



# COMING OF AGE FOR THE FEDERAL CIRCUIT

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**T**HIS HAS BEEN a watershed year for the Federal Circuit. The Chief Judge, who had gained a reputation for commenting publicly about pending legislation and cases, resigned after a scandal involving the appearance of favoritism towards a lawyer who appears before the court. The Circuit fared no better in the more traditional measure of approval from the court above. The Supreme Court granted certiorari in six patent cases arising out of the Federal Circuit last term – the largest number the Justices have accepted since the Circuit’s creation in 1982. Moreover, in case after case this year, the Justices soundly and unanimously rejected the Federal Circuit’s logic.

To what should one attribute this cascade of unwanted attention from above? Some attribute the tension between the Federal Circuit and the Supreme Court to a clash between rules and standards. According to this view, the Federal Circuit craves structured rules that can be followed by all players, while the Supreme Court demands more subtle and flexible standards.

Characterizing these struggles as a debate about rules and standards misses the heart of the conversation that is occurring. Rather, a strong message echoes through the six Supreme Court decisions. It is a message about restraint, about carefully constructed logic, and

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about coming into the fold of judicial decision-making. This is not to suggest that the Supreme Court itself is always successful in following these aspirational goals. Nevertheless, the message is clear. This is a coming of age for the Federal Circuit – or at least the Supreme Court seems determined to coax, cajole and, when necessary, club the Federal Circuit into coming of age.

This article examines the messages evident in recent Supreme Court decisions and evaluates whether the Court appears to be gaining ground. Although some indications are positive, others suggest that the Federal Circuit may not be entirely ready to relinquish its role as the judiciary's *enfant terrible*.

## I. A SHIFT IN FOCUS

The Federal Circuit was born in a blaze of optimism in 1982. With an eye towards creating consistency and coherence in the federal patent system, Congress created a single court of appeals that, among other duties, would hear all patent appeals.

In the Federal Circuit's early years, the Supreme Court focused little attention on the Circuit, reviewing only five patent cases in fifteen years. With complex scientific concepts and difficult code-like lingo, patent law is a territory in which few generalists dare to tread, and the Justices may have welcomed the opportunity to focus their attention elsewhere. Despite great hope, however, coherence in patent law has not materialized. Rather, the Federal Circuit has allowed panel splits to persist, suffered gaps in its logic, and displayed less than full fidelity to precedent.<sup>1</sup> What is charming in one's early years may become less tolerable across time, and the pace of Supreme Court review has increased since the turn of the millennium,<sup>2</sup> reaching six cases last term. Moreover, the Justices have consistently rebuked the Federal Circuit for its logic.

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<sup>1</sup> See Robin Feldman, *Plain Language Patents*, 17 TEX. INTELL. PROP. L.J. 289, 300-01 (2009) (discussing unresolved splits in the product-by-process doctrine and the written description doctrine and failure to follow precedent in patent misuse doctrine; see also Robin Feldman, *A Conversation on Judicial Decision Making*, 5 HASTINGS SCI. & TECH. L.J. 1 (2012) (describing lack of fidelity to circuit precedent and precedent from above).

<sup>2</sup> See Roy E. Hofer, *Supreme Court Reversal Rates: Evaluating the Federal Courts of Appeals*, 2 LANDSLIDE 3, 2 n.13 (2010).

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A number of commentators, and even Federal Circuit judges themselves, have characterized the message from the Supreme Court as a preference for flexible tests over bright-line rules. This, however, misses the heart of the Supreme Court's exhortation. To begin with, suggesting that the current Supreme Court has a preference for balancing tests and flexible standards would be somewhat surprising on its face. This is not the Court of prior decades in which Justice O'Connor, wielding the power of the swing vote, penned decisions full of amorphous balancing tests. In contrast, this Court is far more interested in wrapping its decisions in careful fidelity to precise statutory language and legal precedent, rather than looking for more open-ended standards. This is not to suggest that the Court is always successful in its desire for precision or its fealty to precedent. Nevertheless, it would be odd to find a court that holds such aspirations demonstrating an aversion to rules and an attraction to looser standards.

