FESTO: A JURISPRUDENTIAL TEST FOR THE SUPREME COURT?

JAMES E. HOPENFELD

Abstract

This article contends that the Federal Circuit's decision in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, now on review before the United States Supreme Court, is more than just a controversial patent case. *Festo* raises, in addition, important issues with respect to stare decisis and the power and authority of the Federal Circuit and appeals courts in general. The jurisprudential issues raised by *Festo* are revealed by an analysis of the different methods used by the Federal Circuit majority on one hand, and Judge Michel's dissent on the other, in applying Supreme Court precedent to reach a legal conclusion. The majority's approach would give appeals courts relatively more flexibility to decide issues independent of Supreme Court precedent; Judge Michel's dissent relatively less. Having identified and characterized the different approaches used by the majority and Judge Michel, the article goes on to discuss how one might determine which approach best comports with existing law. The article concludes that: 1) while Judge Michel's approach probably better comports with Supreme Court law, one cannot rule out that an argument to the contrary can be made without more exhaustive study of Supreme Court jurisprudence; 2) because the Federal Circuit does not have any more or less power to make substantive law than other courts of appeals, whichever approach is appropriate for the Federal Circuit also must be appropriate for other courts of appeals; and 3) the Supreme Court has good reasons to address at least some of the jurisprudential issues raised by *Festo* regardless of how it ultimately resolves the patent law issues.

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FESTO: A JURISPRUDENTIAL TEST FOR THE SUPREME COURT?

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INTRODUCTION

Few cases have raised a commotion in the patent law community like *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*,[1] in which the United States Court of Appeals for the Federal Circuit cast aside a line of precedent at least as old as the Federal Circuit itself to hold that the patent infringement defense of prosecution history estoppel acts as a "complete bar" against infringement under the "doctrine of equivalents." In the space of less than a year, the case already has spawned a cottage industry of commentary in law review articles, legal newspapers, and seminars, as judges, law professors and lawyers debate the relative merits of the Federal Circuit's holding.[2] Though it rarely reviews patent cases, on June 18, 2001, the United States Supreme Court granted *certiorari* to review *Festo*.[3]

No doubt, the *Festo* case raises important questions about legal doctrines important to patent lawyers, such as the doctrine of equivalents, "prosecution history estoppel," and the "all-elements rule." I leave those issues to others. This article posits that *Festo* raises deeper questions about the application of legal precedent—*stare decisis*—and the role and authority of the Federal Circuit, or indeed any court of appeals. These jurisprudential questions transcend the patent law. And, as demonstrated below, the Supreme Court will have to address them unless it would like to see a passel of *Festos* in the years to come.

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[1] 234 F.3d 558 (Fed. Cir. 2000) (en banc), *cert. granted*, 121 S. Ct. 2519 (2001).

