.<sup>10</sup> The court has suggested that much of its jurisdictional case law, which severely limits the ability of state courts to decide state law cases involving patents, "may well have survived the Supreme Court's decision."<sup>11</sup>

Amid this growing tension over patent law federalism, scholars have begun to debate what role—if any—state and local governments should play in formulating patent law and policy.<sup>12</sup> This Article adds to

---

6. See News Release, Attorney General Jon Bruning, Attorney General Bruning Investigating "Patent Trolls" (July 18, 2013), available at [http://www.ago.ne.gov/resources/dyn/files/1069520z2e735d6e/\\_fn/071813+Bruning+Patent+Troll+Release+.pdf](http://www.ago.ne.gov/resources/dyn/files/1069520z2e735d6e/_fn/071813+Bruning+Patent+Troll+Release+.pdf) (describing an investigation by the Attorney General of Nebraska into a law firm that represents patent trolls); Press Release, Office of the Attorney Gen., Vermont Attorney General Sues "Patent Troll" in Groundbreaking Lawsuit (May 22, 2013), available at <http://www.atg.state.vt.us/news/vermont-attorney-general-sues-patent-troll-in-groundbreaking-lawsuit.php>; *Massachusetts AG Coakley Takes Aim at 'Patent Trolls'*, INS. J. (Nov. 12, 2013), <http://www.insurancejournal.com/news/east/2013/11/12/310941.htm> (noting that the Attorney General of Massachusetts is "exploring ways to end baseless patent trolling," including litigation and state legislation); Julie Samuels, *Minnesota: Patent Trolls Are Not Welcome Here*, ELECTRONIC FRONTIER FOUND. (Aug. 21, 2013), <https://www.eff.org/deeplinks/2013/08/minnesota-patent-trolls-are-not-welcome-here> (describing a settlement between the Minnesota Attorney General and the same entity sued by the Attorney General of Vermont). See generally Bernard Nash et al., *Taming the Troll Toll—AGs Heighten Scrutiny of Patent Trolls*, ST. AG MONITOR (Oct. 31, 2013), <http://www.stateagmonitor.com/2013/10/31/taming-the-troll-toll-ags-heighten-scrutiny-of-patent-trolls> (summarizing state attorney general actions against patent trolls).

7. 133 S. Ct. 1059 (2013).

8. *Id.* at 1065.

9. *Id.*

10. See generally Paul R. Gugliuzza, *Rethinking Federal Circuit Jurisdiction*, 100 GEO. L.J. 1437, 1453–64 (2012) (providing background on the Federal Circuit).

11. *Forrester Envtl. Servs., Inc. v. Wheelabrator Techs., Inc.*, 715 F.3d 1329, 1334 (Fed. Cir. 2013).

12. See, e.g., Camilla A. Hrdy, *Dissenting State Patent Regimes*, 3 IP THEORY 78 (2013); Camilla A. Hrdy, *State Patents as a Solution to Underinvestment in Innovation*, 62 U. KAN. L. REV. 487 (2013); Xuan-Thao Nguyen, *Dynamic Federalism and Patent Law Reform*, 85 IND. L.J. 449 (2010); Shubha Ghosh, *Short-Circuiting Contract Law: The Federal Circuit's Contract Law Jurisprudence and IP Federalism*

that debate by asking a fundamental but surprisingly unanswered question: Why do federal courts have exclusive jurisdiction over patent cases? For most cases involving federal law, state and federal courts have concurrent jurisdiction.<sup>13</sup> If a plaintiff files a case in state court that is subject to federal jurisdiction, the defendant may choose to remove it to federal court.<sup>14</sup> But if both parties wish to litigate in state court, they are free to do so. Why are patent cases treated differently?

Commentators have generally criticized regimes of exclusive federal jurisdiction.<sup>15</sup> Yet exclusive federal *patent* jurisdiction is often defended on the assumption that the federal courts provide uniformity in patent law and expertise in patent cases.<sup>16</sup> This Article argues that those assumptions are unjustified and develops a more nuanced framework for rationalizing exclusive patent jurisdiction. This framework, which draws on recent scholarship reconsidering the purpose of federal question jurisdiction more generally,<sup>17</sup> emphasizes pragmatic concerns such as the respective quality of state and federal trial courts, the courts' ability to manage complex civil litigation, and the preclusive effects of state court

---

(Univ. of Wisc. Legal Studies, Research Paper No. 1247, 2014), *available at* <http://ssrn.com/abstract=2390214>.

13. See *Tafflin v. Levitt*, 493 U.S. 455, 458 (1990).

14. See 28 U.S.C. § 1441(a) (2012).

15. See, e.g., RICHARD A. POSNER, *THE FEDERAL COURTS: CHALLENGE AND REFORM* 297 (1996) (“If both parties are content to remain in state court, the court probably is competent to decide the case. The argument for exclusive federal jurisdiction in such cases, and therefore generally, is weak.”); Martin H. Redish, *Reassessing the Allocation of Judicial Business between State and Federal Courts: Federal Jurisdiction and “The Martian Chronicles,”* 78 VA. L. REV. 1769, 1811 (1992) (arguing that “virtually nothing” justifies exclusive jurisdiction); Michael E. Solimine, *Rethinking Exclusive Federal Jurisdiction*, 52 U. PITT. L. REV. 383, 386 (1991) (“[A]s a matter of policy, Congress should rarely provide for exclusive federal jurisdiction in any given private civil cause of action.”); Note, *Exclusive Jurisdiction of the Federal Courts in Private Civil Actions*, 70 HARV. L. REV. 509, 517 (1957) (arguing that “exclusive jurisdiction should rarely be conferred”).

16. See, e.g., AM. LAW INST., *STUDY OF THE DIVISION OF JURISDICTION BETWEEN STATE AND FEDERAL COURTS* 183 (1969) (“In patent and copyright cases the federal courts . . . have experience, which the state courts lack, and in these cases there is a federal interest in the monopoly conferred by the patent or copyright that is more important than the wishes of the parties.”); MICHAEL E. SOLIMINE & JAMES L. WALKER, *RESPECTING STATE COURTS: THE INEVITABILITY OF JUDICIAL FEDERALISM* 84 (1999) (“[T]here seems little to be gained by permitting state courts to adjudicate admiralty, patent, or copyright actions. Those actions have long been solely litigated in federal courts, arguably have a greater need for uniformity, and for the most part lack significant analogies to state common law.”); see also *infra* notes 87–93 and accompanying text (discussing additional sources).

17. See, e.g., John F. Preis, *Reassessing the Purposes of Federal Question Jurisdiction*, 42 WAKE FOREST L. REV. 247 (2007); Gil Seinfeld, *The Federal Courts as Franchise: Rethinking the Justifications for Federal Question Jurisdiction*, 97 CALIF. L. REV. 95 (2009).

judgments. The framework also acknowledges the potential benefits of concurrent state jurisdiction, such as opportunities for doctrinal percolation and institutional innovation that do not currently exist in the patent system.

Rethinking the state-federal divide in patent litigation yields several normative insights. On balance, this Article does not definitively argue for repealing exclusive federal jurisdiction. But suppose Congress disagreed and decided to treat patent cases like most other federal question cases: concurrent jurisdiction with a right of removal for defendants. What would be the consequence of that reform? That is, who would choose to litigate a patent case in state court? Probably no one. Litigants, if given a choice, would almost certainly prefer the federal courts—or, at least those federal courts that hear a substantial number of patent cases—because patent lawyers are unfamiliar with state courts. Future policy discussions about the creation or expansion of exclusive federal jurisdiction—in any field of law—should acknowledge this path dependence.

The entrenchment of exclusive federal patent jurisdiction and other institutional arrangements in patent law, such as the exclusive appellate jurisdiction of the Federal Circuit, has implications for current debates on patent reform. Because of disagreements among innovating industries about proposed changes to substantive patent law, reform efforts have focused mostly on matters of procedure and institutional design. For example, one common legislative proposal to combat patent trolls is to make the losing party responsible for the winner's attorneys' fees in patent litigation.<sup>18</sup> These structural changes may prove difficult to undo when they are no longer needed or if it turns out they were unwarranted in the first place. This potential for entrenchment should be weighed in the ongoing policy debates.<sup>19</sup>

Before proceeding to the body of the Article, one disclaimer is in order: this Article's discussion of patent law federalism focuses mostly on *judicial federalism*, that is, the allocation of cases between state and

---

18. The most notable proposal is the Innovation Act, H.R. 3309, 113th Cong. § 3 (2013), which passed the House in December 2013 and is pending in the Senate as this Article goes to press. See Timothy B. Lee, *Patent Reform Bill Passes the House 325 to 91*, WASH. POST (Dec. 5, 2013, 2:02 PM), <http://www.washingtonpost.com/blogs/the-switch/wp/2013/12/05/the-house-votes-on-patent-reform-today-heres-what-you-need-to-know>. Other recent fee-shifting proposals include the Patent Abuse Reduction Act of 2013, S. 1013, 113th Cong. § 5 (2013), the Patent Litigation Integrity Act of 2013, S. 1612, 113th Cong. § 101 (2013), and the Saving High-Tech Innovators from Egregious Legal Disputes (SHIELD) Act of 2013, H.R. 845, 113th Cong. § 2 (2013).

19. On the phenomenon of institutional entrenchment in the broader context of political decision making, see Daryl J. Levinson, *Parchment and Politics: The Positive Puzzle of Constitutional Commitment*, 124 HARV. L. REV. 657 (2011).

federal courts.<sup>20</sup> It is certainly possible to consider patent law federalism outside the judicial sphere; the Vermont statute and state law-enforcement actions to fight abusive patent litigation are prime examples. Current preemption doctrine, however, greatly circumscribes the states' ability to regulate patent enforcement conduct.<sup>21</sup> Moreover, although federalism concerns pervade discussions of state law alternatives to patent rights (such as grants and tax incentives for innovation),<sup>22</sup> a rich literature explores how fiscal policy affects innovation.<sup>23</sup> Judicial federalism in patent law, by contrast, has to date attracted less attention.<sup>24</sup>

This Article proceeds in three parts. Part I introduces the uniformity-expertise paradigm, showing how those policy objectives have dominated institutional design in patent law. It also introduces a novel and more nuanced terminology for discussing those objectives, highlighting that uniformity sometimes refers to legal uniformity (that is, the uniformity of patent doctrine) and at other times to adjudicative uniformity (the uniform treatment of a particular patent from one case to another). Likewise, expertise sometimes refers to judicial expertise in patent matters specifically and at other times to a general ability to manage complex litigation. Deploying this new vocabulary, Part II challenges the assumptions that legal uniformity and patent-specific expertise justify excluding state courts from hearing patent cases. Rather, pragmatic concerns about preclusion, litigation efficiency, and case management expertise make a stronger case for exclusive federal jurisdiction. Part III highlights possible benefits of concurrent state-federal jurisdiction and suggests that exclusive jurisdiction could be abolished without bringing chaos to the patent system. It also explores the difficulty of effectively repealing exclusive jurisdiction in any field of law, situating exclusive jurisdiction within a broader theory of

---

20. See SOLIMINE & WALKER, *supra* note 16, at 4.

21. See *infra* note 133 and accompanying text.

22. See, e.g., Daniel J. Hemel & Lisa Larrimore Ouellette, *Beyond the Patents-Prizes Debate*, 92 TEX. L. REV. 303, 320–26 (2013).

23. See, e.g., Shaun P. Mahaffy, Note, *The Case for Tax: A Comparative Approach to Innovation Policy*, 123 YALE L.J. 812, 814–15 nn.2–4 (2013) (collecting citations).

24. There are two classic studies of state jurisdiction over patent cases: Donald Shelby Chisum, *The Allocation of Jurisdiction between State and Federal Courts in Patent Litigation*, 46 WASH. L. REV. 633 (1971), and Edward H. Cooper, *State Law of Patent Exploitation*, 56 MINN. L. REV. 313 (1972). These articles remain highly pertinent for their explorations of the history and justifications for exclusive federal patent jurisdiction. However, the legal developments of the past forty years, such as the creation of the Federal Circuit, the expansion of exclusive federal jurisdiction in the AIA, and the budding interests of state governments in regulating patent enforcement, make the issue of patent law federalism ripe for renewed consideration.

institutional entrenchment. The Conclusion establishes a foundation for future work, noting that any normative assessment of exclusive jurisdiction should be tailored to the particular field of law being examined.

## I. THE UNIFORMITY-EXPERTISE PARADIGM

There is little historical evidence that concerns about uniformity and expertise animated Congress's decision to give the federal courts exclusive jurisdiction over patent cases. Today, however, exclusive jurisdiction is usually assumed to serve those policy objectives. Moreover, concerns about uniformity and expertise have dictated critical decisions about the allocation of authority in the modern patent system.

### A. *The Origin of Exclusive Federal Patent Jurisdiction*

The Supreme Court has long held that state courts are presumptively competent to hear cases arising under federal law.<sup>25</sup> The state and federal courts therefore share concurrent jurisdiction over federal claims unless Congress “affirmatively ousts” the state courts of jurisdiction or there is “a clear incompatibility between state-court jurisdiction and federal interests.”<sup>26</sup> Today, Section 1338(a) of the Judicial Code explicitly grants the federal courts exclusive jurisdiction over patent cases.<sup>27</sup> Interestingly, however, there is no consensus on exactly when the federal courts were first given exclusive jurisdiction, and there is scant evidence on why Congress chose to prohibit state courts from hearing patent cases.

A major reason it is difficult to understand the roots of exclusive jurisdiction is that the language of early jurisdictional statutes was unclear. The first patent law passed under the Constitution, the Patent Act of 1790, created a claim for patent infringement<sup>28</sup> but did not discuss court jurisdiction over those claims. The Patent Act of 1793, however, appeared to create concurrent jurisdiction over patent cases, providing that damages for patent infringement “may be recovered in an action on the case founded on this act, in the circuit court of the United States, *or any other court having competent jurisdiction.*”<sup>29</sup> In 1800, Congress

---

25. See, e.g., *Clafin v. Houseman*, 93 U.S. 130, 136–37 (1876).

26. *Tafflin v. Levitt*, 493 U.S. 455, 459–60 (1990) (internal quotation marks omitted).

27. 28 U.S.C. § 1338(a) (2012) (“The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents . . . . No State court shall have jurisdiction over any claim for relief arising under any Act of Congress relating to patents . . . .”).

28. Act of Apr. 10, 1790, ch. 7, § 4, 1 Stat. 109, 111.

29. Act of Feb. 21, 1793, ch. 11, § 5, 1 Stat. 318, 322 (emphasis added).

revised the statute to eliminate the phrase “or any other court having competent jurisdiction.”<sup>30</sup> Although the resulting statute, which provided that damages for infringement “may be recovered . . . in the circuit court[s],”<sup>31</sup> did not unambiguously divest the state courts of jurisdiction, most commentators have concluded that the amendment did in fact confer exclusive jurisdiction on the federal courts.<sup>32</sup> The Supreme Court never addressed the issue of state jurisdiction under the 1800 statute. However, in a case decided after Congress had revised the statute to make federal jurisdiction expressly exclusive, the Court noted in dicta that the 1800 statute “impl[ied]” that federal jurisdiction “was exclusive of the State courts.”<sup>33</sup>

The jurisdictional analysis under the early statutes was further complicated because it was not until 1819 that Congress granted the federal courts jurisdiction over equity actions,<sup>34</sup> that is, lawsuits seeking injunctions against future infringement.<sup>35</sup> That year, Congress passed a statute providing that the federal circuit courts “shall have original cognisance, as well in equity as at law, of all actions, suits, controversies, and cases, arising under any law of the United States, granting or confirming to authors or inventors the exclusive right to their respective writings, inventions, and discoveries.”<sup>36</sup> Some courts operating under the 1819 statute determined that the jurisdiction conferred was *not* exclusive.<sup>37</sup> In the Patent Act of 1836, however, Congress changed the jurisdictional statute from its original language, which provided that the federal courts “shall have original cognisance” over equitable actions, to read that “all actions, suits, controversies, and cases arising under any law of the United States, granting or confirming to inventors the exclusive right to their inventions or discoveries, *shall be originally cognizable*, as well in equity as at law” in the federal courts.<sup>38</sup> As with

30. Act of Apr. 17, 1800, ch. 25, § 3, 2 Stat. 37, 38.

31. *Id.*

32. See Chisum, *supra* note 24, at 636; Cooper, *supra* note 24, at 316; Note, *The Jurisdiction of State Courts over Cases Involving Patents*, 31 COLUM. L. REV. 461, 461–62 n.1 (1931).

33. *Claffin v. Houseman*, 93 U.S. 130, 140 (1876).

34. Act of Feb. 15, 1819, ch. 19, 3 Stat. 481.

35. See *Livingston v. Van Ingen*, 15 F. Cas. 697, 700 (C.C.D.N.Y. 1811) (No. 8,420) (declining jurisdiction over a case seeking an injunction against patent infringement).

36. Act of Feb. 15, 1819, ch. 19, 3 Stat. 481, 481.

37. See, e.g., *Burrall v. Jewett*, 2 Paige Ch. 134, 145–46 (N.Y. Ch. 1830) (“The act of the 15th February, 1819, extended the jurisdiction of the circuit courts of the United States to suits both at law and in equity arising under the patent laws; but there is nothing in that act which, either in terms or by necessary implication, renders that jurisdiction \*exclusive.”).

38. Act of July 4, 1836, ch. 357, § 17, 5 Stat. 117, 124 (emphasis added).

the 1800 amendment to the jurisdictional statute for damages claims, this change in wording seems, at least from a modern perspective, to be far from an express divestment of state court jurisdiction. Nevertheless, the Supreme Court observed in 1881 that the relevant “section of the act of 1836 differs from the act of 1819 in one . . . particular only. It makes the jurisdiction in patent causes of the court[s] of the United States exclusive.”<sup>39</sup>

There is little evidence about why Congress gave the federal courts exclusive jurisdiction over patent cases, as there is effectively no legislative history of these early jurisdictional provisions.<sup>40</sup> Edward Cooper, in his extensive survey of state court jurisdiction over patent cases, concluded “that there is very little indication that the original development of an exclusive federal jurisdiction reflected any studied conclusion that state courts should be kept distant from the area of patent law.”<sup>41</sup> Nevertheless, a few inferences can be drawn from the historical record. Notably, Cooper observed that state courts, in finding federal jurisdiction to be exclusive under the early statutes, did not reason “that the federal courts had any particular expertise, ability to develop uniformity of doctrine, or position to protect the public interest.”<sup>42</sup> Rather, the state courts offered more pragmatic reasons for declining federal jurisdiction. For example, state courts were reluctant to invalidate a patent issued by the federal government<sup>43</sup> and to enforce a statute that, because it imposed mandatory treble damages for infringement, appeared to be penal in nature.<sup>44</sup>

---

39. *Root v. Ry. Co.*, 105 U.S. 189, 194 (1881).

40. Other commentators have noted the difficulty of researching the history of these statutes. See, e.g., Dutch D. Chung, Note, *The Preclusive Effect of State Court Adjudication of Patent Issues and the Federal Courts’ Choice of Preclusion Laws*, 69 *FORDHAM L. REV.* 707, 721 (2000). I have been able to locate only one relevant committee report for the early patent acts: a report from a Senate committee regarding the Patent Act of 1836. See S. REP. NO. 24-338 (1836). That report contains no discussion of the Act’s jurisdictional provision. Although there are records of Congressional debates regarding the various patent statutes, those records are incomplete because floor debates were not transcribed verbatim until 1851. See *Congressional Publications*, LIBR. CONGRESS, <http://www.loc.gov/rr/program/bib/congress/congress-general.html> (last visited Mar. 6, 2014). None of the records of debates I have located discuss the jurisdictional provisions.

41. Cooper, *supra* note 24, at 316.

42. *Id.* at 317.

43. See, e.g., *Parsons v. Barnard*, 7 Johns. 144, 145 (N.Y. Sup. Ct. 1810) (“[A]s the act of Congress, on the subject of patent rights . . . gives the court power . . . to declare the patent void, the state courts have, of course, no jurisdiction in the case . . .”).

44. See, e.g., *Dudley v. Mayhew*, 3 N.Y. 9, 17 (1849) (noting that the treble damages provision, among others, was “inapplicable to our state courts, and . . . cannot be applied to them by congressional legislation”). The award of treble damages has not been mandatory since the Patent Act of 1836, which placed the decision to award

Likewise, Donald Chisum, in his thorough historical examination, doubted whether Congress considered “the reasons frequently tendered by modern commentators” as justifying exclusive jurisdiction, such as uniformity and patent expertise.<sup>45</sup> Chisum explained that lawmakers in the early nineteenth century likely would not have believed “that state judges could not be relied upon to decide accurately questions of federal law, that federal judges were experts on federal law, and that greater uniformity in the decision of important issues of federal law could be achieved by concentrating litigation in the federal judiciary.”<sup>46</sup> After all, most cases involving federal law were still within the exclusive jurisdiction of the *state* courts.<sup>47</sup> Instead, like Cooper, Chisum concluded that the reasons for conferring exclusive jurisdiction were likely “more prosaic.”<sup>48</sup> In particular, exclusive jurisdiction may have been animated by concerns about “allowing a state court to annul the act of a high federal officer” and the penal nature of the treble damages provision of the Patent Act.<sup>49</sup>

### *B. Defining Uniformity and Expertise*

Despite the murky historical record, concerns about uniformity and patent expertise are regularly invoked to rationalize exclusive federal jurisdiction and have come to dominate broader discussions of institutional policy in patent law. Before tracing the emergence of this uniformity-expertise consensus, it is helpful to carefully define the terms

---

enhanced damages within the trial court’s discretion. Act of July 4, 1836, ch. 357, § 14, 5 Stat. 117, 123; *see also* 35 U.S.C. § 284 (2012) (modern enhanced damages provision). Moreover, the Supreme Court has since held that state and federal courts share concurrent jurisdiction over civil RICO claims, *see Tafflin v. Levitt*, 493 U.S. 455, 467 (1990), even though the RICO statute provides for mandatory treble damages, *see* 18 U.S.C. § 1964(c) (2012).

45. Chisum, *supra* note 24, at 636.

46. *Id.*

47. *Id.* at 637. With the exception of a brief period in 1801–02, Congress did not grant general federal question jurisdiction to the federal courts until 1875. *See* RICHARD H. FALLON, JR. ET AL., HART AND WECHSLER’S THE FEDERAL COURTS AND THE FEDERAL SYSTEM 744–45 (6th ed. 2009).

48. Chisum, *supra* note 24, at 637.

49. *Id.* (emphasis omitted). By quickly developing a regime under which the federal government would *issue* patents, Congress provided some nationwide security of patent rights, facilitating the development of national markets in patented goods. *See* B. ZORINA KHAN, THE DEMOCRATIZATION OF INVENTION: PATENTS AND COPYRIGHTS IN AMERICAN ECONOMIC DEVELOPMENT, 1790–1920, at 67 (2005). Exclusive jurisdiction, therefore, might also be understood as an adjunct to a larger project of economic nationalism, with any resulting uniformity or expertise a by-product, rather than an explicit aim, of that project. *Id.* at 69–70.