Nor does the notion of a preference for standards over rules fit consistently with decisions over the last few years<sup>3</sup> or with the underlying messages strewn across the Supreme Court's numerous patent decisions last term. Rather, these cases sound a theme of restraint.<sup>4</sup> They reflect an admonition to stay close to statutory language and to establish logic that applies broadly across a full range of cases. In short, these are messages about coming into the fold of careful and precise legal decision-making.

Most important, the cases this year reflect an impatience with the type of nice distinctions that patent lawyers have grown accustomed to falling back on to justify a client's behavior – ones that the Federal Circuit has readily accepted. Over and over again, the message from the Justices essentially has been, “forget the clever drafting and technical workarounds, what is really going on here,”<sup>5</sup> while the

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<sup>3</sup> See, e.g., Steven Seidenberg, *A Comeback for the Federal Circuit: This Term, SCOTUS is No Longer the 'Court of Corrections'* ABA (Sept. 1, 2011) (noting that the *i4i* decision surprised those expecting the Justices to choose a standard over a bright-line rule); see also *Microsoft v. i4i Ltd. Partnership*, 131 S. Ct. 2238 (2011).

<sup>4</sup> I have noted some of these themes in a newspaper editorial, Robin Feldman, *Theme of Restraint in Term's IP Cases*, DAILY JOURNAL (July 8, 2014) (see [www.uchastings.edu/news/articles/2014/07/thinkers-doers-july%2011.php](http://www.uchastings.edu/news/articles/2014/07/thinkers-doers-july%2011.php)).

<sup>5</sup> See Feldman, DAILY JOURNAL, *supra* note 4 (noting also that the Supreme Court echoed the same theme in non-patent intellectual property cases last term).

message from the patent bar and the Federal Circuit has been, “but this is how we do things.” Consider the patentable subject matter case *Alice v. CLS Bank*.<sup>6</sup> In five different places, the Justices referred to “draftsman’s art” or “drafting efforts,” signaling loudly and clearly that the Federal Circuit’s legal doctrines must rest on more than such tenuous grounds.

The problem of relying on ever-finer distinctions, at the expense of a coherent logical base, has plagued the Federal Circuit for some time. I have described this problem as “death by tinkering.”<sup>7</sup> The Circuit changes a little piece here and a little piece there until the entire doctrine threatens to collapse of its own weight. In *Alice*, the Justices pointedly directed the Federal Circuit to construct legal doctrine that did not rest on these types of drafting distinctions.

*Alice* also was the case in which the Supreme Court most directly demonstrated its views on how such doctrines should be constructed, and it is the case that best illustrates the evolution of the Supreme Court’s messaging from hints, to conversation, to commands. *Alice* was the fourth in a series of Supreme Court cases on patentable subject matter since 2010. In the first case, *Bilski v. Kappos*, the Supreme Court rejected the Federal Circuit’s holding that the sole test for patentable subject matter should be the “machine or transformation test.” It probably did not help the Federal Circuit that the Circuit had been continually citing a Supreme Court decision in which the Court explicitly *declined* to adopt that approach as the sole method.<sup>8</sup>

Across a fractured set of opinions, a majority of the Supreme Court Justices ruled in *Bilski* that machine-or-transformation, while a useful clue, certainly was not the sole test for determining subject matter patentability. The majority dribbled out a variety of hints about the proper manner of constructing legal doctrine,<sup>9</sup> as well as hints about the Justices’ displeasure over the Federal Circuit’s deci-

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<sup>6</sup> *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347 (2014).

<sup>7</sup> See Feldman, *Conversation*, *supra* note 1.

<sup>8</sup> See *Bilski v. Kappos*, 130 S. Ct. 3218, 3227 (2010) (noting that the Federal Circuit had incorrectly concluded that the Court had endorsed the machine-or-transformation test).

<sup>9</sup> See Feldman, *Conversation*, *supra* note 1.

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sion-making. Displaying a startlingly strong rebuke of Federal Circuit jurisprudence, the *Bilski* majority stated that:

Nothing in today's opinion should be read as endorsing interpretations of section 101 that the Court of Appeals for the Federal Circuit has used in the past.<sup>10</sup>

In other words, the Justices suggested that they disagreed with everything the Federal Circuit had ever said about this area of patent law in the Circuit's 30-year history.<sup>11</sup> That is a remarkable statement.