[2] *E.g.*, *Additional Developments*, 16 BERKELEY TECH. L.J. 487, 494 (2001); William M. Atkinson *et al.*, *Was Festo Really Necessary?* 83 J. PAT. & TRADEMARK OFF. SOC'Y 111, 142 (2001); Peter Corcoran, *The Scope of Claim Amendments, Prosecution History Estoppel, and the Doctrine of Equivalents after Festo VI*, 9 TEX. INTELL. PROP. L.J. 159, 184 (2001); Cathy E. Cretsinger & Peter S. Menell, *Foreword*, 16 BERKELEY TECH. L.J. 1, 9 (2001); *Ensuring Broad Claim Coverage after Festo: a New Weapon for Alleged Infringers?: "Patent Drafter Estoppel" Explored*, 10 FED. CIRCUIT B.J. 469, 483 (2001); Gerald J. Flattman & Paul B. Keller, *Federal Circuit Limits Equivalents Doctrine*, NEW YORK LAW JOURNAL (May 7, 2001); Alan P. Klein, *The Doctrine of Equivalents: Where It Is Now, What It Is*, 83 J. PAT. & TRADEMARK OFF. SOC'Y 514, 514 (2001); Noreen Krall & Celeste B. Filoia, *The Doctrine of Equivalents: An Analysis of the Festo Decision*, 17 SANTA CLARA COMPUTER & HIGH TECH. L.J., 373, 384 (2001); Janice Mueller, *Festo Presto! The Incredible Disappearing Doctrine of Equivalents*, 3 J. MARSHALL L. SCH. CTR. INTELL. PROP. L. NEWS SOURCE 8 (Winter, 2001); *Recent Developments in Intellectual Property Law*, 19 INTELL. PROP. L. NEWSL. 24, 24 (2001); Michael O. Sutton & Christopher G. Darrow, *Recent Developments in Patent Law*, 9 TEX. INTELL. PROP. L.J. 429, 456 (2001); Symposium, *Intellectual Property Challenges in the Next Century: Article Challenges for Intellectual Property Law in the Twenty-First Century: Indeterminacy and Other Problems*, 2001 U. ILL. L. REV. 69, 81 (2001); Fish & Neave, *The Doctrine of Equivalents Since the* Festo *Decision, at* http://www.internationallawoffice.com/ld.cfm?Newsletters__Ref=3727 (July 23, 2001).

[3] 121 S. Ct. 2519 (2001).

This article is, therefore, concerned less with the ultimate outcome of *Festo* than how the Federal Circuit arrived at it. It is concerned in particular with the way in which the Federal Circuit uses Supreme Court precedent to reach a conclusion about the rule of law it actually applies in *Festo*. It is from this perspective I view *Festo* as a test of the meaning and consequences of *stare decisis*. The issue is not, however, whether Supreme Court precedent binds the Federal Circuit. That is a given; it has been settled law for some time that a court of appeals cannot overrule or reject Supreme Court precedent, even if demonstrated to be inconsistent with other, more recent Supreme Court precedent.[4] Nor is the issue how the Federal Circuit approaches its own precedent. That is yet another topic that has generated much commentary over the years and that I also leave to others.[5] The subject with which this article is concerned is, instead, what *Festo* and *stare decisis* imply about how inferior courts must apply the case holdings of the Supreme Court or, for that matter, any superior court. In other words, it is concerned with what it means for an inferior court to be bound.[6]

In *Festo*, the Federal Circuit faced a substantial body of Supreme Court authority. In a relatively recent decision, *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*,[7] the Supreme Court had held that the revisions to the Patent Act in 1952 did not overrule the Supreme Court's previous jurisprudence on the doctrine of equivalents.[8] Accordingly, before it could establish as a matter of law that prosecution history estoppel acts as a complete bar against application of the doctrine of equivalents—thereby rejecting the "flexible bar" approach which previously had allowed courts to apply the doctrine of equivalents depending on the context of the case—the Federal Circuit first had to confront over 100 years of Supreme Court precedent interpreting federal patent law.[9]

This is where the Federal Circuit majority may have entered uncharted waters. Rather than extracting principles and rules from the Supreme Court's previous holdings and applying those principles and rules to the case before it, the Federal

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[4] Rodriguez de Quijas v. Shearson/American Express, Inc., 490 U.S. 477, 484 (1989).

[5] *E.g.*, Thomas G. Field, *The Role of Stare Decisis in the Federal Circuit*, 9 FED. CIR. B.J. 203 (1999); Albert G. Tramposch, *The Dilemma of Conflicting Precedent: Three Options in the Federal Circuit*, 17 AIPLA Q. L.J. 323 (1989); Matthew F. Weil & William C. Rooklidge, *Stare-Un-Decisis: The Sometimes Rough Treatment of Precedent in Federal Circuit Decision-Making*, 80 J. PAT. & TRADEMARK OFF. SOC'Y. 791 (1998); *see also* Atlantic Thermoplastics Co. v. Faytex Corp., 974 F.2d 1279, 1281 (Fed. Cir. 1992) (holding that a process is a limitation in a product-by-process claim).