*uniformity* and *expertise* because both terms, despite their ubiquity, are often invoked to refer to multiple, distinct concepts.

Uniformity, for instance, has two dimensions that are not always distinguished in the academic literature and policy debates. The first dimension, which I call *legal uniformity*, reflects the notion that the law governing patent rights should be articulated and applied consistently throughout the entire country. The second dimension, which I call *adjudicative uniformity*, reflects the notions that the claims of a particular patent should be construed similarly from one case to another and that courts should not reach inconsistent validity findings regarding the same patent.<sup>50</sup>

Expertise can also refer to two distinct concepts. Most discussions of institutional policy in patent law contemplate what I have been calling *patent expertise*: knowledge about patent law and the procedures relevant to patent disputes. Yet, in rethinking the justifications for exclusive federal jurisdiction, I offer the alternative concept of *case management expertise*,<sup>51</sup> which refers to the generalized capability of a court and its judges to efficiently process complex litigation—patent litigation included.

### C. The Emergence of the Uniformity-Expertise Consensus

As the federal judicial system came into its modern form after the Civil War, the policies of uniformity and expertise began to play leading roles in discussions about institutional reform in patent law. For example, as early as 1878, Congress considered bills to divert patent litigation to a specialized court,<sup>52</sup> and in 1900 a committee of the American Bar Association urged the creation of a national “Court of Patent Appeals.”<sup>53</sup> Those proposals were animated both “by the threatened diversity of nine appellate courts of coordinate jurisdiction” on principles of patent law

---

50. For a study distinguishing legal uniformity from adjudicative uniformity (although using different terms), see Eileen M. Herlihy, *Appellate Review of Patent Claim Construction: Should the Federal Circuit Be Its Own Lexicographer in Matters Related to the Seventh Amendment?*, 15 MICH. TELECOMM. & TECH. L. REV. 469, 513 (2009) (identifying, in the context of the standard of appellate review of patent claim construction, a distinction between “uniformity in the formulation of the law” and “uniformity in the application of the law in order to achieve ‘correct’ results in individual cases and for individual patents”).

51. See *infra* Part II.E.

52. See FELIX FRANKFURTER & JAMES M. LANDIS, *THE BUSINESS OF THE SUPREME COURT: A STUDY IN THE FEDERAL JUDICIAL SYSTEM 176–77* (1928) (summarizing early legislative efforts).

53. See Am. Bar Ass’n, *Report of the Committee of the Section of Patent, Trade-mark, and Copyright Law*, in REPORT OF THE TWENTY-THIRD ANNUAL MEETING OF THE AMERICAN BAR ASSOCIATION 543, 547 (1900).

(that is, concerns about a lack of legal uniformity) and by exemplary cases in which a patent had been found valid in one circuit and invalid in another (evidencing a lack of adjudicative uniformity).<sup>54</sup>

A desire for patent expertise was important, too. Commentators studying early proposals sympathetically observed that a specialized patent court would be useful because “[f]ederal judges have not often had much experience at the patent bar” and patent litigation procedure was “the specialized concern of those professionally engaged in this most technical of the ‘federal specialties.’”<sup>55</sup>

The earliest proposals for a specialized patent court failed, but in 1929, Congress granted the Court of Customs and Patent Appeals jurisdiction over appeals from patent application proceedings at the Patent and Trademark Office (PTO).<sup>56</sup> Throughout the twentieth century, commentators and judges continued to voice support for a specialized, expert bench to handle *all* patent litigation.<sup>57</sup> Although the organized bar dropped its support for a patent court during the mid-twentieth century,<sup>58</sup> that began to change in 1975, when an important congressional commission, convened primarily in response to the explosive growth of the federal courts’ caseload in the 1960s and early 1970s, asserted that forum shopping was a major problem in patent cases.<sup>59</sup> The reason for this forum shopping, the commission concluded, was that the patent regime lacked legal uniformity—some circuits were believed to be

54. FRANKFURTER & LANDIS, *supra* note 52, at 177–78 (citing cases); *see also* Paul M. Janicke, *To Be or Not to Be: The Long Gestation of the U.S. Court of Appeals for the Federal Circuit (1887–1982)*, 69 ANTITRUST L.J. 645, 649 (2001) (concluding that “[w]hat seemed to be driving these early reform efforts was not particularly doctrinal, but rather the excessive time required to relitigate the same patent in every circuit where different infringers might appear”).

55. FRANKFURTER & LANDIS, *supra* note 52, at 175–76.

56. Act of Mar. 2, 1929, ch. 488, 45 Stat. 1475, 1475–76.

57. *See, e.g., Parke-Davis & Co. v. H.K. Mulford Co.*, 189 F. 95, 115 (S.D.N.Y. 1911) (Hand, J.); HENRY J. FRIENDLY, *FEDERAL JURISDICTION: A GENERAL VIEW* 157 (1973). Not all distinguished commentators supported patent specialization, however. *See, e.g.,* William Howard Taft, President of the U.S., Address to Thirty-Fourth Annual Meeting of the American Bar Association (Aug. 31, 1911), in *REPORT OF THE THIRTY-FOURTH ANNUAL MEETING OF THE AMERICAN BAR ASSOCIATION* 53, 55 (1911) (“I regret to differ with some of my associates at the Bar who are patent lawyers in thinking that [a court of patent experts] would be the best kind of a court. I think it is a great deal better to take a first-hand lawyer and a first-class judge and make him a good patent expert than it is to take a patent expert and try to make him a first-class lawyer and a good judge . . .”).

58. *See* John F. Duffy, *The Festo Decision and the Return of the Supreme Court to the Bar of Patents*, 2002 SUP. CT. REV. 273, 292–93.

59. COMM’N ON REVISION OF THE FED. COURT APPELLATE SYS., *STRUCTURE AND INTERNAL PROCEDURES: RECOMMENDATIONS FOR CHANGE*, 67 F.R.D. 195, 220 (1975) [hereinafter HRUSKA COMMISSION REPORT].

hostile to patent rights and some were not.<sup>60</sup> The commission, popularly called the Hruska Commission in recognition of its chair, Senator Roman Hruska of Nebraska, saw the root of the problem as “the lack of guidance and monitoring by a single court whose judgments are nationally binding.”<sup>61</sup> The observations of the Hruska Commission cleared the way for critical decisions by both Congress and the courts to put modern patent law in the hands of a small number of institutions with patent expertise.

#### *D. Uniformity and Expertise in Action*

The desire for uniformity and expertise in patent law is reflected in three modern legislative decisions about institutional structure and in many judicial opinions on important matters of patent doctrine. The first institutional development was the creation of the Federal Circuit in the early 1980s. By the late 1970s, in the wake of the Hruska Commission’s report, a consensus emerged that patent law was unduly disuniform—some regional circuits were perceived as “pro-patent,” while others were “anti-patent.”<sup>62</sup> This incoherence, according to influential observers, was diminishing the value of patent rights and ultimately harming the global competitiveness of American business.<sup>63</sup> Although some have since questioned the received wisdom about disuniformity in patent law,<sup>64</sup> in 1982, Congress passed the Federal Courts Improvement Act (FCIA), which created the Federal Circuit and gave the new court exclusive jurisdiction over all patent appeals nationwide, including appeals from patent litigation in the district courts, patent application proceedings at

---

60. *Id.*

61. *Id.* (internal quotation marks omitted).

62. *See, e.g.*, 127 CONG. REC. 27,792 (1981) (statement of Rep. Railsback) (“[W]e heard a great deal of testimony concerning the problem of forum-shopping which presently is practiced in many different district courts around the country. For example, if you wanted to bring a lawsuit which would have the effect of attacking the validity of an existing patent, you would most likely file such a lawsuit in the [E]ighth [C]ircuit. On the other hand, if you were trying to have a patent held valid, you would try and have the suit filed in the [F]ifth [C]ircuit.”); *see also* HRUSKA COMMISSION REPORT, *supra* note 59, at 370 (report of the Commission’s patent law consultants, James Gambrell and Donald Dunner, concluding “that the lack of uniformity in decisions on patent-related issues has been a widespread and continuing fact of life”).

63. *See* ADVISORY COMM. ON INDUS. INNOVATION, INDUS. ADVISORY SUBCOMM. ON PATENT & INFO. POLICY, REPORT ON PATENT POLICY 155 (1979). This report was prepared as part of a “domestic policy review” initiated by President Jimmy Carter in response to the economic malaise of the late 1970s. *See id.* at 147.

64. *See, e.g.*, Cecil D. Quillen, Jr., *Innovation and the U.S. Patent System*, 1 VA. L. & BUS. REV. 207, 228 & nn.61–62 (2006).

the PTO, and investigations by the U.S. International Trade Commission (ITC) into the importation of goods alleged to infringe U.S. patents.<sup>65</sup>

Supporters of the FCIA, in accord with the uniformity-expertise consensus, emphasized that the Federal Circuit would improve the perceived incoherence in patent law and benefit the regional circuits by removing technically complex patent cases from their dockets.<sup>66</sup> The legislative history of the statute reinforces the primacy of legal uniformity, noting that “the central purpose [of the legislation] is to reduce the widespread lack of uniformity and uncertainty of legal doctrine that exist in the administration of patent law.”<sup>67</sup> It also emphasizes that the Federal Circuit would provide “expertise in highly specialized and technical areas,” such as patent law.<sup>68</sup>

The second institutional development fueled by the uniformity-expertise consensus was Congress’s creation of a Patent Pilot Program in 2011.<sup>69</sup> In the fourteen federal judicial districts participating in the program, judges can make a special request to hear patent cases.<sup>70</sup> Patent cases filed in those districts will still be assigned randomly among all the court’s judges, but if the case is assigned to a judge who has not requested to hear patent cases, that judge may decline the assignment.<sup>71</sup>

65. Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, § 127, 96 Stat. 25, 37–38 (1982).

66. See Daniel J. Meador, *Origin of the Federal Circuit: A Personal Account*, 41 AM. U. L. REV. 581, 585–88 (1992).

67. H.R. REP. NO. 97-312, at 23 (1981).

68. S. REP. NO. 97-275, at 6 (1981) (internal quotation marks omitted). The political economy of the Federal Circuit’s creation helps explain *why* support for a centralized court for patent litigation finally coalesced in the late 1970s. In addition to the “neutral virtues” of uniformity, expertise, and accuracy prominent in the legislative history, Lawrence Baum has suggested that the creation of the court can be explained through a “process stream” perspective, under which social problems and legal solutions travel in separate streams and are joined together by entrepreneurial policymakers. LAWRENCE BAUM, *SPECIALIZING THE COURTS* 45 (2011). Under this view, the Federal Circuit can be perceived as a preexisting solution that could be attached to problems such as caseload growth and economic malaise. *Id.* at 179. In addition, once those problems were linked with the solution of a specialized court, invaluable political support came from those who expected to benefit most from the creation of a court with an incentive to strengthen patent rights: large corporations with extensive patent portfolios. See Gugliuzza, *supra* note 10, at 1456–58 (citing additional sources).

69. Pilot Program in Certain District Courts, Pub. L. No. 111-349, 124 Stat. 3674 (2011).

70. *Id.* § 1(a)(1)(A), (b)(1), 124 Stat. at 3674. For a list of participating districts, see *District Courts Selected for Patent Pilot Program*, U.S. COURTS, (June 7, 2011), [http://www.uscourts.gov/news/newsview/11-06-07/District\\_Courts\\_Selected\\_for\\_Patent\\_Pilot\\_Program.aspx](http://www.uscourts.gov/news/newsview/11-06-07/District_Courts_Selected_for_Patent_Pilot_Program.aspx).

71. Pilot Program § 1(a)(1)(B)–(C), 124 Stat. at 3674.

In that event, the case will be reassigned to a judge who has requested to hear patent cases.<sup>72</sup>

The preamble to the statute creating the Pilot Program states that the program's purpose is to "encourage enhancement of expertise in patent cases among district judges."<sup>73</sup> The statute's legislative history also highlights the value of expertise, noting that patent cases at the trial level present "unique challenges" because "judges tend to be generalists and lay jurors tend to be unfamiliar with patent law concepts and untrained in the sophisticated technologies that frequently lie at the heart of litigation."<sup>74</sup>

A final institutional development highlighting the policy primacy of expertise and uniformity is a jurisdictional change made by the America Invents Act (AIA). As discussed, federal trial courts have long had exclusive jurisdiction over cases "arising under" the patent laws.<sup>75</sup> In its early days, the Federal Circuit held that this exclusive jurisdiction included not only cases in which the complaint presented an issue of patent law, but also cases in which the only patent issue appeared in a counterclaim.<sup>76</sup> The Supreme Court eventually rejected that rule, holding that—as in other areas of federal law—the federal issue must appear in the plaintiff's well-pleaded complaint to establish federal jurisdiction.<sup>77</sup> So, for example, if a patentee was sued for state law fraud for allegedly stealing the invention he later patented and the patentee filed a counterclaim for patent infringement, that case would not arise under patent law and would be decided by a state court.<sup>78</sup> In the AIA, however, Congress extended exclusive federal jurisdiction to cases in which patent law issues appear only in a counterclaim.<sup>79</sup> The legislative history of the AIA justifies this jurisdictional expansion by noting the potential for "forum-shopping among the . . . state courts" and "erosion in the

---

72. *Id.* § 1(a)(1)(D).

73. *Id.* pmbl.

74. H.R. REP. NO. 109-673, at 3 (2006).

75. *See supra* Part I.A.

76. *See Aerojet-Gen. Corp. v. Machine Tool Works*, 895 F.2d 736, 745 (Fed. Cir. 1990) (en banc).

77. *Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 830 (2002); *see also Louisville & Nashville R.R. Co. v. Mottley*, 211 U.S. 149, 152 (1908) (articulating the well-pleaded complaint rule).

78. *See, e.g., R.F. Shinn Contractors, Inc. v. Shinn*, No. 1:01CV00750, 2002 WL 31942135, at \*2 (M.D.N.C. Nov. 8, 2002); *see also Comins v. Flodesign, Inc.*, No. 3:05cv1193, 2006 WL 2349541, at \*5 (D. Conn. Aug. 14, 2006) (remanding to state court a case that presented a counterclaim to correct inventorship).

79. Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 19(a), 125 Stat. 284, 331 (2011) (codified at 28 U.S.C. § 1338(a)).

uniformity or coherence in patent law that has been steadily building since the [Federal] Circuit's creation in 1982."<sup>80</sup>

The uniformity-expertise consensus has also influenced important judicial decisions about patent law. The Federal Circuit regularly invokes the policy goal of promoting legal uniformity, particularly in cases that allocate authority within the patent system. For example, in holding that the federal courts had exclusive jurisdiction over state law malpractice claims involving patents, the Federal Circuit emphasized that "Congress' intent to remove nonuniformity in the patent law" would be defeated by state court jurisdiction.<sup>81</sup> Likewise, adjudicative uniformity has featured prominently in patent decisions by both the Supreme Court and the Federal Circuit. For example, in holding that the judge, not the jury, should interpret the claims of a patent, the Supreme Court emphasized "the importance of uniformity in the treatment of a given patent" from one case to another.<sup>82</sup> And the Federal Circuit has touted the importance of adjudicative uniformity as a reason to limit appellate deference to the district courts.<sup>83</sup>

Finally, the policy aim of promoting patent expertise also influences decision making on the Federal Circuit. Sometimes the court explicitly extols the virtues of judicial expertise in patent law. For instance, in holding that federal courts had exclusive jurisdiction over patent-related malpractice claims, the court emphasized that "federal judges . . . have

---

80. H.R. REP. NO. 109-407, at 5 (2006), *cited in* H.R. REP. NO. 112-98, at 54 n.60 (2011) (House Report on America Invents Act, erroneously referencing H.R. REP. NO. 109-405).

81. *Immunocept, LLC v. Fulbright & Jaworski, LLP*, 504 F.3d 1281, 1285–86 (Fed. Cir. 2007), *abrogated by* *Gunn v. Minton*, 133 S. Ct. 1059 (2013); *see also* *Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356, 1360 (Fed. Cir. 1999) (en banc in relevant part) (overruling case law that had applied regional circuit law rather than Federal Circuit law to determine whether federal patent law preempted state law, noting the court's "obligation of promoting uniformity in the field of patent law"); *Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 1068 (Fed. Cir. 1998) (en banc in relevant part) (overruling case law that had applied regional circuit law rather than Federal Circuit law to determine whether patent-related conduct violated federal antitrust law, reasoning that applying Federal Circuit law would "avoid the danger of confusion [that] might be enhanced if this court were to embark on an effort to interpret the laws of the regional circuits" (internal quotation marks omitted)).

82. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 390 (1996). *But see infra* notes 113–15 and accompanying text (discussing the Court's recent decision in *Gunn*, 133 S. Ct. 1059, which discounted concerns about adjudicative uniformity in rejecting federal jurisdiction over patent-related state law claims).

83. *See, e.g., Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1455 (Fed. Cir. 1998) (en banc) ("[T]his court's role in providing national uniformity to the construction of a patent claim . . . would be impeded if we were bound to give deference to a trial judge's asserted factual determinations incident to claim construction.").

experience in claim construction and infringement matters.”<sup>84</sup> Often, though, the role of expertise is more implicit and reflects a particular normative conception about which institutions should have patent expertise. As my prior work has shown, the Federal Circuit has developed various doctrines of patent law, jurisdiction, and procedure that limit the power of district courts, the PTO, and the ITC and ensure that the Federal Circuit is the *only* expert patent institution.<sup>85</sup> Although the excluded institutions all have the potential to inject additional patent expertise into the system, that potential remains largely unrealized.

## II. QUESTIONING THE UNIFORMITY-EXPERTISE CONSENSUS

The policy premises that uniformity and expertise are normatively desirable in patent law have to date gone mostly uncontested.<sup>86</sup> The handful of observers to specifically consider the justifications for exclusive federal jurisdiction over patent cases have likewise cited the uniformity and expertise assumed to flow from exclusive jurisdiction. An influential study prepared by the American Law Institute in the late 1960s, for example, concluded that exclusive patent jurisdiction should continue because “the federal courts . . . have experience” in patent cases, “which the state courts lack,”<sup>87</sup> and other commentators have agreed that the patent expertise of the federal courts supports exclusive jurisdiction.<sup>88</sup> Scholars have also suggested that the “arguably . . . greater

---

84. *Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.*, 504 F.3d 1262, 1272 (Fed. Cir. 2007).

85. See Paul R. Gugliuzza, *The Federal Circuit as a Federal Court*, 54 WM. & MARY L. REV. 1791, 1852 (2013).

86. For two exceptions, see Craig Allen Nard & John F. Duffy, *Rethinking Patent Law’s Uniformity Principle*, 101 NW. U. L. REV. 1619, 1623 (2007); Cecil D. Quillen, Jr., *Rethinking Federal Circuit Jurisdiction—A Short Comment*, 100 GEO. L.J. ONLINE 23, 24 (2012), available at [georgetownlawjournal.org/files/2012/06/QuillenOnlineFinal.pdf](http://georgetownlawjournal.org/files/2012/06/QuillenOnlineFinal.pdf). It should be noted that the perceived desirability of uniformity and expertise is a phenomenon not unique to the United States. The European Union, for instance, recently agreed to create a Unified Patent Court with exclusive trial and appellate jurisdiction over cases involving certain European patents. See generally *Unified Patent Court*, EUR. PAT. OFF., <http://www.epo.org/law-practice/unitary/patent-court.html> (last updated Mar. 6, 2013). The agreement, which awaits ratification as this Article goes to press, recites the objective of ameliorating “the significant variations between national court systems” and “ensur[ing] expeditious and high quality decisions” in patent cases. Agreement on a Unified Patent Court at 3–4, Eur. Union, Feb. 19, 2013, available at [http://documents.epo.org/projects/babylon/eponet.nsf/0/A1080B83447CB9DDC1257B36005AAAB8/\\$File/upc\\_agreement\\_en.pdf](http://documents.epo.org/projects/babylon/eponet.nsf/0/A1080B83447CB9DDC1257B36005AAAB8/$File/upc_agreement_en.pdf).

87. AM. LAW INST., *supra* note 16, at 183.

88. See, e.g., Note, *supra* note 15, at 512 (arguing that “support for a grant of exclusive jurisdiction is furnished by the probability that the federal bench will be better equipped to cope with the technical problems inherent in actions under a particular statute,” such as the Patent Act, and that “it would . . . seem desirable to place difficult

need for uniformity” in patent law as compared to other areas of federal law justifies exclusive jurisdiction.<sup>89</sup> The Federal Circuit, too, has extended the concerns about uniformity that animated its creation<sup>90</sup> to justify the exclusive jurisdiction of the federal district courts. In particular, in decisions construing exclusive federal jurisdiction to cover patent-related claims created by state law, the court has regularly referred to “Congress’ intent to remove non-uniformity in the patent law, as evidenced by its enactment of the Federal Courts Improvement Act of 1982.”<sup>91</sup> Even justices of the U.S. Supreme Court have invoked the uniformity-expertise paradigm to rationalize exclusive federal patent jurisdiction.<sup>92</sup>

In his noteworthy study of state court jurisdiction over patent cases, Professor Edward Cooper aptly summarized the prevailing rationale for

---

federal litigation,” such as patent litigation, “exclusively before the federal bench, since limiting the number of courts through which litigation passes will serve to increase the experience and thus the competence of individual courts”); Note, *supra* note 32, at 468 (noting that the federal courts are “presumably more competent” in handling the “technical questions” that arise in patent litigation); *see also* POSNER, *supra* note 15, at 296 (“I have more sympathy with the argument that some federal statutes, well-illustrated by the antitrust and intellectual property (patent, copyright, and trademark) statutes, involve a high level of analytical difficulty that would baffle many state courts and lead to many erroneous decisions . . .”).

89. SOLIMINE & WALKER, *supra* note 16, at 84; *accord* POSNER, *supra* note 15, at 296 (“Another factor [favoring exclusive federal jurisdiction] is the interest in national uniformity of legal obligation when, as is frequently the case in such fields as antitrust and intellectual property . . . a single business activity affects many states and so would bring the actor under the potential jurisdiction of many different state court systems, which might impose conflicting obligations . . . .”); Note, *supra* note 15, at 511 (“One result of the grant of exclusive patent jurisdiction may have been to diminish the likelihood of conflicting decisions on a particular patent.”).

90. *See supra* notes 66–68 and accompanying text.

91. *Immunocept, LLC v. Fulbright & Jaworski, LLP*, 504 F.3d 1281, 1285 (Fed. Cir. 2007); *accord Hunter Douglas, Inc. v. Harmonic Design, Inc.*, 153 F.3d 1318, 1330–32 (Fed. Cir. 1998) (“In enacting the Federal Courts Improvement Act of 1982, which created this court, Congress made manifest its intent to effect ‘a clear, stable, uniform basis for evaluating matters of patent validity/invalidity and infringement/noninfringement,’ so as to ‘render[] more predictable the outcome of contemplated litigation, facilitate[] effective business planning, and add[] confidence to investment in innovative new products and technology.’ To achieve those goals, we conclude . . . that validity and enforceability represent federal interests of great stake over which . . . we should exert our appellate jurisdiction under section 1295(a)(1) via section 1338(a) jurisdiction. To conclude otherwise would undermine Congress’s expectations for this court.” (citations omitted, alterations in original)).