The Justices, however, did not set a specific test for the Federal Circuit to follow. In the most charitable light, one could say that the Supreme Court intended that, having offered wisdom on the proper outlines of the doctrine and the proper approach to decision-making, it gave the Federal Circuit an opportunity to flesh out a proper test as the Circuit saw fit. A cynic might suggest, that the exceedingly fractured Supreme Court decision in *Bilski* indicated the Justices themselves had no solution.<sup>12</sup>

Granting the Federal Circuit another opportunity to define a workable test for patentable subject matter, however, produced unsatisfying results for the Supreme Court. Upon reversing *Bilski*, the Supreme Court remanded another case, *Mayo v. Prometheus*, sending it back for reconsideration. *Mayo* concerned a patent on a medical diagnostic method, specifically, a method of calibrating the proper dosage of certain medicines for gastrointestinal disorder. The Federal Circuit concluded on remand that the machine or transformation test remained the proper test under the circumstances and that the invention satisfied the test. The Federal Circuit's new decision contained minor logical additions, but remained essentially unchanged from its decision prior to remand. In response, the Supreme Court reversed the Federal Circuit's *Mayo* decision, as well as soundly rejecting the circuit's analysis.<sup>13</sup>

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<sup>10</sup> *Bilski*, 130 S. Ct. at 3231.

<sup>11</sup> See Feldman, *supra* note 1.

<sup>12</sup> The Justices wrote three separate opinions, with two opinions oddly bifurcated and Justice Scalia serving as the swing vote.

<sup>13</sup> *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289 (2012).

Upon reversing *Mayo*, the Supreme Court remanded another Federal Circuit decision on patentable subject matter, *Association of Medical Pathology v. Myriad*.<sup>14</sup> *Myriad* concerned the patentability of isolated gene sequences. Once again, the Supreme Court gave the Federal Circuit an opportunity to reconsider its decision in light of the Court's guidance, and once again, the Supreme Court would later reverse and reject the Federal Circuit's attempts.

Finally, in *Alice*, the Supreme Court gave up and delineated its own rule on patentable subject matter, one derived from the language of its own prior decisions in the area. *Alice* concerned a software patent on a form of computerized escrow accounts. Sitting en banc, the Federal Circuit panel of ten judges produced seven different opinions, disagreeing on whether some of the patent claims might constitute patentable subject matter and what the analysis should be. No single opinion drew more than a plurality, outside of a one paragraph per curiam opinion.

In its own *Alice* opinion, the Supreme Court established a two-part test for distinguishing ineligible patents that merely claim laws of nature, natural phenomena, and abstract ideas from eligible patents that appropriately claim applications of those basic building blocks. The first step involves determining whether the patent claim is directed to one of the ineligible categories, such as an abstract idea. The second step involves looking at any additional elements in the claim to see if the core of what is new – the “inventive concept” – adds enough. In particular, the Court noted that simply appending conventional steps, specified at a high level of generality, is not enough to supply an appropriate inventive concept.<sup>15</sup>

The series of patentable subject matter cases, culminating with *Alice*, was not simply about rules versus standards. In rejecting the Federal Circuit's machine-or-transformation rule, the Supreme Court tried repeatedly to coax the Federal Circuit into developing a test that would be broadly applicable and logically defensible. Machine or transformation, for all of its bright-line qualities, required consider-

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<sup>14</sup> See *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107 (2013).

<sup>15</sup> See *Alice*, 134 S. Ct. (citing *Mayo*, 132 S. Ct. at 1292).