[6] This article is hardly the first to address the more general question as to what it means to be bound as a theoretical matter. *E.g.*, RUPERT CROSS & J.W. HARRIS, PRECEDENT IN ENGLISH LAW 97 (Clarendon Press 4th ed. 1991); H.L.A. HART, THE CONCEPT OF LAW 121-50 (Oxford Univ. Press 1961). On the other hand, few have addressed the problem of how inferior courts should make decisions in light of Supreme Court precedent. An exception is Prof. Evan Caminker. Evan H. Caminker, *Precedent and Prediction: The Forward-Looking Aspects of Inferior Court Decisionmaking*, 73 TEX. L. REV. 1 (1994); Evan H. Caminker, *Why Must Inferior Courts Obey Supreme Court Precedents?* 46 STAN. L. REV. 817 (1994).

[7] 520 U.S. 17 (1997).

[8] *Id.* at 28.

[9] The first Patent Act was enacted in the United States in 1790. Patent Act of 1790, Ch. 7, 1 Stat. 109-112 (April 10, 1790). There have been, since that first Act, nine additional Patent Acts, the most recent being enacted in 1952. The present patent act, which has been amended several times since 1952, is codified at 35 U.S.C. §§ 1-376. Supreme Court case law addressing the Patent Acts dates back to at least 1818. Evans v. Eaton, 16 U.S. 454 (1818).

Circuit majority opinion confines its discussion to what the Supreme Court decisions do *not* address or do *not* hold, ultimately concluding that no Supreme Court decision "directly" addresses the issues that were before the Federal Circuit in *Festo*. Finding no Supreme Court authority "directly" on point, the Federal Circuit invoked its "special expertise" in interpreting the Patent Act to "independently decide" the issue.[10] After disposing of its own precedents the Federal Circuit went on to do just that, rejecting the flexible bar approach based on its own view—not the Supreme Court's view or its best prediction of the Supreme Court's view[11]—as to how the fundamental policies underlying the patent law weighed on the merits of the case.[12]

In one of the dissenting opinions, Judge Michel takes a different tack.[13] Judge Michel not only comes to a different conclusion than the majority on the vitality of the flexible bar approach, he comes to that conclusion using a different method of reasoning altogether. Following a thorough review of Supreme Court authority, Judge Michel extracts what he believes to be the principles underlying the Supreme Court decisions not only individually but as a whole, and proceeds to apply those principles directly to the issues before the Federal Circuit. Judge Michel's conclusions are grounded entirely on those principles, which he takes to be inviolate assumptions upon which he must rely. In no sense are his conclusions based on any analysis independent of those assumptions. In short, Judge Michel reaches his conclusion by attempting to identify the rule logically most consistent with the Supreme Court's holdings, whether or not those holdings directly address the precise issue before the Federal Circuit in *Festo*.

Is the Federal Circuit majority's method a proper way for a circuit court of appeals to address Supreme Court precedent? Is it consistent with *stare decisis*? Can an appeals court ever decide a substantive issue of law "independently"? Does the Federal Circuit, by virtue of its unique jurisdiction, have discretion to confine Supreme Court precedents and make laws in a way that other courts of appeals do not have? Does the Federal Circuit's "special expertise" extend to the substantive development of patent law and, if so, can the Federal Circuit's mission as an Article III[14] court be meaningfully distinguished from that of an Article II[15] administrative agency? These are the issues I wish to raise, and believe the Supreme Court would do well to address.

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[10] Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 234 F.3d 558, 571-72 (Fed. Cir. 2000) (en banc), *cert. granted*, 121 S. Ct. 2519 (2001).

[11] For an argument that lower courts should be bound by a duty to predict how superior courts, especially the Supreme Court, would rule in a given case, see Caminker, *Precedent and Prediction: The Forward-Looking Aspects of Inferior Court Decisionmaking*, *supra* note 6.

[12] *Festo*, 234 F.3d at 574-78.