92. *See Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 628, 650 (1999) (Stevens, J., dissenting) (arguing that “[s]ound reasons” support exclusive federal patent jurisdiction: “[U]niformity, and familiarity with the extensive and relevant body of patent jurisprudence are matters of overriding significance in this area of law”).

exclusive federal jurisdiction, which emphasized, as usual, uniformity and expertise:

Exclusive jurisdiction is ordinarily attributed to suppositions that federal courts possess a greater expertise in the often highly technical questions raised by patent law; that uniform interpretation and application of patent law may be promoted by limiting the nature of the tribunals in which suit may be brought and by easing the availability of federal appellate review at some level; and that there is a strong public interest in correctly defining the limits of the rights conferred by a patent “monopoly” which increases the need for uniformity and expertise beyond the need arising from mere concern with the interests of the parties to the infringement suit.<sup>93</sup>

This Part questions the validity of the “suppositions” Cooper identified: that exclusive jurisdiction provides both uniformity and expertise. It concludes that pragmatic concerns about the preclusive effects of judgments in patent cases and the respective quality of state and federal trial courts provide a more complete case for keeping patent litigation exclusively in federal court.

*A. Modern Jurisdictional Doctrine: An Emerging Tension over Patent Law Federalism*

A summary of modern jurisdictional doctrine helps set the stage for rethinking federal patent jurisdiction. It also illustrates the emerging policy tension about the optimal allocation of patent authority between the state and federal governments. On one side stand Congress and the Federal Circuit, which have been reluctant to allow state courts to decide patent issues. On the other side stand the Supreme Court, which recently narrowed federal jurisdiction in *Gunn v. Minton*, and states such as Vermont, Nebraska, and Minnesota, which have tried to combat abusive patent litigation.

By statute, the federal district courts have original jurisdiction over cases “arising under” federal law<sup>94</sup> and exclusive jurisdiction over cases “arising under” federal patent law.<sup>95</sup> The Supreme Court has interpreted the “arising under” language of both sections similarly.<sup>96</sup> Claims created by federal law, such as claims for patent infringement, almost always

---

93. Cooper, *supra* note 24, at 315.

94. 28 U.S.C. § 1331 (2012).

95. § 1338(a).

96. *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 808–09 (1988).

cause a case to arise under federal law.<sup>97</sup> However, a case presenting only claims created by state law can still be subject to federal jurisdiction if the case involves “a federal issue [that] is: (1) necessarily raised, (2) actually disputed, (3) substantial, and (4) capable of resolution in federal court without disrupting the federal-state balance approved by Congress.”<sup>98</sup> For example, the Supreme Court held that a state law quiet title claim was subject to federal question jurisdiction when ownership of the property turned on the interpretation of a federal tax statute.<sup>99</sup>

As noted, Congress in the AIA expanded exclusive federal jurisdiction to encompass cases in which patent issues appear only in a counterclaim.<sup>100</sup> The Federal Circuit has also embraced a broad view of the types of state law claims subject to exclusive federal jurisdiction, including practically any state law claim that raises an issue of patent validity, enforceability, or infringement. For example, the court has held that state law tort claims based on allegedly false accusations of patent infringement arise under patent law,<sup>101</sup> as do state law breach of contract claims that require analysis of patent infringement.<sup>102</sup> Also, the Federal Circuit had held that effectively all claims for legal malpractice against patent attorneys arise under patent law because those claims usually require the court to assess what either the PTO or a federal court hearing an infringement case would have done but for the attorney’s negligence.<sup>103</sup>

The Supreme Court rejected the Federal Circuit’s malpractice case law in its 2013 decision in *Gunn*.<sup>104</sup> In that case, plaintiff Vernon Minton sued his former attorneys for malpractice under Texas law.<sup>105</sup> The attorneys had handled an earlier patent infringement case filed by Minton, and that case ended when the federal courts invalidated Minton’s patent under the on-sale bar of the Patent Act, which forbids

97. See *Mims v. Arrow Fin. Servs., LLC*, 132 S. Ct. 740, 748–49 (2012).

98. *Gunn v. Minton*, 133 S. Ct. 1059, 1065 (2013).

99. *Grable & Sons Metal Prods., Inc. v. Darue Eng’g & Mfg.*, 545 U.S. 308, 314–15 (2005).

100. See *supra* notes 75–80 and accompanying text.

101. See, e.g., *Hunter Douglas, Inc. v. Harmonic Design, Inc.*, 153 F.3d 1318, 1331 (Fed. Cir. 1998); *Additive Controls & Measurement Sys., Inc. v. Flowdata, Inc.*, 986 F.2d 476, 478 (Fed. Cir. 1993).

102. See, e.g., *Jang v. Boston Scientific Corp.*, 532 F.3d 1330, 1334 n.5 (Fed. Cir. 2008). A classic example of a contract claim that arises under patent law is a claim for breach of a patent license agreement. See *U.S. Valves, Inc. v. Dray*, 212 F.3d 1368, 1372 (Fed. Cir. 2000).

103. *Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.*, 504 F.3d 1262, 1269–70 (Fed. Cir. 2007); *Immunocept, LLC v. Fulbright & Jaworski, LLP*, 504 F.3d 1281, 1285–86 (Fed. Cir. 2007).

104. *Gunn v. Minton*, 133 S. Ct. 1059, 1063, 1065 (2013).

105. *Id.* at 1062–63.

patenting an invention that was on sale more than one year before the patent application was filed.<sup>106</sup> Minton's malpractice theory was that his attorneys had been negligent by not raising the experimental use exception to the on-sale bar.<sup>107</sup> Minton initially filed his malpractice case in Texas state court, where he lost on summary judgment, but the Texas Supreme Court reversed, holding that the case should be dismissed because it was within the federal courts' exclusive jurisdiction.<sup>108</sup>

The U.S. Supreme Court reversed the Texas Supreme Court, ruling that "state legal malpractice claims based on underlying patent matters will rarely, if ever, arise under federal patent law."<sup>109</sup> Although the Court phrased its holding in terms of patent malpractice, its reasons for rejecting federal jurisdiction should apply to many different types of patent-related state law claims. Notably, the Court engaged the uniformity and expertise justifications typically invoked to expand federal power and found them insufficient to justify federal jurisdiction.<sup>110</sup> The Court noted that allowing state courts to decide patent-related malpractice suits would not undermine the uniformity of patent law because "federal courts are . . . not bound by state court case-within-a-case patent rulings."<sup>111</sup> The Court emphasized that the law in "actual patent cases" (that is, federal lawsuits involving patent infringement) would remain uniform because of the exclusive jurisdiction of both the district courts and the Federal Circuit.<sup>112</sup>

In addition to dismissing concerns about legal uniformity, the Court also rejected an argument sounding in adjudicative uniformity: that federal jurisdiction was justified because patent rulings in state law cases could give rise to issue preclusion in later infringement litigation.<sup>113</sup> The Court, however, emphasized that any preclusive effects "would be limited to the parties and patents that had been before the state court."<sup>114</sup> "Such 'fact-bound and situation-specific' effects," the Court noted, "are not sufficient to establish federal arising under jurisdiction."<sup>115</sup>

---

106. *Id.*; see also 35 U.S.C. § 102(b) (2012) (on-sale bar).

107. *Gunn*, 133 S. Ct. at 1063; see also *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 64 (1998) (explaining the experimental use exception).

108. *Gunn*, 133 S. Ct. at 1063.

109. *Id.* at 1065.

110. *Id.* at 1067.

111. *Id.*

112. *Id.*

113. *Id.*; see *MGA, Inc. v. Gen. Motors Corp.*, 827 F.2d 729, 735 (Fed. Cir. 1987) (granting preclusive effect to state court ruling on patent infringement).

114. *Gunn*, 133 S. Ct. at 1068.

115. *Id.* (quoting *Empire Healthchoice Assurance, Inc. v. McVeigh*, 547 U.S. 677, 701 (2006)).

The Court also determined that the federal courts' relative expertise in patent law did not justify federal jurisdiction. Its opinion bluntly noted that "the possibility that a state court will incorrectly resolve a state claim," "even if the potential error finds its root in a misunderstanding of patent law," does not justify federal jurisdiction over the state law claim.<sup>116</sup> The Court emphasized that although "resolution of a patent issue in the context of a state legal malpractice action can be vitally important to the particular parties in that case," "something more, demonstrating that the question is significant to the federal system as a whole, is needed" to establish federal jurisdiction.<sup>117</sup>

The Supreme Court's unanimous opinion rebuked the Federal Circuit's expansive view of federal jurisdiction. Yet the Federal Circuit has limited the impact of *Gunn* by reemphasizing the importance of adjudicative uniformity in patent-related state law cases. In *Forrester Environmental Services, Inc. v. Wheelabrator Technologies, Inc.*,<sup>118</sup> a case decided less than three months after *Gunn*, the Federal Circuit asserted that its case law extending exclusive federal jurisdiction to patent-related torts besides legal malpractice "may well have survived the Supreme Court's decision."<sup>119</sup> *Forrester* involved state law tort claims based on allegedly false accusations of patent infringement.<sup>120</sup> The court ultimately held that federal jurisdiction did not exist because the accusations concerned conduct that took place entirely in Taiwan, where the relevant U.S. patents could not possibly be infringed.<sup>121</sup> Still, the court used the opportunity to distinguish *Gunn* from its older case law and to invoke the policy of adjudicative uniformity:

Unlike the purely "backward-looking" legal malpractice claim in *Gunn*, permitting state courts to adjudicate disparagement cases (involving alleged false statements about U.S. patent rights) could result in inconsistent judgments between state and federal courts. For example, a federal court could conclude that certain conduct constituted infringement of a patent while a state court addressing the same infringement question could conclude that the accusation of infringement was false and the patentee could be enjoined from making future public claims

---

116. *Id.*

117. *Id.*

118. 715 F.3d 1329 (Fed. Cir. 2013).

119. *Id.* at 1334.

120. *Id.* at 1332.

121. *Id.* at 1334–35; see *Steel Co. v. Citizens for a Better Env't*, 523 U.S. 83, 89 (1998) (noting that "[d]ismissal for lack of subject-matter jurisdiction . . . is proper . . . when the claim is so . . . completely devoid of merit as not to involve a federal controversy" (internal quotation omitted)).

about the full scope of its patent as construed in federal court.<sup>122</sup>

The Federal Circuit's reasoning is problematic on several accounts. First, it ignores that the federal court's finding of infringement (or, for that matter, any other finding made by the federal court) would prevent the parties from relitigating that issue in state court. Under the doctrine of issue preclusion (sometimes referred to as collateral estoppel), the parties to a case are prohibited from relitigating any issue decided in that case.<sup>123</sup> Although there is little case law on the specific question of the preclusive effect of federal patent rulings in later state court litigation, the preclusive effect of federal court rulings in federal question cases is determined by federal law.<sup>124</sup> Federal law would plainly prohibit relitigation of infringement or validity between the same parties,<sup>125</sup> so a state court confronted with a prior federal judgment ought to refuse to reopen those issues.<sup>126</sup>

---

122. *Forrester*, 715 F.3d at 1334–35 (citation omitted).

123. *Hartley v. Mentor Corp.*, 869 F.2d 1469, 1471 (Fed. Cir. 1989).

124. See 18B CHARLES ALAN WRIGHT ET AL., FEDERAL PRACTICE AND PROCEDURE § 4468 nn.31–32 (2d ed. 2002 & Supp. 2013).

125. See *Mycogen Plant Sci., Inc. v. Monsanto Co.*, 252 F.3d 1306, 1310–11 (Fed. Cir. 2001) (“It is undisputed that as a result of collateral estoppel, a judgment of invalidity in one patent action renders the patent invalid in any later actions based on the same patent.”); see also *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc.*, 617 F.3d 1296, 1312 (Fed. Cir. 2010) (applying issue preclusion to the issue of infringement).

126. If the subsequent case was not between the same parties, the preclusion analysis would be different. For example, it would be possible for a federal court in an infringement action to find a patent valid and infringed and for a state court, hearing a subsequent dispute between the same patentee and a different party, to find the patent invalid or not infringed. See *infra* note 251 and accompanying text. Yet the Federal Circuit in *Forrester* worried about federal and state courts reaching inconsistent results on the “same infringement question,” *Forrester*, 715 F.3d at 1334 (emphasis added), which would not be possible under federal preclusion doctrine, except in the unusual situation in which two parties manufactured the exact same allegedly infringing device or practiced the exact same allegedly infringing method.

In any case, the proposed Innovation Act, which passed the House in December 2013 and is pending in the Senate as this Article goes to press, appears to side with the Federal Circuit in stating that the possibility of conflicting judgments should create federal jurisdiction over a state law claim. The bill states: “The Federal interest in preventing inconsistent final judicial determinations as to the legal force or effect of the claims in a patent presents a substantial Federal issue that is important to the Federal system as a whole.” Innovation Act, H.R. 3309, 113th Cong. § 9(f)(1) (2013). Because the bill focuses on inconsistent rulings about “the legal force or effect” of a patent, it would not seem to overrule cases that, like *Gunn*, involve patent claims no longer in force. But if a state law claim involved an embedded patent issue regarding a patent still in force, the language intimates that the case should be subject to exclusive federal jurisdiction, as the Federal Circuit suggested in *Forrester*. That said, the statement of federal interest in the bill is dubious because, even if *all* patent-related cases were

Moreover, the Federal Circuit's reasoning in *Forrester* is inconsistent with *Gunn*. The Supreme Court had emphasized that to determine whether a federal issue is "substantial" enough to justify federal jurisdiction, courts should not "focus[] on the importance of the issue to the plaintiff's case and to the parties before it" because the federal issue "will *always*" be significant to the parties.<sup>127</sup> Rather, the Court instructed that "[t]he substantiality inquiry . . . looks . . . to the importance of the issue to the federal system as a whole."<sup>128</sup> The Federal Circuit's suggestion that inconsistent judgments between the parties to one case could justify federal jurisdiction focuses improperly on case-specific preclusion concerns, which the Supreme Court explicitly stated were insufficient to establish federal jurisdiction.<sup>129</sup>

In sum, the jurisdictional doctrine governing patent cases illustrates a clear policy tension about the optimal allocation of authority in the patent system. Congress and the Federal Circuit seem intent on expanding federal power, while the Supreme Court has created the possibility for greater involvement by the states. And the states themselves are signaling interest in patent policy. For example, the Attorney General of Vermont has filed a consumer protection lawsuit against a well-known patent troll,<sup>130</sup> the Attorney General of Minnesota recently concluded an investigation into that same patent troll,<sup>131</sup> and the Attorney General of Nebraska sent a cease-and-desist letter to a law firm that represents numerous patent trolls.<sup>132</sup> Although state laws imposing liability for assertions of patent infringement are preempted by the federal Patent Act to the extent that they prohibit assertions not made in

---

litigated exclusively in federal court, the possibility of inconsistent judgments about the validity of a single patent would still exist. That is because a patentee whose patent has been ruled valid in one case typically may not assert that prior judgment offensively against subsequent infringers. *See Stevenson v. Sears, Roebuck & Co.*, 713 F.2d 705, 710–11 (Fed. Cir. 1983); *see also infra* notes 240–44 and accompanying text (discussing the federal doctrines of offensive and defensive non-mutual issue preclusion).

127. *Gunn v. Minton*, 133 S. Ct. 1059, 1066 (2013).

128. *Id.*

129. *Id.* at 1068; *see also supra* notes 113–17 and accompanying text.

130. *See* Consumer Protection Complaint at 1–8, *Vermont v. MPHJ Tech. Invs., LLC*, No. 282-5-13wncv (Vt. Super. Ct. May 8, 2013), *available at* <http://www.atg.state.vt.us/assets/files/Vermont%20v%20MPHJ%20Technologies%20Complaint.pdf>.

131. *See* Press Release, Office of the Attorney Gen. Lori Swanson, Attorney General Lori Swanson Announces First-in-the-Nation Order to Stop Delaware Company From "Patent Trolling" in Minnesota (Aug. 20, 2013), *available at* <http://www.ag.state.mn.us/Consumer/PressRelease/130820StopPatentTrolling.asp>.

132. *See* Letter from Jon Bruning, Attorney Gen. of Neb., to M. Brett Johnson, Partner, Farney Daniels LLP (July 18, 2013), *available at* [http://www.ago.ne.gov/resources/dyn/files/1069534z3005a836/\\_fn/071813+Farney+Daniels+LLP+-+Cease+%26+Desist+Letter+and+Civil+Investigative+Demand.pdf](http://www.ago.ne.gov/resources/dyn/files/1069534z3005a836/_fn/071813+Farney+Daniels+LLP+-+Cease+%26+Desist+Letter+and+Civil+Investigative+Demand.pdf).

bad faith,<sup>133</sup> this disagreement over the proper balance of power reinforces the need to assess the theoretical bases for exclusive federal patent jurisdiction, a task to which this Article now turns.

### *B. Exclusive Jurisdiction and Legal Uniformity*

Uniformity enjoys an exalted status in virtually all areas of the law, and in patent law particularly so.<sup>134</sup> The Supreme Court, for instance, has identified “national uniformity in the realm of intellectual property” as “[o]ne of the fundamental purposes behind the Patent and Copyright Clauses of the Constitution.”<sup>135</sup> But does exclusive federal jurisdiction actually provide uniformity in patent law, as many observers have assumed?<sup>136</sup>

Before answering that question, it is essential to engage both an objection to even entertaining the possibility of concurrent state-federal jurisdiction over patent cases and a question about measuring legal uniformity. The objection is that even if the federal courts provide a low level of legal uniformity, the federal courts offer more uniformity than would prevail if patent cases were subject to jurisdiction in the courts of all fifty states. The *relative* uniformity provided by federal courts, under this argument, justifies exclusive federal jurisdiction, end of story. In my view, however, there would not be a significant difference in amount of legal uniformity between the current regime of exclusive federal jurisdiction and an alternative regime of state-federal jurisdiction. State court decisions on matters of patent law would have no precedential effect in the federal courts, so federal patent law would remain as uniform as it is today. Moreover, state courts would likely follow federal precedent on most issues of patent law,<sup>137</sup> and state courts would themselves be bound by Supreme Court patent precedent. Even if a state court declined to follow federal precedent on a particular issue, there are only a small number of plausible approaches to most legal questions.<sup>138</sup>

---

133. See *Globetrotter Software, Inc. v. Elan Computer Grp., Inc.*, 362 F.3d 1367, 1374–77 (Fed. Cir. 2004); see also *Activision TV, Inc. v. Pinnacle Bancorp, Inc.*, No. 8:13CV215, 2013 WL 5466956, at \*8 (D. Neb. Sept. 30, 2013) (enjoining the Attorney General of Nebraska from enforcing the cease-and-desist letter absent allegations that the law firm acted in bad faith).

134. Nard & Duffy, *supra* note 86, at 1619–20.

135. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 162 (1989); see also U.S. CONST. art. I, § 8, cl. 8 (“The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries . . .”).

136. See *supra* notes 86–93 and accompanying text.

137. See *infra* note 228 and accompanying text.

138. See Preis, *supra* note 17, at 261 (showing that circuit splits rarely break more than two or three ways).

In addition, as discussed in more detail below, any legal uniformity provided by exclusive federal jurisdiction may not be normatively desirable.<sup>139</sup> Rather, the patent system might benefit from the doctrinal percolation possible in a regime in which patent cases were not centralized in the federal courts.

The discussion of “amounts” and “levels” of legal uniformity leads to the question: In analyzing whether exclusive federal jurisdiction is justified by the legal uniformity it provides, how do we define the normatively optimal *amount* of legal uniformity? Constructing an all-encompassing quantitative metric of uniformity in patent law, and then deploying that metric to define an ideal amount, would be a project too large for this space. For present purposes, however, quantitative precision is not required. As I argue below, there is a reasonable argument that the patent law uniformity currently provided by the federal courts is far from absolute.<sup>140</sup> This deficit—whatever its precise size—casts *some* doubt on the uniformity premise undergirding exclusive jurisdiction. It is therefore worthwhile to at least consider other justifications for exclusive jurisdiction.

One starting point for determining whether the current regime of exclusive jurisdiction actually provides legal uniformity is to look at the numbers. Gil Seinfeld, for example, has rejected the uniformity rationale for general federal question jurisdiction in part because a system with ninety-four judicial districts, thirteen courts of appeals, and 1,200 judges cannot be expected to achieve significant doctrinal coherence.<sup>141</sup> At first blush, those numerical concerns map nicely onto patent law. Congress granted the federal courts exclusive jurisdiction over patent cases in the earliest days of the federal judiciary. In 1800, there were twenty-three federal judges, total: seventeen district judges and six Supreme Court Justices.<sup>142</sup> A regime with such a small number of judges and a miniscule number of patent cases<sup>143</sup> was capable of providing legal uniformity. Today, the number of federal judges is fifty times larger and the number of patent cases is exponentially higher. Yet there are unique aspects of the patent litigation system, both at the appellate and trial levels that could enable the federal courts to provide legal uniformity despite the larger size of the modern judiciary.

---

139. See *infra* Part II.C.

140. See *infra* Part II.B.1–2.

141. See Seinfeld, *supra* note 17, at 116.

142. *Authorized Judgeships*, U.S. COURTS, <http://www.uscourts.gov/JudgesAndJudgeships/Viewer.aspx?doc=/uscourts/JudgesJudgeships/docs/all-judgeships.pdf> (last visited Mar. 6, 2014).

143. See B. Zorina Khan, *Property Rights and Patent Litigation in Early Nineteenth-Century America*, 55 J. ECON. HIST. 58, 63 (1995) (identifying 116 reported patent cases from 1800 through 1839).

## 1. LEGAL UNIFORMITY ON APPEAL

The most singular institutional aspect of federal patent litigation is the nationwide appellate jurisdiction of the Federal Circuit. In areas of federal law subject to regional circuit jurisdiction, circuit splits can fester and legal disuniformity in the district courts can be policed only within each circuit. On questions of patent law, by contrast, circuit splits are practically impossible, and the Federal Circuit can monitor divergence among the district courts. In theory, this model of exclusive district court jurisdiction, coupled with appellate centralization, should provide legal uniformity.

In practice, however, the possibility of disuniformity within the Federal Circuit is real. Patent lawyers have long believed that results of Federal Circuit appeals depend on the composition of the panel.<sup>144</sup> One of the first empirical investigations into uniformity in the Federal Circuit concluded that the court's judges deployed two distinct methods on the all-important question of patent claim construction: a "procedural approach," which begins with a presumption that the words of the claim should be given their ordinary meaning, and a "holistic" approach, which is a more "free-form" analysis, "seeking the correct meaning according to the particular circumstances presented."<sup>145</sup> The study also confirmed the panel-dependence perceived by Federal Circuit practitioners, showing that claim construction outcome often changed depending on whether the panel was composed of judges who favored one approach or the other.<sup>146</sup> The authors of the original study recently updated their analysis and found that the methodological split remains in Federal Circuit claim construction law.<sup>147</sup> Indeed, one commentator has suggested that the court sometimes deploys a third, distinct methodology, which examines the patent's specification to determine the patentee's "actual invention" and then adjusts the claim language to capture that

---

144. See, e.g., Paul R. Michel, *The Court of Appeals for the Federal Circuit Must Evolve to Meet the Challenges Ahead*, 48 AM. U. L. REV. 1177, 1191 (1999).