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able hand waiving, and one also had to suspend a certain amount of disbelief to overlook the logical discrepancies.<sup>16</sup>

The problem with the Federal Circuit's series of failed tests in the area of patentable subject matter lies not with the notion of having a test or a bright-line rule. The problem lies with forgetting the goal of why one is developing a test in the first place. Any test is no more than a proxy for the concepts embodied in the notion of patentable subject matter, which can be understood broadly as ensuring that the subject matter of a patent does not pose pre-emption problems.<sup>17</sup> It is not that everything embodied in the Federal Circuit's proxies was wrong or that the notion of developing a proxy itself is wrong. The danger is that one can forget what the proxy is testing for and allow that proxy to take on a life of its own, disembodied from the underlying concepts.<sup>18</sup> This is what the Supreme Court tried to communicate to the Federal Circuit as it tried to coax the Circuit into creating a logically consistent test for patentable subject matter.

The Court delivered a similar message about logical consistency in last term's decision in *Limelight v. Akamai*.<sup>19</sup> In a prior case, the Federal Circuit had held that a defendant was not liable for directly infringing a patented method because the defendant there did not control all steps of the method itself.<sup>20</sup> Similarly, the defendant in *Akamai* also did not perform or control all the steps in the method patent.

In its en banc ruling in *Akamai*, the Federal Circuit declined to revisit its direct earlier infringement decision but found the defendant liable for indirect infringement instead. The en banc court accepted

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<sup>16</sup> For a discussion of problems with various bright-line tests the Federal Circuit has tried for patentable subject matter, see ROBIN FELDMAN, *RETHINKING PATENT LAW* 113-124 (Harvard University Press 2012).

<sup>17</sup> See *Mayo v. Prometheus*, 132 S. Ct. at 1303 (noting that the exceptions to patentable subject matter serve as a "proxy for the underlying 'building-block' concern").

<sup>18</sup> For a further discussion of this concept, see Brief of Amici Curiae Professor Robin Feldman and the U.C. Hastings Institute for Innovation Law on Behalf of Neither Party at 19-22, *Alice v. CLS Bank*, 134 S. Ct. 2347 (2014) (No. 13-298), 2014 WL 343177.

<sup>19</sup> *Limelight Networks, Inc. v. Akamai Techs., Inc.* 134 S. Ct. 2111, 2120 (2014).

<sup>20</sup> See *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1330 (2008).

the principle that there can be no finding of indirect infringement without a finding of direct infringement. However, employing remarkably creative logic, the Federal Circuit ruled that requiring proof that direct infringement has occurred is not the same as requiring that anyone would be liable for that infringement.

The Supreme Court was unmoved by the Federal Circuit's creativity. Reversing and remanding, the Justices commented that the "Federal Circuit's analysis fundamentally misunderstands what it means to infringe a method patent."<sup>21</sup> It is an odd moment indeed when the Supreme Court feels moved to explain patent infringement to the dedicated patent court of appeals.

The Supreme Court's *Akamai* decision essentially invited the Federal Circuit to revisit its prior decision regarding indirect infringement. The message was clear. Judges cannot solve a problem in one doctrinal area by twisting another set of doctrines. These rules of convenience inevitably collapse of their own weight, and the Federal Circuit must develop a more supportable logical base.

The *Alice* and *Akamai* decisions also echo another significant theme from this year. Much of the Federal Circuit's tinkering over the decades has been in the service of an expansive interpretation of patent law and patent holder rights. In case after case last term, however, the Supreme Court cut back on the broad roaming range that patent holders have come to enjoy and expect from the Federal Circuit. For example, in *Nautilus v. Biosig*,<sup>22</sup> the Supreme Court overturned the Federal Circuit's rule that claims are permitted to be ambiguous as long as they are not "insolubly ambiguous." The Federal Circuit's rule had ensured that very few patents could ever be overturned for indefiniteness.

Similarly, the Supreme Court's decision in *Medtronic v. Mirowski*<sup>23</sup> ensured an increase in challenges to existing patents. Ordinarily, a patent holder bears the burden of proving that a patent is valid in an infringement case. The Federal Circuit had ruled, however, that the

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<sup>21</sup> *Akamai*, 134 S. Ct. at 2117.

<sup>22</sup> *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2123 (2014).

<sup>23</sup> *Medtronic Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843 (2014).



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burden of proof shifts away from the patent holder when one who holds a license brings a declaratory judgment action against the patent holder. The Supreme Court rejected the Federal Circuit's burden shift, holding that the burden remains with the patent owner.