[13] Judge Michel, joined by Judge Rader, concurred with the majority with respect to other issues before the court in *Festo*. *Id.* at 598. This article nonetheless refers to it as a "dissent," which it is for the purposes of this article.

[14] U.S. CONST., art. III (governing the federal judiciary and its powers).

[15] U.S. CONST., art. II (governing the executive branch and its powers); *see* 5 U.S.C. § 552(f); Armstrong v. Executive Office of the President, 877 F. Supp. 690, 700 (D.D.C. 1995). In Dickinson v. Zurko, 527 U.S. 150 (1999), the Supreme Court held that the Administrative Procedure Act, 5 U.S.C. *§§ 500-596* applies to the United States Patent Office. Thus, given 5 U.S.C. 552(f), which defines agencies covered by the act to be part of the executive branch of government, the Patent Office must be part of the executive branch.

At stake with respect to the resolution of each of these issues is power: power as it is allocated between the Supreme Court and the courts of appeals, power as it is allocated between the Federal Circuit and other courts of appeals, and power as it is allocated between Congress and the judiciary. The more discretion the Federal Circuit has to decide issues independent from Supreme Court precedent, the more power the Federal Circuit has with respect to that Court. To the extent different rules of *stare decisis* apply to the Federal Circuit, the more power the Federal Circuit has with respect to other circuit courts. The more discretion the Federal Circuit has to make substantive rules of patent law based on patent law policy—*i.e.*, the more it resembles an administrative agency of patent law—the more power the Federal Circuit has with respect to Congress. The Federal Circuit's opinions in *Festo* are, therefore, also about power. They are nothing less than a statement of the Federal Circuit's mission and authority.

In the end this article resolves the issues relating to the power and authority of the Federal Circuit, but not those relating to methodology for applying precedent. With respect to the former set of issues, this article concludes that the Federal Circuit does not have any more power to develop substantive patent law than any other court of appeals has to develop other substantive areas of law. The Federal Circuit differs from other courts of appeals in jurisdiction, not power. Accordingly, whatever methods other courts of appeals must follow in applying Supreme Court precedent, the Federal Circuit must follow them as well.

The methodology problems are, however, more difficult. The task of raising those issues being difficult enough by itself, I offer no more than suggestions as to how the Supreme Court might resolve them. With so much at stake, and so much to discuss, these issues would be better resolved following some discourse and debate within the legal community.

This article raises and addresses its jurisprudential issues as follows. Part I looks carefully at both the opinions of the majority and Judge Michel to identify the methods they use to reach a conclusion, in particular how they use Supreme Court precedent and what they assume about the power and authority of the Federal Circuit. Part I concludes that the majority and Judge Michel indeed use different jurisprudential approaches, which I call "reductive" and "synductive," respectively. Part II examines *stare decisis* and how the Supreme Court and legal theorists address the problems in applying precedent, ultimately concluding that the Supreme Court's application of *stare decisis* in practice probably better comports with Judge Michel's synductive approach rather than the majority's reductive approach. I cannot conclude based on this initial analysis, however, that the Supreme Court would rule out the reductive method. Part III examines the Federal Circuit's statutory power and authority and concludes the Federal Circuit does not have any special role or authority in the interpretation or development of patent law; hence there is no reason to apply a special rule (or different kind) of *stare decisis* in patent cases before the Federal Circuit. Thus whatever method the Federal Circuit may justifiably use, so may the other courts of appeals, and vice-versa. Finally, Part IV explains why the Supreme Court would serve the public well by resolving, or at least addressing, the jurisprudential issues raised here, and outlines how the Supreme Court might do so.

I. THE *FESTO* OPINIONS' APPROACHES TO SUPREME COURT PRECEDENT

Before embarking on an exegesis of the two principal opinions[16] in *Festo*, I offer some background on the substantive patent law questions at issue in that case and *Festo's* historical context. For some readers, this initial section will serve as review. Part I then examines in detail first the majority opinion, and then Judge Michel's dissent. After concluding that the two opinions use very different methods for applying Supreme Court precedent, Part I carefully examines the nature of those differences.