145. R. Polk Wagner & Lee Petherbridge, *Is the Federal Circuit Succeeding? An Empirical Assessment of Judicial Performance*, 152 U. PA. L. REV. 1105, 1133–34 (2004). Claim construction is critically important because the claims' meaning will often determine whether or not the defendant's product or method infringes. See *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 989 (Fed. Cir. 1995) (en banc) (Mayer, J., concurring in the judgment) ("[T]o decide what the claims mean is nearly always to decide the case."), *aff'd*, 517 U.S. 370 (1996).

146. Wagner & Petherbridge, *supra* note 145, at 1170–71.

147. R. Polk Wagner & Lee Petherbridge, *Did Phillips Change Anything? Empirical Analysis of the Federal Circuit's Claim Construction Jurisprudence*, in INTELLECTUAL PROPERTY AND THE COMMON LAW 123–50 (Shyamkrishna Balganesh ed., 2013).

invention.<sup>148</sup> Moreover, another recent study examined the court's jurisprudence on the doctrine of equivalents, which permits a finding of infringement even when there is no infringement of the letter of the patent claims, and concluded that the court's law exhibits "noticeable heterogeneity," with the "court quite tolerant of jurisprudential diversity."<sup>149</sup>

Another source of disuniformity in Federal Circuit patent law is the high rate of dissent by its judges. One of the first studies into this issue showed that Federal Circuit judges dissented more frequently than judges in four out of five regional circuits used as a control and concluded that the "high rate of dissent pushes against the notion of overuniformity within the circuit."<sup>150</sup> A more recent study showed that the rate of dissent in the Federal Circuit has dramatically increased since 2005, with dissents being filed in roughly 25 percent of precedential patent decisions and only about 60 percent of precedential patent opinions achieving unanimity.<sup>151</sup>

---

148. See Greg Reilly, *Improvably Granted: Why the En Banc Federal Circuit Chose the Wrong Claim Construction Issue*, 80 U. CHI. L. REV. DIALOGUE 43, 46 n.18 (2013), available at [http://lawreview.uchicago.edu/sites/lawreview.uchicago.edu/files/uploads/Dialogue/Reilly\\_Online\\_Final.pdf](http://lawreview.uchicago.edu/sites/lawreview.uchicago.edu/files/uploads/Dialogue/Reilly_Online_Final.pdf).

149. Lee Petherbridge, *Patent Law Uniformity?*, 22 HARV. J.L. & TECH. 421, 428 (2009). As a normative matter, Petherbridge generally defends this heterogeneity, noting that it allows the court "the flexibility to reach what it sees as the right result in most cases [but] could still promote uniformity of doctrinal development by utilizing a judiciary that is . . . highly skilled and capable of great nuance in interpreting patent law." *Id.* at 472–73.

150. Christopher A. Cotropia, *Determining Uniformity within the Federal Circuit by Measuring Dissent and En Banc Review*, 43 LOY. L.A. L. REV. 801, 815–18 (2010). The rate of dissent in the Federal Circuit was 3.51 percent, and the rates in the regional circuits ranged from 1.14 percent to 4.56 percent. *Id.* at 815. When limited to patent cases, the Federal Circuit's dissent rate increased to 9.28 percent. *Id.* at 816.

151. Jason Rantanen & Lee Petherbridge, *Disuniformity* 12–13 (Univ. of Iowa, Legal Studies Research Paper No. 13-42, 2013), available at <http://ssrn.com/abstract=2351993>. Another oft-cited source of legal disuniformity in the Federal Circuit is the seemingly high rate at which the court reverses district court decisions on claim construction. See, e.g., Kimberly A. Moore, *Markman Eight Years Later: Is Claim Construction More Predictable?*, 9 LEWIS & CLARK L. REV. 231, 239 (2005); David L. Schwartz, *Practice Makes Perfect? An Empirical Study of Claim Construction Reversal Rates in Patent Cases*, 107 MICH. L. REV. 223, 234 (2008). More recent data, however, shows that the Federal Circuit's claim construction reversal rate is declining. See J. Jonas Anderson & Peter S. Menell, *Informal Deference: An Historical, Empirical, and Normative Analysis of Patent Claim Construction*, 108 NW. U. L. REV. (forthcoming 2014) (manuscript at 38–39, 43), available at <http://ssrn.com/abstract=2150360>. In any event, inferring legal disuniformity from reversal rates raises concerns about selection bias because the cases that make it to a final appellate judgment are more likely to be cases that could reasonably be decided either way. See Rantanen & Petherbridge, *supra*, at 5–6.

Despite this evidence of disuniformity, it may still be reasonable to believe that the twelve judges of the Federal Circuit, sitting in one courthouse, will articulate patent doctrine in a coherent fashion in the mine run of cases.<sup>152</sup> Therefore, this thinking would go, it makes sense to keep patent cases exclusively in federal court where they will be governed by the uniform doctrine articulated by the Federal Circuit. Yet, even if the Federal Circuit is coherently articulating doctrine, legal uniformity can be undermined by instability in that doctrine over time. After all, a primary reason legal uniformity is desirable is so parties can confidently predict how the actions they take today will be treated by the law in the future.<sup>153</sup> For example, a firm deciding whether to embark on an expensive research and development project may find it useful to know in advance if the anticipated fruits of the project will be patentable.

Under the Federal Circuit, however, important principles of patent law have frequently been in flux. At least one commentator has suggested that the Federal Circuit sits en banc more frequently than any other circuit,<sup>154</sup> although the quantitative scholarship on that question is not unanimous.<sup>155</sup> A qualitative review of en banc Federal Circuit decisions, however, confirms that the Federal Circuit is eager to reconsider and change important principles of patent law. In the past five years alone, the court has convened en banc to reconsider crucial questions such as: the standard of review for claim construction,<sup>156</sup> the patent eligibility of business methods<sup>157</sup> and computer software,<sup>158</sup> whether the “written description” requirement is an independent element of patentability,<sup>159</sup> and the standard for patent misuse.<sup>160</sup> Moreover, the

---

152. For an early qualitative study concluding that the Federal Circuit had brought uniformity to patent doctrine, see Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 74 (1989).

153. See Evan H. Caminker, *Precedent and Prediction: The Forward-Looking Aspects of Inferior Court Decisionmaking*, 73 TEX. L. REV. 1, 38 (1994).

154. Ryan Vacca, *Acting Like an Administrative Agency: The Federal Circuit En Banc*, 76 MO. L. REV. 733, 738–39 (2011) (comparing the rate of en bancs in Federal Circuit patent cases only with the rate of en bancs in all cases in the regional circuits).

155. See Cotropia, *supra* note 150, at 817 (comparing the Federal Circuit with five regional circuits and concluding that the rate of en bancs in the Federal Circuit is lower than in the Ninth and Tenth Circuits and “essentially the same” as in the Third, Fifth, and D.C. Circuits).

156. *Lighting Ballast Control LLC v. Philips Elecs. N. Am. Corp.*, No. 2012-1014, 2014 WL 667499, at \*1 (Fed. Cir. Feb. 21, 2014) (en banc).

157. *In re Bilski*, 545 F.3d 943, 963–66 (Fed. Cir. 2008) (en banc), *aff’d sub. nom. Bilski v. Kappos*, 130 S. Ct. 3218 (2010).

158. *CLS Bank Int’l v. Alice Corp.*, 717 F.3d 1269, 1273 (Fed. Cir.) (en banc), *cert. granted*, 134 S. Ct. 734 (2013).

159. *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1344 (Fed. Cir. 2010) (en banc).

Federal Circuit sitting en banc has changed the law on important matters such as: the standard for inequitable conduct before the PTO,<sup>161</sup> the standard for inducing patent infringement,<sup>162</sup> the standard for infringement of a design patent,<sup>163</sup> and the standard for infringement by products that have been redesigned after a finding of patent infringement,<sup>164</sup> among others.<sup>165</sup> These are not simple “housekeeping” en bancs, resolving minor doctrinal splits in the court’s case law. If that were the case, the Federal Circuit’s en banc decisions would *enhance* legal uniformity. Instead, many of the court’s en banc cases have presented no intra-circuit split at all—the court convened en banc simply to reconsider fundamental questions of patentability and infringement.

Further disrupting doctrinal stability over time is a Supreme Court increasingly interested in patent cases. Only a decade ago the Federal Circuit was viewed as “the de facto supreme court of patents.”<sup>166</sup> No more. Patent law is now one of the most robust areas of the Supreme Court’s docket.<sup>167</sup> From the 2001 Term through the 2012 Term (which concluded in June 2013), the Court by my count has decided twenty-one Federal Circuit patent cases on the merits and reversed or vacated the judgment in fourteen of those decisions.<sup>168</sup> This reversal or vacatur rate of 67 percent is only slightly above average for any circuit, as the

160. *Princo Corp. v. Int’l Trade Comm’n*, 616 F.3d 1318, 1321 (Fed. Cir. 2010) (en banc).

161. *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1291 (Fed. Cir. 2011) (en banc).

162. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1305 (Fed. Cir. 2012) (en banc), *cert. granted*, 134 S. Ct. 895 (2014).

163. *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 678 (Fed. Cir. 2008) (en banc).

164. *TiVo Inc. v. EchoStar Corp.*, 646 F.3d 869, 882 (Fed. Cir. 2011) (en banc).

165. *E.g., Cardiac Pacemakers, Inc. v. St. Jude Med., Inc.*, 576 F.3d 1348, 1365 (Fed. Cir. 2009) (en banc in relevant part) (holding that a statute governing infringement outside the United States does not apply to method patents); *Abbott Labs. v. Sandoz, Inc.*, 566 F.3d 1282, 1293 (Fed. Cir. 2009) (en banc) (holding that process terms in product-by-process claims serve as limitations in determining infringement).

166. Mark D. Janis, *Patent Law in the Age of the Invisible Supreme Court*, 2001 U. ILL. L. REV. 387, 387.

167. *See generally* Timothy R. Holbrook, *Explaining the Supreme Court’s Interest in Patent Law*, 3 IP THEORY 62, 63–64 (2013) (noting that, in the past decade, the Supreme Court has heard far more patent cases than copyright or trademark cases).

168. *See infra* Appendix. In one opinion, *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107 (2013), the Supreme Court affirmed in part and reversed in part. I have counted that opinion as a reversal. It should also be noted that one of the Supreme Court’s affirmances rejected the legal standard that had been adopted by the Federal Circuit, *see Bilski v. Kappos*, 130 S. Ct. 3218 (2010), and that in *Gunn v. Minton*, 133 S. Ct. 1059 (2013), the Supreme Court rejected a long line of Federal Circuit case law, although the case on certiorari was from the Texas Supreme Court.

Supreme Court reverses or vacates the lower court in roughly 63 percent of its decisions on the merits.<sup>169</sup>

But it is not only the reversal rate that undermines doctrinal stability in patent law. The issues the Supreme Court has considered, like the issues considered by the Federal Circuit en banc, address fundamental matters of patent doctrine, such as patentable subject matter (repeatedly),<sup>170</sup> nonobviousness,<sup>171</sup> and infringement,<sup>172</sup> as well as important issues in patent litigation, such as declaratory-judgment standing,<sup>173</sup> the standard of proof for infringement,<sup>174</sup> and remedies for patent holders.<sup>175</sup> For most areas of law, one might say that frequent Supreme Court review actually enhances uniformity because a primary purpose of certiorari jurisdiction is to resolve circuit splits.<sup>176</sup> The patent cases reviewed by the Supreme Court, however, rarely involve circuit splits, due to the centralization of appeals in the Federal Circuit. Moreover, Supreme Court involvement in patent law arguably encourages further disuniformity *in the Federal Circuit*, for the Court has often articulated legal rules that increase the discretion available to lower court judges.<sup>177</sup>

My objective thus far has been to test the assumption that exclusive federal patent jurisdiction, coupled with the centralization of appeals in the Federal Circuit, provides legal uniformity. I have tried to show that some legal disuniformity exists as evidenced by, among other things, divergent judicial approaches to claim construction, high rates of dissent in Federal Circuit patent cases, and frequent changes to important principles of patent law, both by the Federal Circuit sitting en banc and

---

169. See LEE EPSTEIN ET AL., *THE SUPREME COURT COMPENDIUM: DATA, DECISIONS, AND DEVELOPMENTS 270–71* tbl.3-6 (5th ed. 2012) (providing data from October Terms 1946 through 2009).

170. *Alice Corp. v. CLS Bank Int'l*, No. 13-298 (U.S. 2014); *Myriad*, 133 S. Ct. at 2011–13; *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1294 (2012); *Bilski*, 130 S. Ct. at 3226.

171. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406–07 (2007).

172. *Limelight Networks, Inc. v. Akamai Techs., Inc.*, No. 12-786 (U.S. 2014); *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 737 (2002).

173. *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 120–21 (2007).

174. *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843, 846 (2014); *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238, 2242 (2011).

175. *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 390 (2006).

176. See SUP. CT. R. 10.

177. See Rantanen & Petherbridge, *supra* note 151, at 19–20. According to Rantanen and Petherbridge, the Supreme Court has increased discretion on the Federal Circuit both by articulating rules that explicitly create space for discretion, as on the issues of nonobviousness and remedies for infringement, and by issuing opinions that conflict or are difficult to reconcile, as on the issue of patentable subject matter. See *id.* at 18–20.

by the Supreme Court.<sup>178</sup> Whatever the precise quantity of disuniformity and whatever that quantity might be relative to any alternative jurisdictional regime, the disuniformity that exists casts doubt on the assumption that exclusive federal patent jurisdiction provides legal uniformity.

## 2. LEGAL UNIFORMITY AT THE TRIAL LEVEL

Even if patent law lacks uniformity at the appellate level, one might still defend exclusive federal jurisdiction by claiming that the federal district courts provide legal uniformity. Although some might doubt whether ninety-four district courts and hundreds of district judges can provide legal uniformity, in practice, patent cases tend to cluster in a small number of districts before a small number of judges. In 2012, for instance, over half of all patent cases nationwide were filed in just five districts.<sup>179</sup> And two districts, the Eastern District of Texas and the District of Delaware, accounted for over one-third of all patent cases.<sup>180</sup> Furthermore, the Patent Pilot Program, which includes four of the five districts with the heaviest dockets of patent cases,<sup>181</sup> could cause even greater centralization of patent cases among district judges and, in theory, enhance the capability of the district courts to articulate and apply patent law in a uniform manner.<sup>182</sup>

---

178. For another analysis concluding that the Federal Circuit has not achieved the “goal of uniformity” set by its architects, see Rochelle C. Dreyfuss, *Percolation, Uniformity, and Coherent Adjudication: The Federal Circuit Experience*, 66 SMU L. REV. 505, 519–20 (2013).

179. In 2012, 5189 patent cases were filed in the district courts. The five districts with the most patent cases were: the Eastern District of Texas (1,061), the District of Delaware (809), the Central District of California (453), the Northern District of Illinois (275), and the Northern District of California (265). ADMIN. OFFICE OF THE U.S. COURTS, JUDICIAL BUSINESS OF THE UNITED STATES COURTS: 2012 ANNUAL REPORT OF THE DIRECTOR tbl.C-7 (2013) [hereinafter 2012 JUDICIAL BUSINESS].

180. *Id.* Patent *trial* experience is also centralized in a small number of district courts, as just five districts held over 40 percent of all patent trials from 2000 through 2011. Mark A. Lemley et al., *Rush to Judgment? Trial Length and Outcomes in Patent Cases*, 41 AIPLA Q.J. 169, 178 (2013). Those districts were: the Eastern District of Texas, the District of Delaware, the Northern District of California, the Central District of California, and the District of Massachusetts. *Id.*

181. The District of Delaware will not participate. See *District Courts Selected for Patent Pilot Program*, *supra* note 70.

182. On whether the Patent Pilot Program is in fact centralizing patent cases before a smaller number of judges, see Mark A. Lemley et al., *Does Familiarity Breed Contempt among Judges Deciding Patent Cases?* 10–11 (2013) (unpublished manuscript), available at <http://ssrn.com/abstract=2347712>, which reports that in the Southern District of New York, judges not participating in the program declined only 14 out of the 143 patent cases they were assigned during the program’s first year and that in the Northern District of California no judge declined a patent case.

Yet even this de facto centralization of patent cases does not automatically lead to legal uniformity. To begin with, not all federal patent litigation occurs in the federal district courts. Patent holders may also ask the ITC, an independent federal agency, to prohibit the importation of goods that infringe their patents. Importantly, patent holders need not choose between proceeding in a district court and proceeding in the ITC. Patent cases can—and often do—proceed simultaneously in both forums.<sup>183</sup>

This dual-track system undermines legal uniformity in many ways. For example, procedural rules are much different in the ITC than in the district courts. Patent litigation in the district courts is governed by the Federal Rules of Civil Procedure, proceeds in the familiar adversarial fashion, and culminates in a jury trial (unless the parties waive their right to a jury).<sup>184</sup> By contrast, ITC cases are technically government investigations led by a staff attorney from the ITC's Office of Unfair Import Investigations.<sup>185</sup> Discovery in ITC investigations is quick, and the primary trial-like proceeding to determine patent validity and infringement is an evidentiary hearing before an administrative law judge (ALJ) conducted in accordance with the Administrative Procedure Act.<sup>186</sup> The ALJ's determination is then subject to review by the six-member ITC and, ultimately, by the President, who may overturn the ITC's decision.<sup>187</sup>

---

183. See Sapna Kumar, *The Other Patent Agency: Congressional Regulation of the ITC*, 61 FLA. L. REV. 529, 538–40 (2009).

184. The Federal Rules of Civil Procedure do not govern *all* aspects of patent litigation in the district courts. In the AIA, Congress abrogated the joinder provision of Rule 20 in patent cases, providing, among other things, that accused infringers could not be joined in one case based solely on allegations that they each infringed the same patent. 35 U.S.C. § 299(b) (2012). The rules of the ITC, however, contain no analogous limitation on joinder. See 19 C.F.R. § 210.12(a)(4), (a)(9)(viii) (2012) (requiring only that the complaint “[s]tate the name, address, and nature of the business (when such nature is known) of each person alleged to be” infringing and include “[a] showing that each person named . . . is importing or selling [an] article covered by, or produced under [a] process covered by” a U.S. patent).

185. See Kumar, *supra* note 183, at 536.

186. See *id.*

187. See 19 U.S.C. § 1337(j) (2012) (permitting the President to overturn an ITC decision for “policy reasons”). The President has delegated to the U.S. Trade Representative (USTR) the authority to overturn ITC exclusion orders. See Assignment of Certain Functions Under Section 337 of the Tariff Act of 1930, 70 Fed. Reg. 43,251 (July 21, 2005). In August 2013, the USTR overturned an ITC exclusion order that would have prohibited Apple from importing older-model iPhones and iPads, see Letter from Ambassador Michael B.G. Froman, U.S. Trade Rep., to Hon. Irving A. Williamson, Chairman, U.S. Int’l Trade Comm’n (Aug. 3, 2013), available at [http://www.ustr.gov/sites/default/files/08032013%20Letter\\_1.PDF](http://www.ustr.gov/sites/default/files/08032013%20Letter_1.PDF), marking the first time since 1987 a presidential administration overturned an ITC decision, see Brian X. Chen, *Obama Administration Overturns Ban on Apple Products*, N.Y. TIMES (Aug. 3, 2013, 4:34 PM),

In addition to the significant differences in procedural law, the law governing the crucial issue of remedies for patent infringement differs between the ITC and the district courts. Although the ITC cannot award damages, it has become an increasingly popular forum for patent cases because it issues exclusion orders almost automatically upon a finding of infringement.<sup>188</sup> In contrast, the U.S. Supreme Court has limited the ability of district courts to enjoin future infringement when the plaintiff does not practice the patented technology.<sup>189</sup>

Setting aside the disuniformity caused by the concurrent jurisdiction of the district courts and the ITC, legal disuniformity also exists among the district courts. To begin with, there is substantial evidence that patent holders are more likely to win in certain judicial districts than in others. For instance, in a 2001 study of the ten districts with the largest dockets of patent cases, Kimberly Moore found that the percentage of cases won by the patentee varied from a low of 30 percent (in the District of Massachusetts) to a high of 68 percent (in the Northern District of California).<sup>190</sup> Studying district-by-district variation more recently, Mark Lemley examined the thirty-three busiest districts for patent cases and found that the percentage of cases won by the patentee varied from a low of 11.5 percent (in the Northern District of Georgia) to a high of 55.1 percent (in the Northern District of Texas).<sup>191</sup> In addition, both Moore and Lemley found substantial variation in the percentage of cases that make it to trial<sup>192</sup>—an important consideration because patent infringement plaintiffs fare particularly well in front of juries.<sup>193</sup> Because different types of patent cases cluster in different districts, it would be reasonable to expect some variation in patentee win-rates, even if the district courts articulated and applied patent law in a perfectly uniform

---

<http://bits.blogs.nytimes.com/2013/08/03/obama-administration-overturms-ban-on-apple-products>.

188. See Kumar, *supra* note 183, at 565–66.

189. See *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 390–91 (2006) (overturning the “general rule” that a patent holder who prevailed in a district court on a claim of infringement was automatically entitled to an injunction prohibiting sales of the infringing product). Since *eBay*, district courts have granted about 75 percent of requests for injunctions, down from 95 percent before the Court’s ruling. Colleen V. Chien & Mark A. Lemley, *Patent Holdup, the ITC, and the Public Interest*, 98 CORNELL L. REV. 1, 9–10 (2012).

190. Kimberly A. Moore, *Forum Shopping in Patent Cases: Does Geographic Choice Affect Innovation?*, 79 N.C. L. REV. 889, 917 (2001).

191. Mark A. Lemley, *Where to File Your Patent Case*, 38 AIPLA Q.J. 401, 407–09 (2010).

192. See *id.* at 411–13; Moore, *supra* note 190, at 911.

193. Kimberly A. Moore, *Judges, Juries, and Patent Cases—An Empirical Peek Inside the Black Box*, 99 MICH. L. REV. 365, 406 (2000).

fashion.<sup>194</sup> But the size of the spreads observed raises questions about the claim that exclusive federal jurisdiction provides legal uniformity in the district courts.