The final two companion cases, *Octane* and *Highmark* continued the theme of cutting back on the power of the patent holder and contained the strongest rebuke of the Federal Circuit this year.<sup>24</sup> These cases concerned the Patent Act's provision that a court may award attorneys fees in "exceptional cases." In interpreting the provision, the Federal Circuit had set a tremendously high bar, importing a standard from antitrust law to hold that a trial court may award attorneys fees only if the litigation is both "brought in subjective bad faith" and "objectively baseless." This standard ensured that fee shifting would be applied in few, if any, cases.

Once again, the Supreme Court rejected the Federal Circuit's test, ruling instead that an exceptional patent case is one that stands out from others, whether by the weakness of the arguments or the litigation strategy. The Justices overturned the Federal Circuit on the evidence standard as well, ruling that those asking for attorney's fees may establish their case by "a preponderance of the evidence" rather than meeting the higher standard of "clear and convincing evidence."

Finally, the Supreme Court severely limited the Federal Circuit's ability to overturn a trial court's decision on the award of attorney's fees. The Justices held that the Federal Circuit could reverse a trial judge only for abuse of discretion, rather than applying a *de novo* standard of review, as the Federal Circuit had. In short, in the companion cases of *Octane* and *Highmark*, the Supreme Court said to the Federal Circuit, "you are wrong and you are out of the game."<sup>25</sup>

Perhaps the Supreme Court's loudest message of all echoes through the lineup of signatures on the opinions. Every one of the six Supreme Court patent opinions last term was delivered unani-

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<sup>24</sup> See *Octane Fitness v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014); *Highmark, Inc. v. Allcare Health Mgmt. Sys., Inc.*, 134 S. Ct. 1744 (2014).

<sup>25</sup> Feldman, *DAILY JOURNAL*, *supra* note 4.

mously.<sup>26</sup> This stands in sharp contrast to the Federal Circuit’s disarray – epitomized by *Alice*, in which the ten en banc judges managed to file seven separate opinions, and one per curiam opinion. The Supreme Court’s careful unanimity was an unmistakable message to the Federal Circuit to get its judicial house in order.

## II. WHAT LIES AHEAD

Although the most recent Supreme Court term ended mere months ago, there are some positive signs that the Federal Circuit is taking heed. Consider the recent Federal Circuit decision in *buySAFE v. Google*.<sup>27</sup> The patent related to a computerized method for guaranteeing that parties perform their obligations in online transactions. Oral argument in the case took place before the Supreme Court handed down the *Alice* decision. The panel included then Chief Judge Rader, who had yet to step down from the bench. In a series of heated exchanges with the attorney challenging the patent, Judge Rader suggested support for the patent claims and expressed thinly veiled criticism of the Supreme Court’s interpretation of section 101 of the Patent Act, which defines patentable subject matter:

You say 101, but of course you are not talking about 101, are you . . . [y]ou mean the judicial exception to 101. . . . If we just apply the statute, you lose.<sup>28</sup>

The attorney responded, “101 as it has been interpreted by the Supreme Court.”<sup>29</sup>

The opinion that issued from the Federal Circuit, however, showed careful deference to the Supreme Court’s authority and to

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<sup>26</sup> In one minor exception, Justice Scalia signed the Court’s opinion but declined to sign three footnotes, on the principle of not citing certain forms of legislative history. See *Octane*, 134 S. Ct. 1749 (2014).

<sup>27</sup> *buySAFE, Inc. v. Google, Inc.*, No. 2013-1575, 2014 WL 4337771 (Fed. Cir. Sept. 3, 2014).