A. Festo*'s Background: The Doctrine of Equivalents and the Prosecution History Estoppel Defense*

While *Festo* technically concerns the scope and effect of the prosecution history estoppel defense to a patentee's assertion of infringement under the doctrine of equivalents,[17] it is really the latest volley in a long-running battle over the scope and effect of the doctrine of equivalents itself. Hence I begin with the doctrine of equivalents, and what the Federal Circuit and Supreme Court have said about it.

The doctrine of equivalents is one of two kinds of patent infringement, the other being literal infringement, which is the primary basis for patent infringement.[18] To literally infringe a patent claim, an accused device, product, or method must fall within the literal scope of the words of every limitation[19] of the asserted patent claim.[20] If the accused device, product, or method lacks an element corresponding to any limitation of the asserted patent claim, there can be no literal infringement.[21]

The doctrine of equivalents is an alternative to literal infringement. It can apply only if an accused device, product, or method does not literally meet one or more of the patent's limitations.[22] The Supreme Court recently reaffirmed the vitality of the doctrine of equivalents in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*,[23] in which it held that the 1952 revision to the Patent Act did not eliminate the doctrine.

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[16] Including the majority opinion, the Federal Circuit issued seven opinions. For the purposes of the issues raised here, this article focuses primarily on the opinions of the majority and Judge Michel. While the five remaining opinions merit attention for other purposes, for the most part they do not bear upon my analysis of the issues discussed here.

[17] *Festo*, 234 F.3d at 563.

[18] Optical Disc Corp. v. Del Mar Avionics, 208 F.3d 1324, 1333-34 (Fed. Cir. 2000).

[19] The *Festo* court uses the term "limitation" to refer to the portions of a claim, and the term "element" to refer to a corresponding part or aspect of the accused device, product, or method. *Festo*, 234 F.3d at 563 n.1. Largely because of the *Festo* holding, there has recently been renewed debate as to what constitutes a limitation. *Festo* does not address the question. It has, however, been addressed in some recent district court opinions. *E.g.*, ACLARA Biosciences, Inc. v. Caliper Tech. Corp., 125 F. Supp. 2d. 391, 398, 401-02 (N.D. Cal. 2000); Pickholtz v. Rainbow Tech., Inc., 125 F. Supp. 2d 1156, 1162 (N.D. Cal. 2000).

[20] Gart v. Logitech, Inc., 254 F.3d 1334, 1339 (Fed. Cir. 2001) (citing Carroll Touch, Inc. v. Electro Mech. Sys., Inc., 15 F.3d 1573, 1576 (Fed. Cir. 1993)).

[21] Mas-Hamilton Group v. LaGard, Inc., 156 F.3d 1206, 1211 (Fed. Cir. 1998).

[22] Cybor Corp. v. FAS Tech., Inc., 138 F.3d 1448, 1459 (Fed. Cir. 1998) (en banc).

[23] 520 U.S. 17 (1997).

The purpose of the doctrine is to prevent the injustice to the patentee that results when a person copies the spirit of the claimed invention, but avoids the letter of the claims by making minor or insubstantial changes to the invention.[24] Accordingly, if the accused device, product, or method includes an element(s) that is the "substantial equivalent" of every claim limitation not literally met, it infringes under the doctrine.[25]

While the doctrine is designed to ensure that a patentee receives the full measure of his patent claims, it also threatens the claims' notice function, pursuant to which the public is entitled to rely on the language chosen by the patentee to delineate his/her invention.[26] What is fair to the patentee might not be fair to the public, and vice-versa. The doctrine must, therefore, balance these interests.[27]

Striking that balance has never been easy. It should not be a surprise, therefore, that the scope and effect of the doctrine have long been a subject of controversy. Some proposed elimination of the doctrine altogether;[28] others fought just as vigorously to preserve it. In between those extremes came numerous proposals, each with a different formula or approach to striking an appropriate balance between the competing interests underlying the doctrine.[29] Issues as diverse as what language should be used to articulate the test for infringement under the doctrine and whether the doctrine is legal or equitable perplexed the courts for years.[30]