Turning away from win-rates as a proxy for legal uniformity, there is also direct evidence of legal disuniformity in the district courts. Although it is not possible in this space to fully analyze patent doctrine among all of the district courts, a proliferation of local rules of patent procedure has introduced significant legal heterogeneity at the trial level.<sup>195</sup> In 2001, the Northern District of California became the first district to adopt special local rules for patent cases.<sup>196</sup> Today, more than twenty districts have local patent rules.<sup>197</sup> Those rules often recite the objective of providing uniform procedural law for patent cases.<sup>198</sup> Although the rules may provide standardization within a particular district,<sup>199</sup> they also undermine the nationwide uniformity of procedural law that could justify exclusive federal jurisdiction.

To begin with, not all districts with heavy dockets of patent cases have local patent rules. Districts without patent rules include the District of Delaware, the Central District of California, the Western District of Wisconsin, and the Eastern District of Virginia.<sup>200</sup> Although cases in those districts are governed by the Federal Rules of Civil Procedure, patent cases are also handled according to the individual judges' standing orders and personal practices, which can differ substantially from one judge to another. For example, there is wide disagreement among district judges about whether to bifurcate the trial on liability for patent infringement from the trial on damages.<sup>201</sup>

---

194. On the difficulties of drawing inferences from win-rate data, see Kevin M. Clermont & Theodore Eisenberg, *Do Case Outcomes Really Reveal Anything about the Legal System? Win Rates and Removal Jurisdiction*, 83 CORNELL L. REV. 581, 587–92 (1998).

195. I thank Megan La Belle and Jonas Anderson for helpful conversations about their on-going research into local patent rules. Those conversations have significantly aided my analysis in this part of the Article.

196. Arthur Gollwitzer III, *Local Patent Rules—Certainty and Efficiency or a Crazy Quilt of Substantive Law?*, 13 ENGAGE 94, 94 (2012).

197. See LOCAL PATENT RULES, <http://www.localpatentrules.com> (last updated Dec. 2013).

198. See, e.g., N.D. ILL. LOCAL PATENT R. pmb1. (“These Local Patent Rules provide a standard structure for patent cases that will permit greater predictability and planning for the Court and the litigants.”).

199. See, e.g., D. MINN. LOCAL R., at xvi–xvii 2005 Patent Advisory Committee’s Preface (stating that one objective of the district’s local patent rules is to “[p]romot[e] consistency and certainty in how patent cases are handled in Minnesota” (emphasis added)).

200. See LOCAL PATENT RULES, *supra* note 197.

201. Judge Sue Robinson of the District of Delaware, for instance, orders bifurcation “in all but exceptional patent cases.” *Dutch Branch of Streamserve Dev. AB v.*

Even in districts that have local rules, judges do not follow those rules in every case. Many local patent rules expressly authorize the judge to modify the rules on a case-by-case basis,<sup>202</sup> and it is not uncommon for judges to deploy that authority. Indeed, certain judges have made a practice of deviating from their local rules in particular types of cases, such as when the plaintiff has sued a large number of defendants.<sup>203</sup>

Moreover, although many local patent rules are based on the rules first adopted in the Northern District of California, there remain significant differences from district to district.<sup>204</sup> For instance, most local rules require early disclosure of infringement and validity contentions. A common deadline for submitting infringement contentions is fourteen days after the initial case management conference.<sup>205</sup> But the deadline is longer in some districts,<sup>206</sup> and the Eastern District of Texas requires submission of infringement contentions *before* the case management conference.<sup>207</sup> Under the various local rules, the parties must exchange invalidity contentions anywhere from fourteen to sixty days after exchanging infringement contentions.<sup>208</sup> Some courts allow parties to

---

*Exstream Software, LLC*, Civ. No. 08-343-SLR, slip. op. at 1 (D. Del. Aug. 26, 2009). Other judges, however, will order bifurcation *only* in exceptional cases. *See Baratta v. Homeland Housewares, LLC*, No. 05-60187-CIV, slip op. at 8 (S.D. Fla. Oct. 27, 2008) (Marra, J.) (“The Court finds that this is not an exceptional case that warrants bifurcation of liability and damages.” (citing similar cases)); *see also Bifurcation Ruling Highlights Divergent Approaches to Patent Case Management*, DOCKET REPORT (Aug. 31, 2009), <http://docketreport.blogspot.com/2009/08/bifurcation-ruling-highlights-divergent.html> (discussing the “widely-divergent spectrum” of approaches to bifurcation).

202. *See, e.g.*, N.D. CAL. PATENT LOCAL R. 1-3; N.D. ILL. LOCAL PATENT R. 1.1.

203. Judge Leonard Davis of the Eastern District of Texas, for example, regularly deviates from the discovery deadlines in the local patent rules in those types of cases. *See Uniloc USA, Inc. v. Sony Corp. of Am.*, No. 6:10-CV-373, 2011 WL 1980214, at \*1 (E.D. Tex. May 20, 2011) (“The Court has previously expressed concern about cases where a plaintiff asserts questionable patent claims against a large number of Defendants to extract cost of defense settlements. . . . In those situations the Patent Rules, with their quick discovery deadlines, may not provide the most efficient case management schedule . . .”), *cited in* Megan M. La Belle, *Against Settlement of (Some) Patent Cases*, 67 VAND. L. REV. (forthcoming 2014), *available at* <http://ssrn.com/abstract=2252849>.

204. The fragmentation is severe enough to justify a website, [localpatentrules.com](http://localpatentrules.com), cataloging the differences among the districts’ rules. The author of the site warns that “patent rules sometimes vary significantly from district to district” and that “patent rules have a significant impact on the timing (and sometimes even the outcome) of a case.” Travis Jensen, *About the Author*, LOCAL PATENT RULES, <http://www.localpatentrules.com/about-the-author> (last updated Dec. 2013).

205. *See, e.g.*, N.D. CAL. LOCAL PATENT R. 3-1.

206. *See, e.g.*, W.D. PA. LOCAL PATENT R. 3-2 (thirty days).

207. E.D. TEX. PATENT R. 3-1.

208. *See, e.g.*, N.D. ILL. LOCAL PATENT R. 2.3 (fourteen days); S.D. CAL. PATENT LOCAL R. 3.3 (sixty days).

serve a second or “final” set of contentions after discovery,<sup>209</sup> but others permit amendment of initial contentions only on “a timely showing of good cause.”<sup>210</sup> In addition, districts with patent rules are split on whether claim construction briefing proceeds in parallel (with the parties simultaneously exchanging briefs) or is sequential.<sup>211</sup> Moreover, the rapid timeline for contention disclosures under some local rules contrasts with the months or even years that a litigant in a court without local rules might have to develop its theories of infringement and validity.

Although local rules are required to be “consistent with” the Federal Rules of Civil Procedure,<sup>212</sup> some local patent rules arguably conflict with the federal rules, further undermining legal uniformity. The patent rules of the District of New Hampshire, for example, impose a heightened pleading standard for patent cases, requiring that the complaint provide “a list of all products or processes (by model number, trade name, or other specific identifying characteristic)” that are alleged to infringe.<sup>213</sup> By contrast, the Federal Circuit has held that a plaintiff can satisfy Rule 8(a) of the Federal Rules of Civil Procedure, which governs the content of a complaint, even if it “cannot point to the specific device or product” that allegedly infringes.<sup>214</sup> The New Hampshire local rules also require the complaint to recite “at least one illustrative asserted patent claim (per asserted patent) for each accused product or process.”<sup>215</sup> The Federal Circuit, however, has held that a plaintiff can satisfy Rule 8(a) by simply identifying the patent it asserts and describing how the defendant allegedly infringes it—without referring to the patent’s claims.<sup>216</sup> In contrast to the heightened pleading requirement

---

209. See, e.g., N.D. ILL. LOCAL PATENT R. 3.1–3.2; see also E.D. TEX. PATENT R. 3-6 (permitting amendment of contentions after claim construction ruling).

210. E.g., N.D. CAL. PATENT LOCAL R. 3-6; D.N.J. LOCAL PATENT R. 3.7.

211. See Travis Jensen, *Claim Construction, LOCAL PATENT RULES*, <http://www.localpatentrules.com/wp-content/uploads/2012/02/Chart%20Claim%20Construction.pdf> (last visited Mar. 6, 2014). Among the districts that mandate sequential briefing, there is even further fragmentation. The Northern District of Illinois, for example, requires that the accused infringer file the opening brief, N.D. ILL. LOCAL PATENT R. 4.2, but, according to one observer, the patent holder must file the opening brief in all other districts that use sequential briefing, see Grace Pak, *Balkanization of the Local Patent Rules and a Proposal to Balance Uniformity and Local Experimentation*, 2 AM. U. INTELL. PROP. BRIEF 44, 51 (2011).

212. FED. R. CIV. P. 83(a)(1).

213. D.N.H. SUPP. PATENT R. 2.1(a)(1).

214. See *K-Tech Telecom., Inc. v. Time Warner Cable, Inc.*, 714 F.3d 1277, 1286 (Fed. Cir. 2013).

215. D.N.H. SUPP. PATENT R. 2.1(a)(2).

216. See *Phonometrics, Inc. v. Hospitality Franchise Sys., Inc.*, 203 F.3d 790, 794 (Fed Cir. 2000) (denying a motion to dismiss for failure to state a claim where the “complaint alleges ownership of the asserted patent, names each individual defendant, cites the patent that is allegedly infringed, describes the means by which the defendants

imposed by the New Hampshire rules, other districts have allowed patent holders to proceed with *sparsely* pled claims by noting the early disclosure of infringement and validity contentions required by their local rules.<sup>217</sup>

To be clear, local patent rules may still be normatively desirable on balance, even if they introduce fragmentation.<sup>218</sup> But the justification for exclusive federal jurisdiction should not rely so heavily on the premise that the district courts provide legal uniformity.<sup>219</sup> Rather, there are more practical features of the federal district courts that support exclusive patent jurisdiction. For example, the reason that local patent rules may be desirable is not that they are uniform—they are not—but that they make patent litigation more *efficient*.<sup>220</sup> Moreover, federal statutes and the Federal Rules of Civil Procedure contain numerous mechanisms that make complex litigation that crosses state borders, as patent cases often do, more efficient than it would be in state court. For example, related cases filed in different federal districts can be consolidated for pretrial proceedings,<sup>221</sup> and federal cases can be transferred from one district to another for the convenience of the parties and witnesses.<sup>222</sup> Although one could connect those useful mechanisms to the uniformity of procedural law in the federal courts, the more fundamental reason those mechanisms justify exclusive federal patent jurisdiction is that they enhance the efficiency of inter-state litigation.

### *C. Is Legal Uniformity a Desirable Policy Aim?*

Even if both substantive patent law and the procedural law that applies to patent cases is not uniform, that disuniformity might reasonably be praised as desirable “percolation” because patent law, with

---

allegedly infringe, and points to the specific sections of the patent law invoked”); *accord McZeal v. Sprint Nextel Corp.*, 501 F.3d 1354, 1357 (Fed. Cir. 2007).

217. See, e.g., *Pfizer Inc. v. Apotex Inc.*, 726 F. Supp. 2d 921, 938 (N.D. Ill. 2010) (“In analogous cases, other district courts have concluded that local patent rules requiring [early] disclosures militate against dismissal of counterclaims for failure to meet the pleading requirements of Rule 8(a).”).

218. See Pak, *supra* note 211, at 51 (stating that “[t]he patent community widely regards the local patent rules . . . as positive”).

219. For another analysis “debunk[ing] the myth that the Federal Circuit has mostly eliminated nonuniformity across the various district courts,” see Ted Sichelman, *Myths of (Un)certainty at the Federal Circuit*, 43 LOY. L.A. L. REV. 1161, 1163 (2010).

220. See *infra* text accompanying note 288.

221. 28 U.S.C. § 1407(a) (2012).

222. *Id.* § 1404(a); see also David L. Shapiro, *Federal Diversity Jurisdiction: A Survey and a Proposal*, 91 HARV. L. REV. 317, 328 (1977) (summarizing the procedural advantages of federal courts over state courts in cases involving citizens of multiple states).

appeals consolidated in the Federal Circuit, lacks the intercircuit dialogue found in other areas of federal law.<sup>223</sup> But praising percolation undercuts a foundational normative assumption of exclusive federal jurisdiction: that legal uniformity is a desirable policy aim. Indeed, legal uniformity may not be as critical to the patent system as is assumed.

When legal rules vary from state to state, this heterogeneity is often lauded as experimentation.<sup>224</sup> In this vein, some scholars have already questioned the value of patent law uniformity. Craig Nard and John Duffy, for example, have proposed repealing the Federal Circuit's exclusive jurisdiction and instead having multiple courts of appeals share jurisdiction over patent cases.<sup>225</sup> Interestingly, many of the benefits that Nard and Duffy argue would flow from a pluralistic model of appellate jurisdiction map onto a model of concurrent state-federal trial jurisdiction.

To start, concurrent jurisdiction could encourage interjurisdictional dialogue and experimentation.<sup>226</sup> Although not beyond doubt, most state courts would probably determine that they are not required to follow the case law of lower federal courts such as the Federal Circuit.<sup>227</sup> Of course, state courts would likely follow Federal Circuit precedent on routine matters of patent law, and even on more difficult issues, state courts might simply cite the “expert” Federal Circuit without engaging in any real analysis.<sup>228</sup> But it would not be unprecedented for state judges to

---

223. See, e.g., John M. Golden, *The Supreme Court as “Prime Percolator”: A Prescription for Appellate Review of Questions in Patent Law*, 56 UCLA L. REV. 657, 662–63 (2009); Petherbridge, *supra* note 149, at 428–29; Rantanen & Petherbridge, *supra* note 151, at 12–13.

224. See Amanda Frost, *Overvaluing Uniformity*, 94 VA. L. REV. 1567, 1595 (2008).

225. Nard & Duffy, *supra* note 86, at 1623–24.

226. *Id.* at 1653.

227. See Kevin M. Clermont, *Reverse-Erie*, 82 NOTRE DAME L. REV. 1, 31 (2006) (noting that “the question of whether state courts are bound by lower federal courts on . . . federal law’s content remains open” but arguing that “[t]he better view—mainly trying to effectuate the constitutional status of state courts, while accepting some local disuniformity in the short term—is that the state court should try to determine what the U.S. Supreme Court would rule” (footnotes omitted)).

228. Cf. Christopher A. Cotropia, “*Arising Under*” *Jurisdiction and Uniformity in Patent Law*, 9 MICH. TELECOMM. & TECH. L. REV. 253, 309 (2003) (arguing that state courts deciding patent matters “should apply Federal Circuit law for all substantive patent law issues and procedural law issues unique to patents”). Indeed, the Federal Circuit has urged other federal courts of appeals to defer to its law on patent-related antitrust issues to “preserv[e] the uniformity of the patent law without regard to the appellate forum.” *Unitherm Food Sys., Inc. v. Swift-Eckrich, Inc.*, 375 F.3d 1341, 1355 n.3 (Fed. Cir. 2004), *rev’d on other grounds*, 546 U.S. 394 (2006). And the Eighth Circuit “adopt[ed] the Federal Circuit’s precedent on substantive issues of patent law” in a pre-AIA case involving counterclaims of patent invalidity and noninfringement. *Schinzing v. Mid-States Stainless, Inc.*, 415 F.3d 807, 811 (8th Cir. 2005).

question Federal Circuit case law. Before the Supreme Court decided *Gunn*, for instance, some state courts and state judges criticized or ignored the Federal Circuit's expansive conception of federal jurisdiction,<sup>229</sup> and others drew strained factual distinctions to avoid federal jurisdiction.<sup>230</sup>

One objection to concurrent jurisdiction would be that legal disuniformity would harm the patent system and the innovators who rely upon it. Even if the current regime does not provide perfect legal uniformity, the argument would go, any uniformity is helpful because patents have nationwide effect and businesses must make investment decisions in reliance on their patent rights. Yet, as Lisa Larrimore Ouellette has recently observed, there is a long-standing and unsettled debate about whether our current patent system actually promotes innovation.<sup>231</sup> Without proof that patent law improves social welfare, it may be unwise to lock every jurisdiction into the same legal regime.<sup>232</sup> Instead, Ouellette advocates for an experimentalist approach under which courts would be encouraged to adopt different rules of patent law and varied procedural approaches toward patent litigation, with the goal of generating knowledge about the consequences of alternative regimes.<sup>233</sup>

From a practical standpoint, any disuniformity caused by concurrent jurisdiction would not make patent doctrine overly complex to administer and apply. State court decisions on matters of patent law would have no precedential effect in the federal courts, the PTO, or the

---

229. For example, in *New Tek Manufacturing, Inc. v. Beehner*, 751 N.W.2d 135 (Neb. 2008), the Nebraska Supreme Court rejected a patent malpractice claim because, in its view, the plaintiff's underlying claim of patent infringement would have failed. *Id.* at 139, 144, 151. The court had requested and received supplemental briefing on the Federal Circuit's then-recent holding that malpractice cases involving embedded issues of patent infringement give rise to exclusive federal jurisdiction, *id.* at 144 (citing *Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.*, 504 F.3d 1262 (Fed. Cir. 2007)), and the Nebraska court's decision to exercise jurisdiction was plainly at odds with that holding. See *Air Measurement*, 504 F.3d at 1271. For an example of a state judge explicitly criticizing the Federal Circuit, see *Minton v. Gunn*, 355 S.W.3d 634, 652 (Tex. 2011) (Guzman, J., dissenting) (“[T]he Federal Circuit has not remained faithful to the Supreme Court’s federalism inquiry in the context of malpractice decisions arising from patent cases.”).

230. See, e.g., *E-Pass Techs., Inc. v. Moses & Singer, LLP*, 117 Cal. Rptr. 3d 516, 523–24, 526 (Ct. App. 2010) (rejecting federal jurisdiction because the plaintiff would not have to “prove what the proper outcome of the federal [patent] litigation should have been” but only that “there was no reasonable possibility of prevailing” in the federal patent litigation).

231. Lisa Larrimore Ouellette, *Patent Experimentalism*, 101 VA. L. REV. (forthcoming 2015) (manuscript at 7–13), available at <http://ssrn.com/abstract=2294774>.

232. *Id.* at 13–15.

233. *Id.* at 33–35.

ITC, so *federal* patent law would remain as uniform as it is today.<sup>234</sup> If, as with other areas of concurrent jurisdiction, defendants retained the right to remove a case filed in state court to federal court, the parties would always be able to choose the federal forum with its potentially more uniform law.

There is, of course, a rich literature debating the merits of legal uniformity more broadly.<sup>235</sup> But my points here are simple: it is not clear that uniformity in patent law provides a social benefit, and any disuniformity introduced by concurrent jurisdiction would not present insurmountable obstacles to administering the patent system.

#### *D. Exclusive Jurisdiction and Adjudicative Uniformity*

To this point, the discussion of uniformity has focused mainly on the uniformity of substantive patent law and of procedural law in patent cases. As noted, however, there is a second dimension of uniformity—adjudicative uniformity—which reflects the notions that a particular patent should be construed similarly from one case to another and that courts should not reach inconsistent validity findings regarding the same patent. Does exclusive federal jurisdiction over patent cases provide the adjudicative uniformity that could justify prohibiting state courts from hearing patent cases?

Adjudicative uniformity has regularly been invoked as a policy aim by the Federal Circuit. For example, in holding that district court claim construction is subject to *de novo* review, the court emphasized that its “role in providing national uniformity to the construction of a patent claim . . . would be impeded” by a more deferential standard.<sup>236</sup> And when the court suggested that much of its jurisdictional case law, which embraced a broad scope of exclusive federal jurisdiction over state law claims, “may well have survived” *Gunn*, the court emphasized that state

---

234. Because the federal patent statute would be unaffected by a switch to concurrent jurisdiction, the switch would be unlikely to violate the United States’ obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Apr. 15, 1994, 33 I.L.M. 81. Indeed, the TRIPS agreement states that it is satisfied so long as courts of general jurisdiction are open to patent claims. *See id.* art. 41.5 (noting that the agreement “does not create any obligation to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of law in general”).

235. For two notable examples, compare Samuel Estreicher & John E. Sexton, *A Managerial Theory of the Supreme Court’s Responsibilities: An Empirical Study*, 59 N.Y.U. L. REV. 681, 699 n.68 (1984) (outlining the benefits of legal percolation), with Paul M. Bator, *What Is Wrong with the Supreme Court?*, 51 U. PITT. L. REV. 673, 689–91 (1990) (arguing that “the virtues of percolation have been wildly exaggerated”).

236. *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1455–56 (Fed. Cir. 1998) (en banc).

court adjudication of patent-related cases “could result in inconsistent judgments between state and federal courts.”<sup>237</sup>

The rules articulated by the Federal Circuit to foster adjudicative uniformity have proven controversial. The Supreme Court in *Gunn* overruled a line of Federal Circuit jurisdictional cases,<sup>238</sup> and a deeply divided en banc Federal Circuit recently reaffirmed the de novo standard for reviewing district court claim construction, despite significant criticism of that rule by commentators and the court’s own judges.<sup>239</sup> The controversial nature of these doctrines suggests that institutional design principles, expressed through standards of appellate review and doctrines of jurisdiction, might not be the optimal mechanisms for pursuing adjudicative uniformity.

Rather, adjudicative uniformity might be promoted adequately and more efficiently by doctrines of preclusion. A few examples will help illustrate why that is so. Suppose Patentee sues Defendant 1 in District Court A, and District Court A rules in favor of Defendant 1, finding that the patent is invalid.<sup>240</sup> If Patentee later sues Defendant 2 in District Court B for infringing the same patent, Defendant 2 will be able to invoke the invalidity judgment of District Court A to preclude Patentee’s suit.<sup>241</sup> This result promotes adjudicative uniformity, as District Courts A and B will have both concluded the patent is invalid. It also seems fair, as Patentee had a full opportunity to defend the patent’s validity in District Court A.

Now suppose instead that District Court A ruled in Patentee’s favor, finding the patent valid and infringed by Defendant 1. In that scenario, Patentee likely *cannot* use the prior judgment offensively to preclude Defendant 2 from litigating the patent’s validity in District Court B.<sup>242</sup> This result does not necessarily foster adjudicative uniformity, although it is certainly possible that District Court B will, like District Court A, find the patent valid and infringed. Indeed, any written opinion by

---

237. *Forrester Envtl. Servs., Inc. v. Wheelabrator Techs., Inc.*, 715 F.3d 1329, 1334 (Fed. Cir. 2013).

238. *Gunn v. Minton*, 133 S. Ct. 1059, 1068 (2013).

239. See *Lighting Ballast Control LLC v. Philips Elecs. N. Am. Corp.*, No. 2012-2014, 2014 WL 6677499, at \*1 (Fed. Cir. Feb. 21, 2014); see also Gugliuzza, *supra* note 85, at 1833 n.20 (collecting commentary and judicial opinions criticizing de novo review).

240. The hypotheticals in this and the following two paragraphs draw on the thoughtful examples in Nard & Duffy, *supra* note 86, at 1670–72.

241. See *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 330–50 (1971).

242. See *Stevenson v. Sears, Roebuck & Co.*, 713 F.2d 705, 710–11 (Fed. Cir. 1983).

District Court A might influence District Court B. But it only seems fair to allow Defendant 2 to litigate for itself the defense of patent invalidity.