<sup>28</sup> See Scott Graham, *After Testy Argument, Patent Appeal Becomes Easy Call in Google’s Favor*, THE RECORDER (Sept. 3, 2014). For audio recording, see [www.cafc.uscourts.gov/oral-argument-recordings/2013-1575/all](http://www.cafc.uscourts.gov/oral-argument-recordings/2013-1575/all)

<sup>29</sup> *Id.*

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its precedents. Perhaps in quiet response to the panel's now departed colleague, the two remaining panel members began their analysis by noting that the Supreme Court's interpretation of the relevant section of the Patent Act extends back 150 years.<sup>30</sup> The panelists then quickly found the patent claims ineligible under Section 101. "Given the new Supreme Court authority in this delicate area, and the simplicity of the present case under that authority, there is no need to parse our own precedents here. . . . it is a straightforward matter to conclude that the claims in the case are invalid."<sup>31</sup>

The *buySAFE* opinion was written by two newer members of the Federal Circuit and follows on the heels of another panel decision invalidating a software patent.<sup>32</sup> The language stands in contrast to other moments in which the Federal Circuit pushed back on Supreme Court mandates.<sup>33</sup>

The response of Federal Circuit judges to the *Octane* and *Highmark* decisions, however, has been less encouraging. In those cases, the Supreme Court overturned the Federal Circuit's test for awarding attorney's fees and held further that the Federal Circuit may only review a trial court's fee decision for abuse of discretion. The cases interpreted the Patent Act language that a court "in exceptional cases may award reasonable attorney fees to the prevailing party."<sup>34</sup>

Various Federal Circuit judges, however, appear to be unwilling to retreat to the sidelines. In remanding the *Octane* case to the trial judge to apply the Supreme Court's new test, the Federal Circuit could not resist the opportunity to instruct the lower court on what it should do. In particular, the panel reminded the lower court that

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<sup>30</sup> *buySAFE*, 2014 WL 4337771, at 2-3. (internal quotations and citations omitted).

<sup>31</sup> *Id.* at 4-5.

<sup>32</sup> *See Planet Bingo, LLC v. VKGS LLC*, No. 2013-1663 (Fed. Cir. Aug. 26, 2014).

<sup>33</sup> *See, e.g., text accompanying notes, supra* (describing the Federal Circuit's response on remand in the *Mayo* case); *Festo Corp. v. Shoketsu Kogyo Kabushiki Co., Ltd.* 234 F.3d 558, 598 (Fed. Cir. 2000) (Michel, J. dissenting) (arguing that although the Supreme Court encouraged the Federal Circuit to refine the test for the doctrine of equivalents, the Circuit's new rule "far from being merely a refinement, contravenes consistent Supreme Court authority").

<sup>34</sup> *See* 35 U.S.C. 285.

under Federal Circuit precedent, a trial court does not *have* to award fees in exceptional cases:

The Supreme Court . . . did not, however, revoke the discretion of a district court to deny fee awards even in exceptional cases. Long before *Brooks Furniture* [repudiated by the Supreme Court in *Octane*], we held that an exceptional case does not require in all circumstances the award of attorneys fees.<sup>35</sup>

Thus, having been told to get out of the game, the Federal Circuit used a large bullhorn to tell trial courts that just because the Supreme Court says you are allowed to award fees, it doesn't mean you have to.

The Federal Circuit may be correct on the legal issues. Nevertheless, having been told to leave this to the trial courts, it is somewhat unseemly for the judges to reach out in this way. Such action hints at the old Federal Circuit intransigence to Supreme Court, or any other, authority.

Similarly awkward has been the fact that two Federal Circuit judges, sitting by designation as trial court judges, have denied fee award motions since *Octane*.<sup>36</sup> This is a somewhat delicate area. Sitting by designation on another court is a time-honored practice specifically permitted by statute. Moreover, both of the Circuit judges were seated as trial court judges in these cases before the Supreme Court handed down its *Octane* opinion, although after the Supreme Court had granted certiorari. Nevertheless, these opinions raise the possibility of the appearance that Federal Circuit judges are trying to resist Supreme Court precedent by moving to the trial courts to shape the decision-making. The language of the opinions themselves does not dispel that notion.

For example, in *Stragent v. Intel*, the jury found that the defendant had not infringed the patents and that the patents were invalid,

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<sup>35</sup> *ICON Health & Fitness, Inc. v. Octane Fitness, LLC*, No. 2011-1521, -1636, slip op. at 5-6. (Fed. Cir. Aug. 26, 2014) (nonprecedential disposition).