Matters finally came to a head in *Hilton Davis Chemical Co. v. Warner-Jenkinson Co.*,[31] in which the Federal Circuit, sitting *en banc*, held that: 1) proof of infringement under the doctrine requires proof of "insubstantial differences"; 2) infringement under the doctrine of equivalents is an issue of fact for the jury; and, 3) application of the doctrine is not within the discretion of the trial court. The decision provoked three vigorous dissents. Among the dissenters was Judge Plager, who asserted that the doctrine of equivalents is "broke" and "needs fixing."[32] His solution would have been to recognize the doctrine as being equitable in nature, leaving the problems in striking a balance of competing interests to the sole discretion of the trial court.[33]

The Supreme Court affirmed the Federal Circuit's decision in the *Hilton-Davis* decision (*Warner-Jenkinson*), but it did not address Judge Plager's equity versus law

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[24] Graver Tank & Mfg. Co. v. Linde Air Prod. Co., 339 U.S. 605, 607-08 (1950).

[25] Optical Disc Corp. v. Del Mar Avionics, 208 F.3d 1324, 1335 (Fed. Cir. 2000). The notion that the doctrine of equivalents is applied on an element-by-element basis, rather than to the claimed invention as a whole, is known as the "all-elements" rule. *Warner-Jenkinson*, 520 U.S. at 29.

[26] *Warner-Jenkinson*, 520 U.S. at 29.

[27] *Id.* at 29-30.

[28] *Id.* at 25.

[29] For a thorough list of the literature discussing the doctrine of equivalents and various approaches to implementing it, see DONALD S. CHISUM 5A CHISUM ON PATENTS: A TREATISE ON THE LAW OF PATENTABILITY, VALIDITY AND INFRINGEMENT § 18.04 n.3 (Matthew Bender 2001 & Supp. 2001).

[30] *See* Harold C. Wegner, Machael D. Kaminski *et al.*, *The Future of the Doctrine of Equivalents*, 26 AIPLA Q. J. 277, 292, 294 (1998).

[31] 62 F.3d 1513 (Fed. Cir. 1995) (en banc).

[32] *Id.* at 1537.

[33] *Id.* at 1536.

question. It left to the Federal Circuit the task of formulating a particular "word-choice" in devising tests for equivalence, so long as the choice remained true to the principles established by the Supreme Court.[34] *Warner-Jenkinson* did address, however, one of the defenses to the doctrine of equivalents, prosecution history estoppel, affirming its place as a necessary check on the doctrine.[35]

The defense of prosecution history estoppel applies when, during the proceedings before the Patent Office to obtain the patent (known as patent prosecution), the patentee (then an applicant) makes a representation surrendering certain subject matter in order to obtain allowance of the patentee's claims.[36] The patentee is, therefore, estopped from reclaiming that subject matter.[37] The notion underlying prosecution history estoppel is that the public is entitled to rely on the patentee's representations.[38]

The representations that can give rise to an estoppel come in different forms. Most commonly, the representation takes the form of an amendment to the claim language made by the patentee in order to overcome a rejection of the claims by the Patent Office.[39] If the claim as amended is narrower in scope than the previous, rejected claim, the difference in claim coverage may be what is surrendered to the public.[40] In other cases, the patentee makes arguments in which subject matter is surrendered to the public in order to persuade the Patent Office that claim language proposed by the patentee should be allowed by the Patent Office.[41]

Not all amendments to patent claims give rise to an estoppel. In *Warner-Jenkinson*, the U.S. Supreme Court held that only those amendments that relate to patentability can be the basis for an estoppel.[42] In so doing, the Supreme Court rejected arguments to the effect that any amendment, no matter what the motivation behind it, could give rise to an estoppel. The Supreme Court did not, however, explain what constitutes an amendment for reasons of patentability, other than to say that such reasons form a "limited set" and would include amendments for the purpose of avoiding coverage of the prior art to the patentee's invention.[43]