Preclusion issues in claim construction work largely the same way.<sup>243</sup> Defendant 2 would likely be able to bind Patentee to the claim construction from the earlier case, but Patentee probably could not bind Defendant 2 to a claim construction from the earlier case to which Defendant 2 was not a party. These existing rules of issue preclusion provide a reasonable compromise between having a patent uniformly adjudicated and the parties' personal rights to fully litigate their legal claims and defenses.<sup>244</sup>

Although preclusion doctrine provides a reasonable level of adjudicative uniformity, it is not a perfect substitute for exclusive federal jurisdiction. The examples above all employed federal preclusion law, which contains some well-established principles for patent cases. Most importantly, the U.S. Supreme Court in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*<sup>245</sup> held that a judgment that a patent is invalid may be asserted defensively by parties accused of infringing the same patent in the future.<sup>246</sup> By rejecting the so-called mutuality requirement, under which persons who were not parties to the prior litigation were unable to rely on the prior judgment, the Court established a rule that once a federal court determines a patent is invalid, that patent is invalid throughout the country.<sup>247</sup>

That would not necessarily be the case if the prior judgment was issued by a state court. Under choice-of-law rules, the preclusive effect of a judgment is usually determined by the law of the court that issued it.<sup>248</sup> Thus, the preclusive effect of a judgment issued by, say, a Florida state court, would be determined by Florida preclusion law. Many states' preclusion laws are consistent with *Blonder-Tongue* and other aspects of federal preclusion law, which is itself shaped by the influential

---

243. See generally Nard & Duffy, *supra* note 86, at 1670–72.

244. This compromise, it should be noted, is somewhat disrupted by the Federal Circuit's holding that patent decisions by the ITC are not entitled to preclusive effect in subsequent district court litigation. See *Tex. Instruments, Inc. v. U.S. Int'l Trade Comm'n*, 851 F.2d 342, 344 (Fed. Cir. 1988); see also Robert W. Hahn & Hal J. Singer, *Assessing Bias in Patent Infringement Cases: A Review of International Trade Commission Decisions*, 21 HARV. J.L. & TECH., 457, 481 (2008) (discussing cases in which the ITC and district courts reached conflicting results); Kumar, *supra* note 183, at 563 (criticizing this rule).

245. 402 U.S. 313 (1971).

246. *Id.* at 350.

247. See generally *id.*

248. See 18B WRIGHT ET AL., *supra* note 124, §§ 4467, 4469; see also *Migra v. Warren City Sch. Dist. Bd. of Educ.*, 465 U.S. 75, 81 (1984) (“It is now settled that a federal court must give to a state-court judgment the same preclusive effect as would be given that judgment under the law of the State in which the judgment was rendered.”).

*Restatement (Second) of Judgments*.<sup>249</sup> But state courts are under no obligation to follow federal preclusion law, and several states specifically retain the mutuality requirement rejected in *Blonder-Tongue*.<sup>250</sup> So, for example, if a patent holder filed an infringement suit in Florida state court and lost based on a finding of patent invalidity, that patent holder could potentially pursue a subsequent infringement suit against an infringer of the same patent because Florida retains a mutuality requirement.<sup>251</sup> Therefore, the predictable preclusive effects of a federal judgment provide a persuasive, pragmatic justification for exclusive federal patent jurisdiction. That said, although a mutuality requirement remains on the books in some states, there is a clear trend away from mutuality,<sup>252</sup> and a court determining the preclusive effects of a state court patent judgment might follow *Blonder-Tongue* even if there is state precedent to the contrary.<sup>253</sup> So the case for exclusive jurisdiction based on preclusion concerns should not be overstated.

---

249. 18 WRIGHT ET AL., *supra* note 124, § 4401 n.2.

250. See, e.g., *Jones v. Blanton*, 644 So. 2d 882, 886 (Ala. 1994); *E.C. v. Katz*, 731 So. 2d 1268, 1269–70 (Fla. 1999); *Lichon v. Am. Universal Ins. Co.*, 459 N.W.2d 288, 298 (Mich. 1990); *Hofsommer v. Hofsommer Excavating, Inc.*, 488 N.W.2d 380, 385–86 (N.D. 1992); see also *Farred v. Hicks*, 915 F.2d 1530, 1533 (11th Cir. 1990) (applying Georgia law).

251. See *Katz*, 731 So. 2d at 1270.

252. See Steven P. Nonkes, Note, *Reducing the Unfair Effects of Nonmutual Issue Preclusion through Damages Limits*, 94 CORNELL L. REV. 1459, 1464–68 (2009).

253. For example, in *Beckett ex rel. Cont'l W. Ins. Co. v. United States*, 217 F.R.D. 541 (D. Kan. 2003), the federal district court noted that “Kansas has previously held to the [mutuality] requirement.” *Id.* at 543 (citing *Keith v. Schiefen-Stockham Ins. Agency*, 498 P.2d 265, 273 (Kan. 1972)). The court observed, however, that one federal judge in 1976 had “predicted that, under the right circumstances, the Kansas Supreme Court would relax its mutuality requirement” and that this prediction “has been routinely followed by the federal courts in this district ever since.” *Id.* at 543–44 (citing *Crutsinger v. Hess*, 408 F. Supp. 548, 554 (D. Kan. 1976), and additional cases); see also *Lichon*, 459 N.W.2d at 298 n.16 (noting “that lack of mutuality does not always preclude the application of collateral estoppel” because “[t]here are several well-established exceptions to the mutuality requirement”); cf. *Wood v. Kesler*, 323 F.3d 872, 880 n.10 (11th Cir. 2003) (noting that Alabama law on mutuality “is somewhat unclear”); *Farred*, 915 F.2d at 1533 (noting that Georgia law on mutuality is “unsettled”). On the propriety of a federal court ignoring a state supreme court holding on a matter of state law, see 19 WRIGHT ET AL., *supra* note 124, § 4507 (“Even if, in the considered judgment of the federal court . . . , the rule of law that was announced by the forum state’s highest court is anomalous, antiquated, or simply unwise, it must be followed by the federal court . . . unless there are very persuasive grounds for believing that the state’s highest court no longer would adhere to the previously announced principle.” (footnote omitted) (citing cases)).

*E. Exclusive Jurisdiction and Expertise*

The patent expertise justification for exclusive federal jurisdiction is in one sense a tautology. Under a long-standing regime of exclusive jurisdiction, only the federal courts can hear patent cases and develop expertise. In any event, most judicial experience in patent cases resides on the federal bench, both on the federal district courts and the Federal Circuit. Although the patent expertise provided by those institutions provides a modest case in support of exclusive federal jurisdiction, a stronger case can be constructed by also acknowledging the case management expertise provided by the federal district courts.

Examining the district courts first, it seems that any patent expertise on that bench provides an efficiency benefit. Jay Kesan and Gwendolyn Ball, for example, have shown that the average patent case is terminated about 10 percent more quickly when it is heard by a judge experienced in patent cases.<sup>254</sup> This finding makes sense because patent litigation is complex and requires specialized procedures, such as *Markman* hearings to determine claim construction,<sup>255</sup> that dictate other important aspects of the case, such as summary judgment practice and jury instructions. Yet the efficiency of patent-experienced federal judges does not necessarily support a regime in which patent cases may be filed in any federal court *nationwide* because few district judges have significant preappointment exposure to patent law and only a small number of judges in a small number of districts obtain significant patent experience on the bench.<sup>256</sup>

---

254. Jay P. Kesan & Gwendolyn G. Ball, *Judicial Experience and the Efficiency and Accuracy of Patent Adjudication: An Empirical Analysis of the Case for a Specialized Patent Trial Court*, 24 HARV. J.L. & TECH. 394, 428 (2011). In this discussion, I use the terms *expertise* and *experience* in their colloquial sense, with patent expertise flowing from extensive experience in patent cases. See *Expert*, MERRIAM-WEBSTER.COM, <http://www.merriam-webster.com/dictionary/expert> (last visited Mar. 6, 2014) (“having, involving, or displaying special skill or knowledge derived from training or *experience*” (emphasis added)). It should be noted, however, that some scholars have distinguished the two concepts and have shown that expertise in patent law (defined as having a technical degree and being a member of the patent bar) is predictive of the decision making of Federal Circuit judges, while accumulated experience (through repeated exposure to patent cases as a judge) is not. See Banks Miller & Brett Curry, *Expertise, Experience, and Ideology on Specialized Courts: The Case of the U.S. Court of Appeals for the Federal Circuit*, 43 LAW & SOC’Y REV. 839, 858 (2009); Banks Miller & Brett Curry, *Experts Judging Experts: The Role of Expertise in Reviewing Agency Decision Making*, 38 LAW & SOC. INQUIRY 55, 59–60 (2013).

255. The *Markman* hearing derives its name from the case in which the Federal Circuit and Supreme Court decided that claim construction was a matter for the judge, not the jury, *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 989 (Fed. Cir. 1995) (en banc), *aff’d*, 517 U.S. 370 (1996).

256. See Kesan & Ball, *supra* note 254, at 420–22, 447 tbl.3 (noting that, from 1995 through 2003, 20 percent of all federal district judges heard 60 percent of federal

Rather, the federal district courts' clustered patent experience suggests that patent cases should be limited to a smaller number of districts and judges, as is tentatively being attempted through the Pilot Program.

Although funneling patent cases to patent-experienced district judges seems to further judicial efficiency, it is less clear that patent experience improves the accuracy of case outcomes, at least as measured by the imperfect proxy of appellate reversal rates.<sup>257</sup> David Schwartz, for example, has shown that judges who have handled hundreds of patent cases are just as likely to have their claim constructions reversed by the Federal Circuit as judges who have handled few patent cases.<sup>258</sup> By contrast, Kesan and Ball studied a broader cross-section of issues that arise in patent cases and concluded that judges with substantial experience in patent cases have lower average reversal rates than judges with little experience in patent cases.<sup>259</sup> They also note, however, that this variation may be caused by factors besides experience, including simple randomness.<sup>260</sup>

Because of exclusive federal patent jurisdiction, the Federal Circuit is the sole appellate forum for patent cases, and that court, of course, provides significant patent expertise. Although the court hears cases involving many different areas of federal law, including not just patents but also veterans benefits, government employment disputes, and many others, the judges who have served on the court mostly have backgrounds in the commerce-related areas of the court's jurisdiction, particularly patents and international trade.<sup>261</sup> Moreover, even a judge without a background in patent law can develop some patent expertise (as I use the term)<sup>262</sup> by simply sitting on the Federal Circuit and

---

patent cases, and that 40 percent of district judges heard, on average, one patent case per year).

257. On the shortcomings of judging the quality of lower court decisions by reversal rates, see Richard S. Gruner, *How High Is Too High?: Reflections on the Sources and Meaning of Claim Construction Reversal Rates at the Federal Circuit*, 43 LOY. L.A. L. REV. 981, 1003 (2010).

258. Schwartz, *supra* note 151, at 255–56; see also David L. Schwartz, *Courting Specialization: An Empirical Study of Claim Construction Comparing Patent Litigation before Federal District Courts and the International Trade Commission*, 50 WM. & MARY L. REV. 1699, 1702–04 (2009) (finding that the Federal Circuit reverses the claim construction decisions of the ITC's administrative law judges, who are also viewed as patent experts, at about the same rate it reverses claim constructions of district courts with significant patent dockets).

259. Kesan & Ball, *supra* note 254, at 438.

260. *Id.*

261. See Gugliuzza, *supra* note 10, at 1468–69; see also *Judges*, U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, <http://www.cafc.uscourts.gov/judges/randall-r-rader-chief-judge.html> (last visited Mar. 6, 2014) (providing biographical information on the court's judges).

262. See *supra* note 254.

deciding patent cases. Also, the court's judges tend to hire law clerks with technical or scientific backgrounds (likely because of their fluency in patent law),<sup>263</sup> and the court obtains input from its technical assistants, who assist the judges both before and after a case is submitted and who review precedential opinions before they are published.<sup>264</sup> But is the Federal Circuit's patent expertise normatively beneficial? Does it therefore justify the current regime of exclusive federal jurisdiction?

Expert judicial adjudication is often justified by reference to what Lawrence Baum has called the "neutral virtues" of the uniformity of law, efficiency of case processing, and quality of decisions.<sup>265</sup> As discussed above, it is questionable whether the relatively expert Federal Circuit has provided legal uniformity in patent law.<sup>266</sup> As for efficiency, although some Federal Circuit judges have bragged that their court is "quicker to hear arguments and issue decisions than most circuit courts,"<sup>267</sup> it is not entirely clear that the data supports that assertion. In 2012, for example, the median time interval from filing the notice of appeal to disposition in the regional circuits was 9.8 months,<sup>268</sup> while in the Federal Circuit the median time interval from docketing to disposition was 9.9 months.<sup>269</sup>

That said, there are such significant differences between the caseloads of the regional circuits and the Federal Circuit that it is difficult to meaningfully compare the courts' respective efficiency. On

---

263. Kimberly A. Moore, *Are District Court Judges Equipped to Resolve Patent Cases?*, 15 HARV. J.L. & TECH. 1, 18 (2001).

264. See U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, INTERNAL OPERATING PROCEDURES No. 10-5 (2010), available at [www.cafc.uscourts.gov/images/stories/rules-of-practice/IOPsMaster.pdf](http://www.cafc.uscourts.gov/images/stories/rules-of-practice/IOPsMaster.pdf) ("When all panel votes are in on a precedential opinion or order, the authoring judge circulates the opinion and any concurring or dissenting opinions, with a transmittal sheet, to each judge. A copy is also circulated to the senior technical assistant (STA), and if requested the STA shall provide information on potential conflicts between the panel-approved opinion and any other prior opinions of the court or other relevant precedents.").

265. BAUM, *supra* note 68, at 4.

266. See *supra* Part II.B.1.

267. Paul R. Michel, *Past, Present, and Future in the Life of the U.S. Court of Appeals for the Federal Circuit*, 59 AM. U. L. REV. 1199, 1206 (2010).

268. 2012 JUDICIAL BUSINESS, *supra* note 179, tbl.B-4.

269. U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, MEDIAN TIME TO DISPOSITION IN CASES TERMINATED AFTER HEARING OR SUBMISSION [hereinafter FEDERAL CIRCUIT TIME TO DISPOSITION], available at [http://www.cafc.uscourts.gov/images/stories/Statistics/med%20disp%20time%20merits\\_table.pdf](http://www.cafc.uscourts.gov/images/stories/Statistics/med%20disp%20time%20merits_table.pdf). Note that docketing, the event from which the Federal Circuit measures time to disposition, occurs slightly later in the appellate process than the filing of the notice of appeal, the event from which time to disposition is measured in the regional circuits. See FED. CIR. R. 3 practice note ("An appeal is filed when the notice of appeal is received by the trial court. An appeal sent to this court by the trial court clerk is docketed when it is assigned a docket number, a docket card for the appeal is made available to the public, and the names of the parties to the appeal are recorded in the party index that is available to the public.").

the one hand, the Federal Circuit has a smaller caseload per judge than most regional circuits, so one might say that the Federal Circuit ought to process cases much more quickly than the regional circuits.<sup>270</sup> On the other hand, the cases heard by the Federal Circuit, particularly the patent cases that comprise nearly half the court's docket, are more complex than the average regional circuit case, which might make it remarkable that the Federal Circuit processes cases at roughly the same speed as its sister circuits.<sup>271</sup> For a more fine-grained analysis, one might compare the time to disposition by the regional circuits in non-prisoner civil cases (12.2 months)<sup>272</sup> with the time to disposition by the Federal Circuit in cases appealed from the district courts, which should be overwhelmingly if not exclusively patent cases (11.8 months).<sup>273</sup> Although this data suggests that the Federal Circuit might be slightly more efficient than the regional circuits, it is far from indisputable evidence in support of the claim that the patent-expert Federal Circuit enhances the efficiency of appellate patent litigation.

The last neutral virtue that the expert Federal Circuit (and, therefore, exclusive federal jurisdiction) might provide is an enhanced quality of decision making, sometimes referred to as accuracy. Defining what constitutes a "high quality" or "accurate" judicial decision is difficult and arguably subjective, particularly in cases close enough to reach a final judgment on appeal. Rochelle Dreyfuss has provided as useful a definition as any, suggesting that accuracy should be measured by whether patent law is "responsive to the philosophy of the Patent Act, to national competition policies, and to the needs of researchers and technology users."<sup>274</sup> Many commentators have considered whether the current patent system, under the guidance of the Federal Circuit, is serving its purpose of promoting innovation.<sup>275</sup> Although this literature is

---

270. See generally 2012 JUDICIAL BUSINESS, *supra* note 179, tbl.B-1, B-8 (showing that 1381 appeals were filed in the Federal Circuit in 2012, fewer than in any other circuit except the D.C. Circuit).

271. On the composition of the Federal Circuit's docket, see U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, APPEALS FILED, BY CATEGORY FY 2012, [http://www.cafc.uscourts.gov/images/stories/the-court/statistics/Caseload\\_by\\_Category\\_Appeals\\_Filed\\_2012.pdf](http://www.cafc.uscourts.gov/images/stories/the-court/statistics/Caseload_by_Category_Appeals_Filed_2012.pdf).

272. 2012 JUDICIAL BUSINESS, *supra* note 179, tbl.B-4A.

273. FEDERAL CIRCUIT TIME TO DISPOSITION, *supra* note 269. Besides its jurisdiction over patent appeals from the district courts, the Federal Circuit also has jurisdiction over appeals in contract actions brought against the federal government under the "Little" Tucker Act. 28 U.S.C. § 1295(a)(2) (2012). Little Tucker Act cases are subject to concurrent jurisdiction in the district courts and the Court of Federal Claims if the amount in dispute is \$10,000 or less. *Id.* § 1346(a)(2).

274. Dreyfuss, *supra* note 152, at 5.

275. For a survey of the literature on patent law and innovation, see Ouellette, *supra* note 231, at 7–13.

rich and varied, many commentators believe that the patent system needs improvement, citing the increasing number of patents of unclear scope and the growing amount and cost of patent litigation.<sup>276</sup> Some commentators attribute the patent system's problems to the Federal Circuit.<sup>277</sup> That said, some commentators are more sanguine about the state of the patent system<sup>278</sup> and about the Federal Circuit's performance.<sup>279</sup> For present purposes, it is not necessary to resolve this ongoing debate. The salient point is that, based on the current state of knowledge, the evidence is at best equivocal as to whether the Federal Circuit's patent expertise benefits the patent system.

Thus, it is less than compelling to justify the current regime of nationwide exclusive federal jurisdiction on the patent expertise of federal judges either at the trial or appellate level. As discussed earlier, however, there is a second dimension of expertise that the federal courts—particularly the federal district courts—can provide: *case management expertise*.<sup>280</sup> This concept refers to the general capability of a judge or a court to efficiently process complex litigation, patent litigation included. The case management expertise of the federal district courts might provide stronger support for a regime of exclusive federal jurisdiction than patent expertise does. Kesan and Ball, for example, showed that district judges who have simply spent more time on the federal bench—regardless of how many patent cases they have heard—process patent cases more quickly,<sup>281</sup> suggesting that seasoned federal judges might be the best judges to handle patent cases.<sup>282</sup>

---

276. See, e.g., JAMES BESSEN & MICHAEL J. MEURER, *PATENT FAILURE: HOW JUDGES, BUREAUCRATS, AND LAWYERS PUT INNOVATORS AT RISK* 10–19 (2008).

277. See, e.g., *id.* at 18; Nard & Duffy, *supra* note 86, at 1620–21; Diane P. Wood, Keynote Address, *Is It Time to Abolish the Federal Circuit's Exclusive Jurisdiction in Patent Cases?*, 13 CHI.-KENT J. INTELL. PROP. 1, 5–10 (2013).

278. See, e.g., F. Scott Kieff, *Property Rights and Property Rules for Commercializing Inventions*, 85 MINN. L. REV. 697, 753–54 (2001) (arguing that “disparate features of the existing patent system—previously thought to be unrelated or mutually antithetical—actually operate together to effectively promote invention commercialization”). *But cf.* F. Scott Kieff, *Removing Property from Intellectual Property and (Intended?) Pernicious Impacts on Innovation and Competition*, 19 SUP. CT. ECON. REV. 25, 49–50 (2011) (arguing that recent judicial decisions have reduced the role of patents “in facilitating the coordination and contracting that can lead to increased competition and access”).

279. See, e.g., Petherbridge, *supra* note 149, at 430, 464 (suggesting, based on an empirical study of Federal Circuit case law on the doctrine of equivalents, that “the court might . . . be capable of managing a jurisprudential framework that supplies a pipeline of ideas useful for incrementally advancing the law”).

280. See *supra* Part I.B.

281. Kesan & Ball, *supra* note 254, at 450 tbl.V.

282. On how experience with patent cases affects the substance of judicial decisions, see Lemley et al., *supra* note 182, at 28, which suggests that judges who have

More fundamentally, it is difficult to quarrel with the perception that federal district judges are of higher quality than state trial judges.<sup>283</sup> Federal judges are viewed as better at performing the judicial task, they are better paid, they have law clerks with more impressive credentials, and they come from more sophisticated practice backgrounds. In his classic article explaining the preference of civil rights plaintiffs for federal court, Burt Neuborne suggested that the preference stemmed in part from the federal courts' high level of "technical competence."<sup>284</sup> "Stated bluntly," Neuborne wrote, "federal trial courts tend to be better equipped to analyze complex, often conflicting lines of authority and more likely to produce competently written, persuasive opinions than are state trial courts."<sup>285</sup> Although the preference among civil rights plaintiffs for federal trial courts has been weakened by decades of conservative ascendancy on the Supreme Court and lower federal courts,<sup>286</sup> the observations about technical competence still seem to be widely held.<sup>287</sup>

In addition to the judges themselves, other mechanisms make the federal courts well equipped to manage patent litigation. As discussed, many judicial districts have adopted special procedural rules for patent cases.<sup>288</sup> Those rules address the complications of patent cases by providing default protective orders and by setting timelines for the parties to submit infringement and validity contentions and for the court to conduct its *Markman* hearing. Federal district courts also make available magistrate judges to mediate discovery disputes (which can be

---

heard a substantial number of patent cases are more likely to reject a patent holder's claim of infringement than judges who have heard few patent cases.

283. See THOMAS B. MARVELL ET AL., COURT SELECTION: STUDENT LITIGATION IN STATE AND FEDERAL COURTS 15 (1982); POSNER, *supra* note 15, at 216; Victor E. Flango, *Attorneys' Perspectives on Choice of Forum in Diversity Cases*, 25 AKRON L. REV. 41, 81 (1991).

284. Burt Neuborne, *The Myth of Parity*, 90 HARV. L. REV. 1105, 1120 (1977).

285. *Id.*

286. See Burt Neuborne, *Parity Revisited: The Uses of a Judicial Forum of Excellence*, 44 DEPAUL L. REV. 797, 798–99 (1995).