<sup>36</sup> *Stragent, LLC v. Intel, Corp.* Case No. 6:11-cv-421 (E.D. Tex. Aug. 6, 2014); *Sabatino Bianco, M.D., v. Globus Medical, Inc.*, Case No. 2:12-CV-00147-WCB, 2014 WL 1904228 (E.D. Tex. May 12, 2014).

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in any event. In its motion for attorney's fees following the *Octane* decision, the defendant's lawyer described the patent holder as "a habitual litigant," and noted that while it had taken the jury a mere three hours to reject the patent holder's claims, the defendant had to spend \$9 million dollars defending the case.<sup>37</sup> Judge Dyk noted that the patent holder's infringement argument "was certainly a weak one," but declined to grant attorney's fees on the grounds that the defendant had not asked for summary judgment on infringement.<sup>38</sup>

Judge Bryson similarly focused on the summary judgment stage in denying attorney's fees in the other case, *Globus Medical*. Although noting that losing a summary judgment motion is not dispositive of whether a patent holder's arguments are baseless, the judge ruled that such a loss supports the notion that the argument was not frivolous.<sup>39</sup> Together, the two opinions set the stage for a new early bar on attorney's fees: lose the summary judgment motion, and the question of fees is now off the table. Such a flat bar, again operating to protect the patent holder, stands in contrast to the Supreme Court's admonition that trial judges should look at the totality of the circumstances in deciding whether the case is exceptional.

Judge Bryson's opinion in *Global Medical* was troubling in other aspects as well. The judge originally denied attorney's fees prior to the Supreme Court's decision in *Octane*. In *Octane*, the Supreme Court very clearly rejected the Federal Circuit's test that a defendant must meet both parts of a two-part test, rejecting the test as "superimposing an inflexible framework onto statutory text that is inherently flexible," completely replacing the test with its own formulation.<sup>40</sup> Rehearing the motion under the Supreme Court's new standard, Judge Bryson, however, concluded that his original decision was correct, repeating his analysis under the prior test. The judge noted that meeting all aspects of the prior test essentially satis-

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<sup>37</sup> See Scott Graham, *Federal Circuit Judges Put Spin on Patent Fee-Shifting*, THE RECORDER (August 16, 2014).

<sup>38</sup> See *Stragent v. Intel*, slip op. at 9-10.

<sup>39</sup> See *Bianco v. Globus Medical*, slip op. at 4.

<sup>40</sup> See *Octane v. Icon*, slip op. at 7-8.

fied the Supreme Court's new test, and then briefly noted that he had made an independent determination that attorney's fees also are unwarranted based on the totality of the circumstances.

This approach is reminiscent of the *Mayo* case described above, in which the Supreme Court remanded after a new test, the Federal Circuit concluded that it's original decision had been correct, and the Supreme Court had to step in again. It is also reminiscent of prior two-steps in which the Supreme Court rejects and instructs, and the Federal Circuit responds by concluding that its old approach essentially satisfies the Supreme Court's new mandate.

Most troubling was Judge Bryson's alternative ground for denying the "exceptional case" motion – namely, that the defendant had waived its right to the new test *Octane* test. The defendant in *Globus Medical* was not a party in the *Octane* case. Nevertheless, Judge Bryson held that by failing to argue based on the standard proposed by one of the parties in *Octane*, the defendant waived its right to ask for the new standard when the Supreme Court eventually adopted it.

That conclusion is puzzling on many levels. In particular, is it rational to expect a party, facing a Federal Circuit judge sitting as the trial judge, to argue that the Federal Circuit is wrong and will surely be overturned by the Supreme Court any minute? This type of approach, in which hyper-technical lines are stretched to fit the circumstances of the case, generally in the service of supporting the patent holder, represents the Federal Circuit of old. If this is what the Supreme Court has tried to wean the Federal Circuit away from, the fee award cases are not a good sign.

In general, if the Supreme Court is unsuccessful in prodding the Federal Circuit into maturity, there is always a risk that the appellate court could be kicked out of the federal courthouse for good. Although the likelihood is low, public attention increasingly is focused on patents, and the nation could conceivably end its historic experiment of creating a unified patent court. After all, thirty-five years old is a bit late for a coming of age.