In the aftermath of *Warner-Jenkinson*, the tide turned. Rather than confronting doctrine of equivalents issues head-on, opponents attempted to limit the doctrine indirectly by broadening the scope of the prosecution history estoppel defense. As prosecution history estoppel moved to center stage, the doctrine of equivalents *per se* receded to the background. In *Litton Systems, Inc. v. Honeywell, Inc.*,[44] for example,

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[34] Warner-Jenkinson Co. v. Hilton Davis Chem. Co. 520 U.S. 17, 40 (1997).

[35] *Id.* at 30.

[36] Loral Fairchild Corp. v. Sony Corp., 181 F.3d 1313, 1322 (Fed. Cir. 1999); Mark I Mktg. Corp. v. R.R. Donnelley & Sons, 66 F.3d 285, 291 (Fed. Cir. 1995).

[37] Loctite Corp. v. Ultraseal Ltd., 781 F.2d 861, 870-71 (Fed. Cir. 1985).

[38] *Id.*

[39] *Warner-Jenkinson*, 520 U.S. at 31.

[40] *See* Cybor Corp. v. FAS Tech., 138 F.3d 1448, 1460 (Fed. Cir. 1998) (en banc).

[41] *See, e.g.*, Ekchian v. Home Depot, Inc., 104 F.3d 1299, 1304 (Fed. Cir. 1997) ("[A]rguments [made by the patentee during prosecution] can create an estoppel, and thus preclude a finding of infringement under the doctrine of equivalents."); Haynes Int'l, Inc. v. Jessop Steel Co., 8 F.3d 1573, 1578 (Fed. Cir. 1993) (involving implied representation made to the Patent Office that test data would support patentability of claims).

[42] *Warner-Jenkinson*, 520 U.S. at 31-32.

[43] *Id.* at 32.

[44] 140 F.3d 1449 (Fed. Cir. 1998).

the Federal Circuit took up the issue as to what kinds of amendments are made for purposes of patentability under *Warner-Jenkinson*. It found that, as a practical matter, almost any amendment to the claims is made for purposes of patentability.[45]

In another case decided the same day as *Litton Systems*, *Hughes Aircraft Co. v. United States (Hughes IX)*,[46] the Federal Circuit tackled a different issue: whether or not *Warner-Jenkinson* would foreclose application of the doctrine of equivalents in all cases in which a claim limitation is amended for purposes of patentability. A three-judge panel unanimously found that *Warner-Jenkinson* did not require "a wooden approach" by which prosecution history estoppel would operate as a complete bar against the doctrine of equivalents; whether estoppel applies should depend on the facts of each case.[47] Thus the Federal Circuit reaffirmed its flexible bar approach, which dated back (at least) to the early days of the Federal Circuit.[48]

Evidently, not all of the Judges of the Federal Circuit agreed with the *Hughes IX* panel's articulation of the vitality of the doctrine of equivalents in cases where claim elements have been amended for patentability reasons. For example, in one of three dissents to a request to rehear the *Litton Systems* case *en banc*, Judge Clevenger expressed his concern that *Warner-Jenkinson* might foreclose any application of the

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[45] *Id.* at 1461.

[46] *Id.* at 1470.

[47] *Id.* at 1476.

[48] *Id.* Under the flexible bar approach, an amendment to a claim limitation giving rise to an estoppel did not completely foreclose application of the doctrine of equivalents with respect to that claim element. If application of the doctrine to the accused device, product or method did not result in a broadening of the claim limitation so as to cover the subject matter relinquished by the patentee to obtain allowance of the patent claim, the doctrine could still apply. This approach was the law applied in a long line of cases dating back at least to Hughes Aircraft Co. v. United States, 717 F.2d 1351 (Fed. Cir. 1983), decided in the early days of the Federal Circuit in 1983. The Federal Circuit was created in 1982 pursuant to 28 USC § 1295 (1982).