287. For survey data on the perceived technical competence of federal district judges, see, for example, Kristin Bumiller, *Choice of Forum in Diversity Cases: Analysis of a Survey and Implications for Reform*, 15 LAW & SOC'Y REV. 749, 755–68 (1980–81) (empirical study based on a survey of attorneys in diversity-jurisdiction-eligible cases, concluding that the perceived higher quality of federal judges was an important factor driving filing decisions); Neal Miller, *An Empirical Study of Forum Choices in Removal Cases under Diversity and Federal Question Jurisdiction*, 41 AM. U. L. REV. 369, 393, 433 (1992) (empirical study based on a survey of attorneys in cases removed to federal court, concluding that "[t]he research findings clearly support the view that federal judges are perceived as superior to state court judges").

288. See *supra* Part II.B.2.

critically important in patent cases), conduct settlement conferences, and even preside over trials with the consent of the parties.<sup>289</sup>

If it is accurate to describe federal district courts and district judges as providing technical competence and case management expertise, jurisdictional allocation becomes in part a question of distributive consequences: What types of cases are so important that a “judicial forum of excellence”—the federal district courts—should be made available?<sup>290</sup> Patent cases may well qualify, as they often have high financial stakes and involve technology that is widely used by the public. I return to the issue of distributive consequences later, when addressing the normative question of whether exclusive jurisdiction should be abolished.<sup>291</sup> For now, the salient point is that the patent expertise rationale for exclusive jurisdiction might be usefully complemented by a concern about the respective case management capabilities of state and federal trial courts.

It is worth noting, however, that those who doubt the capabilities of state judges might be speaking too broadly. There is wide variation in the quality of state judges, just as there is variation in the quality of federal judges.<sup>292</sup> For example, there are state trial courts with excellent reputations for handling complex cases, such as the commercial division in the New York system, the Delaware Court of Chancery, and the North Carolina Business Court, among others.<sup>293</sup> And while state trial judges have a low position in the hierarchy of the legal profession,<sup>294</sup> state appellate judges—the judges who would ultimately be shaping patent doctrine under a regime of concurrent jurisdiction—are relatively well paid and well regarded.<sup>295</sup> Indeed, federal judges are often appointed from the state appellate judiciaries.

### III. RETHINKING EXCLUSIVE JURISDICTION

So far, this Article has argued that exclusive federal patent jurisdiction should be justified not by simply citing the tropes of legal uniformity and patent expertise. Rather, any defense of exclusive jurisdiction should, at a minimum, also acknowledge that it ensures the

---

289. See PETER S. MENELL ET AL., *PATENT CASE MANAGEMENT JUDICIAL GUIDE* 2-72 to 2-73, 4-19 (2d. ed. 2012).

290. See Neuborne, *supra* note 286, at 797–800; Seinfeld, *supra* note 17, at 151.

291. See *infra* Part III.B.

292. See SOLIMINE & WALKER, *supra* note 16, at 38; Paul M. Bator, *The State Courts and Federal Constitutional Litigation*, 22 WM. & MARY L. REV. 605, 629 (1981).

293. See *infra* Part III.A.

294. See BAUM, *supra* note 68, at 217.

295. SOLIMINE & WALKER, *supra* note 16, at 37; Bator, *supra* note 292, at 629–30.

uniformity of preclusive effects and provides for patent disputes the case management expertise of federal district courts. This Part first weighs this new, pragmatic case for exclusive patent jurisdiction against the benefits that could flow from concurrent state-federal jurisdiction. It then considers the consequences of abolishing exclusive federal jurisdiction and concludes that even if Congress were to change the jurisdictional statute, most patent cases would still be litigated in a small number of federal district courts.

### *A. What State Courts Could Offer*

One benefit of concurrent state-federal jurisdiction is that it would modestly improve judicial economy, especially in state law cases involving embedded patent issues, such as state law tort claims stemming from patent-related conduct. Under exclusive jurisdiction, objections to state court jurisdiction can be raised at any time—even on appeal—and if the state court lacks jurisdiction, the entire case must be restarted in federal court.<sup>296</sup> Moreover, as discussed above, prevailing doctrine does not always provide clear guidance on whether a state law claim “arises under” patent law and is therefore subject to exclusive federal jurisdiction.<sup>297</sup> To recap, the Supreme Court in *Gunn v. Minton* suggested that state law claims will rarely arise under federal law, but the Federal Circuit in *Forrester* asserted the continuing vitality of much of the court’s pre-*Gunn* case law embracing a broad scope of exclusive federal jurisdiction over state law claims.

Concurrent jurisdiction would avoid some but not all of those difficulties. Federal courts deciding motions to remand in removal cases would still have to apply the unsettled “arising under” doctrine to determine whether the federal court has original jurisdiction.<sup>298</sup> But if the defendant did not try to remove, which sometimes occurs in state law cases involving embedded patent issues,<sup>299</sup> federal jurisdiction would be unavailable once the thirty-day deadline for removal passed.<sup>300</sup> Although the number of state appellate decisions dismissing patent-related cases

---

296. See, e.g., *Minton v. Gunn*, 355 S.W.3d 634, 636–39 (Tex. 2011) (finding that the state courts lacked jurisdiction after the trial court had granted summary judgment and the state court of appeals had affirmed), *rev’d*, 133 S. Ct. 1059 (2013).

297. See *supra* Part II.A.

298. See 28 U.S.C. § 1441(a) (2012) (providing that “any civil action brought in a State court of which the district courts of the United States have original jurisdiction[] may be removed” to federal court).

299. See, e.g., *Gunn*, 355 S.W.3d 634.

300. See 28 U.S.C. § 1446(b) (2012).

for lack of jurisdiction is relatively small, those cases do exist,<sup>301</sup> and late jurisdictional objections are unsuccessfully raised in many more cases. That said, in cases in which the district court denied a motion to remand filed by the plaintiff, the denial of the motion to remand would be appealable after a final judgment,<sup>302</sup> and the federal appellate court would have to wrestle with the question of whether the plaintiff's claim arose under federal law. Thus, concurrent jurisdiction would save state courts from having to decide difficult questions about the jurisdiction of the federal courts, but the federal district and appellate courts would still face questions about their own "arising under" jurisdiction.<sup>303</sup>

Another possible reason to support concurrent patent jurisdiction with a right of removal is that exclusive jurisdiction overrides the parties' right to choose what they believe is the optimal forum. Respecting the parties' choice would seem to have inherent benefits. As Martin Redish has noted, concurrent jurisdiction "employ[s] the litigants as our jurisdictional watchdogs."<sup>304</sup> Because they are "[m]otivated by self-interest," Redish argues, "the litigants in an individual case will be driven to choose the forum that will provide them with better justice."<sup>305</sup> For example, if a particular state court attracted a large patent caseload because it processed cases efficiently, that caseload would signal to other courts how to improve their processes.

On the other hand, the forum that the parties find to be in their self-interest might not always align with the public interest—a consideration that could justify overriding party preference. Lynn LoPucki, for example, has argued that permitting large corporations to file for bankruptcy in practically any federal judicial district has led bankruptcy courts to compete to be as friendly as possible to the debtor's management, a position that is often harmful to the company's

---

301. See, e.g., *Lockwood v. Sheppard, Mullin, Richter & Hampton*, 93 Cal. Rptr. 3d 220, 221 (Ct. App. 2009); *Stark v. Advanced Magnetics, Inc.*, 736 N.E.2d 434, 441 (Mass. App. Ct. 2000); *Miracle Boot Puller Co. Ltd. v. Plastry Corp.*, 269 N.W.2d 496, 498 (Mich. Ct. App. 1978); *Gunn*, 355 S.W.3d at 636.

302. See *Caterpillar, Inc. v. Williams*, 482 U.S. 386, 390–91 (1987); see also *Kircher v. Putnam Funds Trust*, 547 U.S. 633, 640–42 (2006) (noting that the grant of a motion to remand based on lack of subject matter jurisdiction is *not* appealable, citing 28 U.S.C. § 1447(d)).

303. Of course, the most straightforward way to end litigation over whether a state law claim arises under federal law would be to simply limit arising under jurisdiction to claims actually created by federal law. See *Am. Well Works Co. v. Layne & Bowler Co.*, 241 U.S. 257, 260 (1916) (Holmes, J.) ("A suit arises under the law that creates the cause of action.").

304. Redish, *supra* note 15, at 1811.

305. *Id.*

creditors.<sup>306</sup> In patent law, however, it seems unlikely that concurrent state-federal jurisdiction would create unsavory judicial competition. Creditors in bankruptcy cases, who stand to suffer the most harm from judicial competition, have little input about where the case is filed and adjudicated. By contrast, under a regime of concurrent state-federal patent jurisdiction, a defendant would have the right to remove a case from state court to the local federal district court, permitting it to escape a state court it viewed as unsatisfactory.

If anything, concerns about questionable judicial competition *already exist* in the current system of exclusive jurisdiction. The Eastern District of Texas in particular has been derided as a haven for forum-shopping patent plaintiffs.<sup>307</sup> That court, the story goes, has been competing to attract patent cases in the wake of tort reform in the State of Texas and the decline of the local oil and railroad industries.<sup>308</sup> The Federal Circuit, for its part, seems aware of the perceived problems with so many high stakes patent matters being decided in Marshall, Texas (population 23,523).<sup>309</sup> The court has recently granted several petitions filed by defendants seeking to transfer Eastern District patent cases to more convenient locations.<sup>310</sup> But there is only so much the Federal Circuit can do because the federal venue statute for patent infringement cases offers most plaintiffs many acceptable options, permitting infringement cases against corporations to be filed in any district where the corporation is subject to personal jurisdiction.<sup>311</sup> Thus, although concurrent state-federal jurisdiction would at first blush appear to create opportunities for unseemly judicial competition and forum shopping, the marginal difference between exclusive and concurrent jurisdiction may

---

306. See LYNN M. LOPUCKI, *COURTING FAILURE: HOW COMPETITION FOR BIG CASES IS CORRUPTING THE BANKRUPTCY COURTS* 17–19 (2005).

307. See, e.g., Daniel Fisher, *Plaintiff Paradise*, FORBES, Aug. 20, 2009, available at <http://www.forbes.com/forbes/2009/0907/outfront-patent-law-texas-plaintiff-paradise.html>.

308. See Ronen Avraham & John M. Golden, *From PI to IP: Yet Another Unexpected Effect of Tort Reform* 8–9 n.19 (U. of Tex. Law, Law & Econ. Research Paper No. 211, 2012), available at <http://ssrn.com/abstract=1878966>; Julie Creswell, *So Small a Town, So Many Patent Suits*, N.Y. TIMES, Sept. 24, 2006, <http://www.nytimes.com/2006/09/24/business/24ward.html>.

309. *2010 Population Finder*, U.S. CENSUS BUREAU, <http://www.census.gov/popfinder> (last visited Mar. 6, 2014).

310. See Paul R. Gugliuzza, *The New Federal Circuit Mandamus*, 45 IND. L. REV. 343, 346 (2012).

311. See Jeanne C. Fromer, *Patentography*, 85 N.Y.U. L. REV. 1444, 1453–55 (2010) (discussing 28 U.S.C. § 1400(b) and relevant case law).

be negligible, with concurrent jurisdiction providing the added benefit of respecting the choice of parties who choose to litigate in state court.<sup>312</sup>

Concurrent jurisdiction could also provide access to useful institutional structures that are not present in the federal judiciary. The PTO, for example, has been collecting public comments on the possibility of a small claims court for patent cases.<sup>313</sup> The aim of a small claims court would be to provide an economical forum for disputes in which the amount in controversy is small. Under the current system, the cost of litigating many patent cases outweighs the benefits. According to the American Intellectual Property Law Association, the average cost of a patent infringement suit where less than \$1 million is at stake is \$490,000 through the end of discovery and \$916,000 through trial.<sup>314</sup>

Although a patent small claims court might provide better access to justice in some cases, it is not clear that, on balance, a small claims court is the optimal solution to the high costs of patent litigation. General small claims courts are often thought to be pro-business debt collection courts,<sup>315</sup> and a patent small claims court could be used to harass small defendants.<sup>316</sup> Indeed, the idea of a federal patent small claims court was first floated in the 1980s,<sup>317</sup> but previous proposals all failed.

For a project on patent law federalism, the reasons why those proposals failed are instructive. One reason seems to be that the proposals were too broad, calling for a new court with nationwide jurisdiction.<sup>318</sup> Also, the proposals had not been tested on a smaller scale, so there was no evidence that a small claims court would be successful.<sup>319</sup> Those shortcomings suggest that developing a patent small claims tribunal could be an ideal policy space to be filled by state

---

312. The defendant's removal right would also preserve the Federal Circuit's ability to entertain claims that venue is unduly inconvenient. A defendant sued in an inconvenient state court could remove the case to the local federal court and file a motion under 28 U.S.C. § 1404(a) to transfer the case to a more convenient forum. If the district court denied the transfer motion, the defendant could seek immediate review in the Federal Circuit through the writ of mandamus. *See* Gugliuzza, *supra* note 310, at 346.

313. *See* Request for Comments on a Patent Small Claims Proceeding in the United States, 77 Fed. Reg. 74,830 (Dec. 18, 2012).

314. AM. INTELL. PROP. L. ASS'N, REPORT OF THE ECONOMIC SURVEY: 2011, at I-153. (2011).

315. BAUM, *supra* note 68, at 41 & n.9.

316. *See* Colleen V. Chien & Michael J. Guo, *Does the U.S. Patent System Need a Patent Small Claims Proceeding?* 4 (Santa Clara Univ. Sch. of Law Legal Studies Research Papers Series, Working Paper No. 10-13), available at <http://ssrn.com/abstract=2249896>.

317. Request for Comments on a Patent Small Claims Proceeding in the United States, 77 Fed. Reg. at 74,830.

318. Robert P. Greenspoon, *Is the United States Finally Ready for a Patent Small Claims Court?*, 10 MINN. J.L. SCI. & TECH. 549, 556 (2009).

319. *Id.*

regulation, with the state performing the proverbial “laboratory” experiment.<sup>320</sup>

At first glance, it might seem unlikely that a state would create a patent small claims court—or any kind of specialized patent court. But more than a dozen states have created or authorized specialized courts for business disputes.<sup>321</sup> A state interested in experimenting with a patent court could create such a court as an adjunct to its business court. Importantly, creating a patent court might not even require any legislative intervention, for existing business courts often have substantial discretion to organize their dockets.<sup>322</sup>

In addition to well-known business courts, such as the Commercial Division of the New York Supreme Court and the Delaware Court of Chancery, there are other, lesser-known state courts that could offer benefits to patent litigants. Maryland, for example, has a special program for business and technology cases.<sup>323</sup> Similarly, Delaware has expanded the Chancery Court’s jurisdiction to include technology disputes where the claim for damages is \$1 million or more.<sup>324</sup>

The key benefits of business courts are often described using the neutral virtues of efficiency, accuracy, and uniformity.<sup>325</sup> Specifically, business courts have knowledgeable, specialized judges and streamlined case management procedures.<sup>326</sup> In addition, some supporters tout the

320. See *New State Ice Co. v. Liebmann*, 285 U.S. 262, 311 (1932) (Brandeis, J., dissenting).

321. See BAUM, *supra* note 68, at 191.

322. See, e.g., Mitchell L. Bach & Lee Applebaum, *A History of the Creation and Jurisdiction of Business Courts in the Last Decade*, 60 BUS. LAW. 147, 160–61, 176–77 (2004) (discussing the Commercial Calendar in Cook County, Illinois, which was established at the behest of the court’s presiding judge, and a similar program in Philadelphia).

323. MD. CODE ANN., Courts, Judges, and Attorneys § 16-205 (WEST 2013); see Anne Tucker Nees, *Making a Case for Business Courts: A Survey of and a Proposed Framework to Evaluate Business Courts*, 24 GA. ST. U. L. REV. 477, 508 (2007); *Maryland Business and Technology Case Management Program*, MD. CTS., <http://www.courts.state.md.us/businesstech/index.html> (last visited Mar. 6, 2014).

324. DEL. CODE ANN. tit. 10 § 346(a)(5) (2013). Technology disputes subject to Chancery Court jurisdiction include cases relating to:

the purchase or lease of computer hardware; the development, use, licensing or transfer of computer software; information, biological, pharmaceutical, agricultural or other technology of a complex or scientific nature that has commercial value, or the intellectual property rights pertaining thereto; the creation or operation of Internet web sites; [and] rights or electronic access to electronic, digital or similar information.

*Id.* § 346(c)(1).

325. See BAUM, *supra* note 68, at 208–09.

326. Christopher R. Drahozal, *Business Courts and the Future of Arbitration*, 10 CARDOZO J. CONFLICT RESOL. 491, 492 (2009).

courts' benefits to small businesses.<sup>327</sup> These are many of the same aims that policymakers are seeking in the federal system through both a small claims court and the Pilot Program.

Evidence on the performance of business courts is mostly anecdotal.<sup>328</sup> Lawyers and litigants, however, appear to be relatively happy with the courts' performances.<sup>329</sup> For example, in 2001, SunTrust Bank attempted a hostile takeover of Wachovia at the same time Wachovia was pursuing a friendly merger with First Union.<sup>330</sup> These transactions spawned much litigation, and the three parties agreed to bring all of their state *and federal* claims in the North Carolina Business Court.<sup>331</sup> One reason for the courts' popularity seems to be the strong, collaborative dialogue between the courts and their local bar. In Philadelphia, for instance, as part of the Commerce Case Management Program within the Court of Common Pleas, local lawyers act as judges *pro tempore* to mediate disputes and conduct settlement conferences.<sup>332</sup>

A prominent critique of business courts is that, because of their specialized caseload, they will become captured by business interests.<sup>333</sup> Assuming this criticism to be true, it is not clear that it would map onto a specialized state patent court. In patent cases, many litigants are patent-holding plaintiffs in some matters and accused patent infringers in others. The parties' changing interests, some have argued, moderate doctrine from favoring either side.<sup>334</sup> That said, many scholars believe that the creation of the Federal Circuit skewed legal doctrine in favor of patent validity, but that the court has not been more likely than the regional circuits before it to find infringement.<sup>335</sup> This evidence could be read to suggest that the Federal Circuit has increased patent activity generally without favoring either patent holders or accused infringers—an outcome that patent *lawyers* might prefer.<sup>336</sup> Reasoning by analogy,

---

327. See Ember Reichgott Junge, *Business Courts: Efficient Justice or Two-Tiered Elitism?*, 24 WM. MITCHELL L. REV. 315, 317–18 (1998).

328. BAUM, *supra* note 68, at 194.

329. See generally Bach & Applebaum, *supra* note 322.

330. *Id.* at 169.

331. *Id.*

332. See *id.* at 176–77 (describing the “working relationship” between courts and the bar as the “hallmark of the [Philadelphia] Program’s creation, operation, and success”).

333. See BAUM, *supra* note 68, at 194 (citing other sources).

334. See Thomas H. Case & Scott R. Miller, *An Appraisal of the Court of Appeals for the Federal Circuit*, 57 S. CAL. L. REV. 301, 310 (1984).

335. See, e.g., Matthew D. Henry & John L. Turner, *The Court of Appeals for the Federal Circuit’s Impact on Patent Litigation*, 35 J. LEGAL STUD. 85, 114 (2006).

336. A recent study suggests that a high rate of patent validity is in fact a more important driver of patenting activity than the rate of patent infringement. See Matthew D. Henry & John L. Turner, *Across Five Eras: Patent Enforcement in the United States*

perhaps the most significant danger of capture with a specialized state patent court would be that the court would become captured by its local patent litigation bar.<sup>337</sup>

*B. Should Congress Repeal Exclusive Jurisdiction?*

To answer the normative question of whether exclusive jurisdiction should be abolished, it is necessary to return to the issue of distributive consequences. Those consequences are important because, as discussed, one of the stronger justifications for exclusive jurisdiction is that the federal courts are a “forum of excellence” staffed by judges who are competent technicians and capable of managing complex litigation.<sup>338</sup>

Under the current model, all patent litigants are forced into federal court, even if they would prefer state court. Those who have studied the matter suggest it is more expensive to litigate a case in federal court than it is to litigate a similar case in state court.<sup>339</sup> Pretrial practice in particular appears to be more expensive in federal court than in state court.<sup>340</sup> Yet some evidence suggests that outcomes are similar in both state and federal courts, with plaintiffs and defendants faring similarly well in both arenas.<sup>341</sup> Also, although survey data indicates that attorneys typically favor the jurisdiction that provides faster disposition, in some

1929–2006 at 23 (June 4, 2013) (unpublished manuscript), available at <http://ssrn.com/abstract=2274383>. Specifically, Professors Henry and Turner show that the increase in the rate of patent validity shortly after the Federal Circuit was created coincided with a surge in patenting and litigation, but that a drop in the rate of patent infringement in 1990 did not lead to a similar reduction in patenting. *Id.*

337. One might suggest, drawing on the common justification for federal diversity jurisdiction, that a specialized state court would also be captured by local patent litigants. Although state courts are often perceived to be biased in favor of local litigants, there is significant uncertainty about whether state courts are in fact biased. See Debra Lyn Bassett, *The Hidden Bias in Diversity Jurisdiction*, 81 WASH. U. L.Q. 119, 144 & nn.124–26 (2003) (citing studies).

338. See *supra* notes 286–90 and accompanying text.

339. Herbert M. Kritzer et al., *Courts and Litigation Investment: Why Do Lawyers Spend More Time on Federal Cases?*, 9 JUST. SYS. J. 7, 8 (1984); Miller, *supra* note 287, at 405.

340. See Kritzer et al., *supra* note 339, at 12–15.

341. Herbert M. Kritzer et al., *Winners and Losers in Litigation: Does Anyone Come Out Ahead?*, in AMERICAN COURT SYSTEMS: READINGS IN JUDICIAL PROCESS AND BEHAVIOR 516, 523 (Sheldon Goldman & Austin Sarat eds., 2d ed. 1989); see also David M. Trubek et al., *The Costs of Ordinary Litigation*, 31 UCLA L. REV. 72, 118 (1983) (finding that defendants are more successful in federal court, but that the difference in success between state and federal courts is not statistically significant). *But see* Clermont & Eisenberg, *supra* note 194, at 593–96 (concluding that plaintiffs fare worse in cases removed from state to federal court than in cases originally filed in federal court).

areas it is the federal court that moves faster and in others it is the state court.<sup>342</sup>

Taking these general descriptions of litigation costs and benefits as true, and to map onto patent cases, exclusive federal patent jurisdiction would seem to favor large litigants over small litigants because large litigants can spend the greater amount of money required to pursue or defend their claims. Small plaintiffs can potentially overcome this disadvantage through the use of contingent attorneys' fees, which is an increasingly popular source of funding patent litigation.<sup>343</sup> Serial plaintiffs (many of whom would be described as patent trolls) would also seem to gain an advantage from exclusive federal jurisdiction, which permits them to use the relative expense of federal litigation as leverage to force settlement. From the standpoint of litigation finance, therefore, federal jurisdiction might most disadvantage small litigants who are defendants. These observations suggest that policymakers at both the state and federal levels are, generally speaking, making good decisions in efforts to combat spurious litigation and by considering the possibility of a patent small claims court.

Should exclusive federal jurisdiction be repealed? In my view, it is difficult to envision significant harm flowing from such a change. The argument for concurrent jurisdiction is strongest in state law cases involving patents that are no longer in force. Even the Federal Circuit appears to concede that, under *Gunn*, these “purely ‘backward-looking’” state law claims do not arise under federal law,<sup>344</sup> so even without a legislative change, those claims should now be heard exclusively in state court unless there is some other ground for federal jurisdiction, such as diversity.

When it comes to state law claims involving patents still in force, the case for exclusive federal jurisdiction is stronger. As explained above, a state court's resolution of an embedded patent issue could be preclusive in later federal litigation.<sup>345</sup> And it is possible that a state court, due to its inexperience with patent matters, might be more likely than a federal court to incorrectly resolve that patent issue. Yet, as the Supreme Court unanimously noted in *Gunn*, the preclusive effect of a state court decision “would be limited to the parties and patents that had

---

342. Bumiller, *supra* note 287, at 762–63; *see also* Miller, *supra* note 287, at 405 (reporting a survey of attorneys in removal cases indicating that 45.4 percent of defense counsel chose to remove to federal court because of its faster process and that 31.4 percent of plaintiff attorneys chose state court because of its faster process).

343. David L. Schwartz, *The Rise of Contingent Fee Representation in Patent Litigation*, 64 ALA. L. REV. 335, 337–39 (2012).

344. *Forrester Envtl. Servs., Inc. v. Wheelabrator Techs., Inc.*, 715 F.3d 1329, 1334 (Fed. Cir. 2013) (quoting *Gunn v. Minton*, 133 S. Ct. 1059, 1066–67 (2013)).

345. *See supra* notes 248–51 and accompanying text.

been before the state court,” and “[s]uch ‘fact-bound and situation-specific’ effects are not sufficient to” divest the state courts of jurisdiction.<sup>346</sup> Moreover, state law cases involving embedded patent issues regularly turn on difficult or disputed questions of *state* law.<sup>347</sup> It seems questionable to place those state law cases exclusively within the realm of the federal courts.

The strongest case for continued federal exclusivity involves infringement and declaratory judgment claims created by federal law. Comity concerns in particular might create unease about a state court determining the scope and validity of a patent issued by the federal government. In the context of international litigation, comity has swayed courts from adjudicating claims involving patents issued by other countries.<sup>348</sup> Yet these international rules of exclusive jurisdiction have not been unanimously embraced by courts and scholars.<sup>349</sup> In any event, it does not seem that *domestic* comity should be an insurmountable barrier to concurrent jurisdiction over patent cases. State courts have the power to adjudicate all types of legal claims arising under federal law unless Congress specifically provides otherwise.<sup>350</sup> Indeed, state courts have long had the power to decide infringement and validity issues in cases involving federal trademarks.<sup>351</sup> Purely as a matter of comity, state court invalidation of a federal patent does not seem much different. On balance, therefore, I would likely support a proposal that granted the

---

346. *Gunn*, 133 S. Ct. at 1068 (quoting *Empire Healthchoice Assurance, Inc. v. McVeigh*, 547 U.S. 677, 701 (2006)).

347. *See, e.g., Byrne v. Wood, Herron & Evans, LLP*, 676 F.3d 1024, 1035 (Fed. Cir. 2012) (O’Malley, J., dissenting from denial of rehearing en banc) (“Most of the recent malpractice cases on this court’s docket turn on state law matters such as statutes of limitations, statutes of repose, or evidentiary issues.” (citing cases)).

348. *See, e.g., Voda v. Cordis Corp.*, 476 F.3d 887, 900 (Fed. Cir. 2007) (holding that a federal district court lacked jurisdiction over claims for infringement of European, British, Canadian, French, and German patents); Marketa Trimble, GAT, Solvay, and the Centralization of Patent Litigation in Europe, 26 EMORY INT’L L. REV. 515, 519 (2012) (discussing European Union law prohibiting domestic courts from deciding the validity of foreign patents).

349. *See, e.g.,* MARKETA TRIMBLE, GLOBAL PATENTS: LIMITS OF TRANSNATIONAL ENFORCEMENT 59–65 (2012) (discussing law reform proposals and a Japanese judicial decision that would permit adjudication of foreign patents); *see also* BENEDETTA UBERTAZZI, EXCLUSIVE JURISDICTION IN INTELLECTUAL PROPERTY 295 (2012) (suggesting that “the arguments for extending the act of State and comity doctrines to [intellectual property rights] are [un]convincing”).

350. *See supra* note 26 and accompanying text.

351. *See, e.g., Duggan’s Funeral Serv., Inc. v. Duggan’s Serra Mortuary, Inc.*, 95 Cal. Rptr. 2d 253, 257 (Ct. App. 2000); *see also* 15 U.S.C. § 1121(a) (2012) (granting the federal courts original but not exclusive jurisdiction over cases arising under the Lanham Act).

state and federal courts concurrent jurisdiction over cases arising under patent law while preserving a right of removal for defendants.

### C. Institutional Entrenchment

The primary objective of this Article, however, has not been to advocate for a repeal of exclusive jurisdiction because such a reform would likely have little practical effect on the distribution of patent cases. Because of the current system of exclusive jurisdiction, patent lawyers are by far more familiar with federal court and with the special patent rules that exist in many districts. It is hard to envision Existing literature suggests than an important factor for lawyers in choosing between state and federal court is familiarity with the jurisdiction.<sup>352</sup> seasoned patent lawyers consenting to the jurisdiction of a state court. Under a regime of concurrent jurisdiction, therefore, plaintiffs would likely continue to file the vast majority of their patent suits in federal court, and defendants, even if they were sued in state court, would likely remove most cases to federal court. Federal courts have developed a reputation for handling patent cases and this reputation invites, in the words of Michael Solimine and James Walker, “the perpetuation of a self-fulfilling prophecy. Lawyers think that state courts are incompetent to deal with federal claims, and they go to federal court. State courts are less familiar with federal claims because the lawyers go to federal courts, and so on.”<sup>353</sup>

Moreover, even if attorneys from both sides were willing to submit to state jurisdiction, their experiment would probably be short lived. If a state’s courts developed a reputation for being “unfriendly” to patents (by, for example, rarely finding infringement or rarely upholding validity), patent holders would cease filing there. Conversely, if a particular state was viewed as patent friendly, accused infringers would remove every case filed in that jurisdiction. And if no state can attract a critical mass of patent cases, the potential benefits of concurrent jurisdiction would not materialize. For example, state courts would be unable to percolate patent doctrine if they heard very few patent cases.

One way to break this cycle would be to eliminate removal in patent cases. A prohibition on removal would not be unprecedented. Defendants, for example, are not permitted to remove a case solely on the basis of diversity if the defendant is a resident of the state in which the case is filed.<sup>354</sup> But an example will show that, if there were concurrent jurisdiction over patent cases, limiting removal would be unwise. Suppose a potential infringer filed a declaratory judgment suit in

---

352. See Flango, *supra* note 283, at 81; Miller, *supra* note 287, at 400–01, 425.

353. SOLIMINE & WALKER, *supra* note 16, at 70.

354. See 28 U.S.C. § 1441(b)(2) (2012).

state court, seeking a declaration of noninfringement. These declaratory judgment suits are common in patent law, and are usually met with a counterclaim for infringement.<sup>355</sup> Under a regime of concurrent jurisdiction with a right of removal, the patent holder could remove the declaratory judgment case to federal court. But even without removal, the patent holder would still have an avenue into federal court—it could simply file its claim for infringement there.<sup>356</sup> In general, nothing prohibits state courts and federal courts from simultaneously entertaining similar lawsuits.<sup>357</sup> In the situation of parallel state-federal litigation, the first judgment entered would be entitled to preclusive effect.<sup>358</sup> Although it is conceivable that one of the courts would stay or dismiss its case in light of the other proceeding,<sup>359</sup> mere duplication of effort and inefficiency generally are not viewed as sufficient grounds to stay or dismiss.<sup>360</sup> Thus, concurrent jurisdiction without removal could encourage wasteful, duplicative patent litigation as the parties race to judgment in multiple courts.<sup>361</sup>

---

355. See Megan M. La Belle, *Patent Law as Public Law*, 20 GEO. MASON L. REV. 41, 61–65 (2012).

356. Indeed, under a system of concurrent jurisdiction, the patent holder might prefer to file a separate infringement suit in federal court rather than filing an infringement counterclaim in the original case. Under the removal statute, a case may be removed only to the federal district embracing the state court in which the suit was originally filed. See 28 U.S.C. § 1441(a). But by filing a separate suit, the patent holder could choose any district in which jurisdiction and venue are proper.

357. See, e.g., *Burns v. Walter*, 931 F.2d 140, 145 (1st Cir. 1991) (“[W]hen a state court and a federal court enjoy concurrent jurisdiction over a particular suit, they both may, and, under some circumstances, must, proceed with the respective litigations simultaneously.”).

358. See *Kline v. Burke Constr. Co.*, 260 U.S. 226, 230 (1922).

359. See *Colo. River Water Conservation Dist. v. United States*, 424 U.S. 800, 818 (1976) (discussing the ability of federal courts to dismiss a case “due to the presence of a concurrent state proceeding for reasons of wise judicial administration”); see also 6 WRIGHT ET AL., *supra* note 124, § 1418 (discussing stays in the context of parallel state-federal litigation).

360. See, e.g., *Villa Marina Yacht Sales, Inc. v. Hatteras Yachts*, 915 F.2d 7, 13 (1st Cir. 1990). See generally 17A WRIGHT ET AL., *supra* note 124, § 4247 (discussing additional cases).

361. See James C. Rehnquist, *Taking Comity Seriously: How to Neutralize the Abstention Doctrine*, 46 STAN. L. REV. 1049, 1064–65 (1994) (discussing the costs of duplicative state-federal litigation). Although the infringement counterclaim in the example discussed would probably be compulsory in the state court declaratory judgment suit, see Megan M. La Belle, “Reverse” Patent Declaratory Judgment Actions: A Proposed Solution for Medtronic, 162 U. PA. L. REV. ONLINE 43, 53 (2013), available at <http://www.pennlawreview.com/online/162-U-Pa-L-Rev-Online-43.pdf>, the most likely sanction for failure to file the counterclaim would be that claim preclusion would bar the patent holder from asserting the infringement claim, see 6 WRIGHT ET AL., *supra* note 124, § 1418. Claim preclusion, however, would not take effect until the state court

Another way to limit removal under concurrent jurisdiction, besides barring removal altogether, would be to impose an amount-in-controversy requirement for patent cases to be subject to federal jurisdiction. An amount-in-controversy requirement currently applies to diversity cases,<sup>362</sup> and the general federal question statute imposed a similar requirement until 1980.<sup>363</sup> Indeed, a few statutes still condition federal question jurisdiction on a minimum amount-in-controversy.<sup>364</sup> Imposing an amount-in-controversy requirement for patent cases could have the interesting effect of turning state courts into de facto small claims courts for patent cases. That said, any amount-in-controversy requirement imposes difficulties in administration;<sup>365</sup> it was those difficulties that spurred Congress to abandon the requirement for federal question cases.<sup>366</sup> Moreover, an amount-in-controversy requirement intended to keep low-stakes patent cases out of federal court could have the perverse effect of requiring litigation over jurisdiction in the smallest patent cases—where concerns about litigation costs are most critical.<sup>367</sup>

In short, exclusive jurisdiction appears difficult to undo as a practical matter. And the reasons for this entrenchment do not seem unique to patent law; they could apply equally to other areas of exclusive

---

actually entered a judgment in the declaratory judgment action, *see id.*, meaning that the infringement claim could proceed in a federal court until the state case concluded.

362. 28 U.S.C. § 1332(a) (2012).

363. *See* FALLON ET AL., *supra* note 47, at 1377.

364. *See, e.g.*, 15 U.S.C. § 2072(a) (2012) (requiring \$10,000 amount in controversy for suits based on violations of consumer product safety rules).

365. *See, e.g.*, 14AA WRIGHT ET AL., *supra* note 124, § 3702.1 (examining the amount-in-controversy analysis in cases removed from state court to federal court and describing steps the federal courts have taken to “stem the flood of remand motions asserting a lack of amount in controversy”).

366. S. REP. NO. 96-827, at 1 (1980); H.R. REP. NO. 96-1461, at 2 (1980); *see also* Federal Question Jurisdictional Amendments Act of 1980, Pub. L. No. 96-486, § 2, 94 Stat. 2369, 2369 (eliminating the amount-in-controversy requirement for federal question cases).

367. A more radical way to break the cycle of removal under concurrent jurisdiction would be to allow state courts to certify questions of patent law to the Federal Circuit, much as federal courts can certify questions of state law to state supreme courts. *See* Jonathan Remy Nash, *Examining the Power of Federal Courts to Certify Questions of State Law*, 88 CORNELL L. REV. 1672, 1674 (2003). One objection to such a “reverse” certification procedure would be that it violates the case-or-controversy requirement of Article III. *See* Bruce M. Selya, *Certified Madness: Ask a Silly Question . . .*, 29 SUFFOLK U. L. REV. 677, 685 (1995). State courts that, like the federal courts, are prohibited from issuing advisory opinions have reached mixed results on the constitutionality of certified question statutes. *See* 17A WRIGHT ET AL., *supra* note 124, § 4248. In any event, a more salient objection to a reverse certification procedure in patent cases is that it would impede the doctrinal percolation that concurrent jurisdiction is aimed to stimulate.

federal jurisdiction, such as copyright, antitrust, securities, and bankruptcy.<sup>368</sup> Exclusive federal jurisdiction precludes state courts from developing familiarity with those areas of law and prevents lawyers practicing in those areas from developing familiarity with the state courts. Because of that dynamic, most cases in areas currently subject to exclusive federal jurisdiction would probably remain in the federal courts, even if exclusive jurisdiction were repealed. Thus, future legislative discussions about jurisdictional policy should acknowledge that it is difficult to achieve an effective repeal of exclusive jurisdiction.

The difficulty of effectively repealing exclusive jurisdiction also illustrates the peculiar susceptibility of certain institutional arrangements to become deeply entrenched over the long term, even though they seem normatively questionable.<sup>369</sup> Exclusive jurisdiction is not the only example of an entrenched-but-arguably-suboptimal institutional arrangement in the field of federal jurisdiction. Diversity jurisdiction is another prime example. It has been loudly criticized<sup>370</sup> but is not going anywhere.<sup>371</sup> Closer to the field of patent law, the notion of eliminating the Federal Circuit's exclusive jurisdiction seems to have little political traction, even though many scholars—and at least two federal judges—have questioned the wisdom of centralizing patent appeals.<sup>372</sup> Future work might closely examine these entrenched judicial institutions and consider both what causes their path dependence and what distinguishes them from institutions and procedural mechanisms that are more susceptible to change.<sup>373</sup>

Answers to these questions could have important implications for ongoing debates about patent reform. Because different innovating industries have different views about the optimal substantive content of

---

368. See generally *Tafflin v. Levitt*, 493 U.S. 455, 471 (1990) (Scalia, J., concurring) (collecting examples of exclusive federal jurisdiction).

369. See Levinson, *supra* note 19, at 672.

370. See, e.g., Larry Kramer, *Diversity Jurisdiction*, 1990 BYU L. REV. 97, 102–05.

371. See RICHARD D. FREER, CIVIL PROCEDURE § 4.5.2, at 174 (3d ed. 2012). Of course, the required amount in controversy has been periodically increased, but the last such increase was in 1997, and the required minimum amount remains the relatively modest sum of \$75,000.01. See 28 U.S.C. § 1338(a) (2012).

372. See, e.g., BESSEN & MEURER, *supra* note 276, at 230; Nard & Duffy, *supra* note 86, at 1623; Wood, *supra* note 277, at 10; David Haas et al., *An Interview with Seventh Circuit Judge Richard Posner*, STOUT RISUIS ROSS (Fall 2013), <http://www.srr.com/article/interview-judge-richard-posner-patent-litigation> (“I don’t think it’s a good idea to have a specialized appellate court. I don’t think the Federal Circuit has been a success, so I’d return patent appellate responsibility to the regional circuits, where it was before 1982.”).

373. Cf. Levinson, *supra* note 19, at 694 (arguing that political decision-making institutions become entrenched because they represent “bundles” of uncertain future policy outcomes, which blunt sustained resistance).

patent law,<sup>374</sup> contemporary reforms have focused mostly on matters of procedure and institutional structure—such as creating additional mechanisms by which interested parties can challenge patent validity<sup>375</sup> and allowing judges in certain judicial districts to specialize in patent cases.<sup>376</sup> In addition, proposals currently pending in Congress would shift attorneys' fees to the losing party in patent litigation<sup>377</sup> and impose a heightened pleading standard on patent infringement plaintiffs.<sup>378</sup> But by focusing on procedure and institutions rather than on substance, Congress could be making policy that will prove exceedingly difficult to change in the future. Thus, Congress might consider including sunset provisions in future reforms, as it did in the statute creating the Pilot Program.<sup>379</sup>

#### CONCLUSION

Rethinking patent jurisdiction illustrates that conversations about patent law's institutional structure should discuss not only broad concerns about uniformity and substantive expertise, but also more nuanced considerations, such as the adjudicative uniformity provided by federal preclusion doctrine and the expertise of federal judges in managing complex civil litigation. Future work could usefully apply the theoretical framework developed by this Article to evaluate other areas of exclusive federal jurisdiction and to jurisdiction in other fields of intellectual property.

Under this framework, the justifications for exclusive federal jurisdiction, if any, may be unique to each individual substantive area. In bankruptcy, for instance, exclusive jurisdiction might actually provide a substantial quantum of legal expertise because of the existence of federal bankruptcy judges.<sup>380</sup> In antitrust, by contrast, state judges might

---

374. See DAN L. BURK & MARK A. LEMLEY, *THE PATENT CRISIS AND HOW THE COURTS CAN SOLVE IT* 4 (2009).

375. See Sarah Tran, *Patent Powers*, 25 HARV. J.L. & TECH. 595, 632–39 (2012) (discussing new and reformed PTO proceedings created by the America Invents Act).

376. See Pilot Program in Certain District Courts, Pub. L. No. 111-349, 124 Stat. 3674 (2011); see also *supra* notes 69–74 and accompanying text (discussing the Pilot Program).

377. See *supra* note 18 and accompanying text.

378. See, e.g., Innovation Act, H.R. 3309, 113th Cong. § 3 (2013); Patent Abuse Reduction Act of 2013, S. 1013, 113th Cong. § 2.

379. Pilot Program § 1(c), 124 Stat. at 3675 (providing that the program will end after ten years); see also Innovation Act, H.R. 3309, 113th Cong. § 9(g) (2013) (extending the duration of the Pilot Program to twenty years).

380. There is empirical support for the notion that bankruptcy judges provide useful expertise. Bankruptcy appeals may be heard in the first instance either by panels of bankruptcy judges sitting as a Bankruptcy Appellate Panel (BAP), or by a district judge,

themselves have a modest amount of relevant experience because antitrust statutes exist in every state, and most of those state statutes are similar to the federal antitrust laws.<sup>381</sup>

This fine-grained approach could also be used to assess jurisdiction in other areas of intellectual property law. For example, the federal courts have exclusive jurisdiction over cases arising under the copyright laws,<sup>382</sup> but there is no centralized appellate court for copyright appeals. By contrast, the state and federal courts share concurrent jurisdiction over trademark cases, but the Federal Circuit is the sole appellate forum for appeals from registration proceedings at the PTO.<sup>383</sup> Appeals in trademark litigation, as in copyright litigation, are heard by the regional circuits. The heterogeneity in jurisdictional structure among the three fields of federal intellectual property law invites a comparative analysis.

---

and one study suggests that, as measured by affirmance and citation rates, BAP decisions are perceived to be of higher quality than decisions by district judges. Jonathan Remy Nash & Rafael I. Pardo, *An Empirical Investigation into Appellate Structure and the Perceived Quality of Appellate Review*, 61 VAND. L. REV. 1745, 1747 (2008).

381. See Solimine, *supra* note 15, at 430.

382. See 28 U.S.C. § 1338(a) (2012).

383. See § 1295(a)(4)(B).

## APPENDIX

FEDERAL CIRCUIT PATENT CASES DECIDED BY THE SUPREME COURT,  
OCTOBER TERM 2001 THROUGH OCTOBER TERM 2012

Case	Disposition
<i>J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc.</i> , 534 U.S. 124 (2001)	Affirmed
<i>Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.</i> , 535 U.S. 722 (2002)	Vacated
<i>Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc.</i> , 535 U.S. 826 (2002)	Vacated
<i>Merck KGaA v. Intergra Lifesciences I, Ltd.</i> , 545 U.S. 193 (2005)	Vacated
<i>Unitherm Food Sys., Inc. v. Swift-Eckrich, Inc.</i> , 546 U.S. 394 (2006)	Reversed
<i>Ill. Tool Works Inc. v. Indep. Ink, Inc.</i> , 547 U.S. 28 (2006)	Vacated
<i>eBay, Inc. v. MercExchange, L.L.C.</i> , 547 U.S. 388 (2006)	Vacated
<i>Lab. Corp. of Am. Holdings v. Metabolite Labs., Inc.</i> , 548 U.S. 124 (2006)	Dismissed as improvidently granted
<i>MedImmune, Inc. v. Genentech, Inc.</i> , 549 U.S. 118 (2007)	Reversed
<i>KSR Int'l Co. v. Teleflex Inc.</i> , 550 U.S. 398 (2007)	Reversed
<i>Microsoft Corp. v. AT&amp;T Corp.</i> , 550 U.S. 437 (2007)	Reversed
<i>Quanta Computer, Inc. v. LG Elecs., Inc.</i> , 553 U.S. 617 (2008)	Reversed
<i>Carlsbad Tech., Inc. v. HIF Bio, Inc.</i> , 556 U.S. 635 (2009)	Reversed
<i>Bilski v. Kappos</i> , 130 S. Ct. 3218 (2010)	Affirmed

Case	Disposition
<i>Global-Tech Appliances, Inc. v. SEB S.A.</i> , 131 S. Ct. 2060 (2011)	Affirmed
<i>Bd. of Trs. of Leland Stanford Jr. Univ. v. Roche Molecular Sys., Inc.</i> , 131 S. Ct. 2188 (2011)	Affirmed
<i>Microsoft Corp. v. i4i Ltd. P'ship</i> , 131 S. Ct. 2238 (2011)	Affirmed
<i>Mayo Collaborative Servs. v. Prometheus Labs., Inc.</i> , 132 S. Ct. 1289 (2012)	Reversed
<i>Caraco Pharm. Labs., Ltd. v. Novo Nordisk A/S</i> , 132 S. Ct. 1670 (2012)	Reversed
<i>Kappos v. Hyatt</i> , 132 S. Ct. 1690 (2012)	Affirmed
<i>Bowman v. Monsanto Co.</i> , 133 S. Ct. 1761 (2013)	Affirmed
<i>Ass'n for Molecular Pathology v. Myriad Genetics, Inc.</i> , 133 S. Ct. 2107 (2013)	Affirmed in part, reversed in part