Hughes Aircraft is a classic example of an application of the flexible bar approach. The subject patent in *Hughes Aircraft* relates to the control of satellites in orbit, in particular controlling the "attitude" of satellites placed in orbit over a fixed point on earth. *Id.* at 1353-54. Claim 1 of the patent included seven limitations (some of which included sub-limitations). The limitations included a means for providing to an external location information sufficient to determine the spin angle of the satellite. *Id.* at 1355. The accused satellites did not literally infringe that limitation. *Id.* at 1357-58, 1361. The trial court had concluded that a second limitation ("means for pulsing the precession jet") also was not literally infringed. Instead of determining spin angle by providing information to an external location, the accused satellite determined spin angle by providing information to an on-board computer. *Id.* In both cases, having determined the spin angle as reference point, the satellite could correct its attitude by firing a jet. *Id.* at 1364. The patentee asserted infringement under the doctrine of equivalents.

Defendants claimed that because the "means for providing" limitation had been included in the patent claims to distinguish prior art relied upon by the Patent Office, prosecution history estoppel barred application of the doctrine of equivalents. The Federal Circuit disagreed. *Id.* at 1362-63. Applying the flexible bar approach, it found that reading the claims (by equivalents) to cover satellites that determine spin angle by providing information to an on-board computer would not require reading them so as to recapture what had been given up by the patentee in order to distinguish prior art. *Id.* at 1363. In amending its claims, the patentee had surrendered coverage of satellites that did not send information to some external reference to calculate spin angle (as in the principal prior art), but did not surrender coverage of satellites using a computer to supply the external reference information. *Id.* at 1362. Thus prosecution history estoppel did not bar application of the doctrine of equivalents to satellites of the latter type, such as the accused satellites.

doctrine of equivalents following an amendment for purposes of patentability, notwithstanding Federal Circuit precedent to the contrary.[49] In another dissent, Judge Gajarsa went even further. He was not merely concerned *Warner-Jenkinson* might foreclose application of the doctrine of equivalents made for patentability reasons, he was convinced such was the case.[50]

Some believed that the flexible versus complete bar issue was not so much a product of *Warner-Jenkinson*, but rather a long-unresolved conflict in Federal Circuit jurisprudence. Those taking this view cited a line of cases beginning with *Kinzenbaw v. Deere & Co.*[51] as requiring a complete bar approach, and argued that *Kinzenbaw* and its progeny could not be reconciled with cases such as *Hughes IX* requiring the flexible bar approach.[52] If indeed there was a conflict in precedent, it could be resolved only by an *en banc* panel of the Federal Circuit.[53]

Though denied in *Litton Systems*, those who hoped the Federal Circuit would revisit the issue of the complete versus flexible bar would get their wish in *Festo*. In the original case appearing before the Federal Circuit, a three-judge panel had, once again, reaffirmed the flexible bar approach.[54] This time, however, the Federal Circuit granted a rare petition to hear the case *en banc*.[55] In granting the petition, the Federal Circuit indicated it would take a fresh look at the relationship between the doctrine of equivalents and prosecution history estoppel. It asked the parties to address in particular five issues at the heart of that relationship:

> 1. For the purposes of determining whether an amendment to a claim creates prosecution history estoppel, is "a substantial reason related to patentability," limited to those amendments made to overcome prior art under [35 U.S.C.] § 102 and § 103, or does "patentability" mean any reason affecting the issuance of a patent?
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> 2. Under *Warner-Jenkinson*, should a "voluntary" claim amendment—one not required by the examiner or made in response to a rejection by an examiner for a stated reason—create prosecution history estoppel?

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[49] *Litton Systems, Inc. v. Honeywell, Inc.*, 145 F.3d 1472, 1473-74 (Fed. Cir. 1998).

[50] *Id.* at 1474-78.

[51] 741 F.2d 383 (Fed. Cir. 1984).

[52] CHISUM, *supra* note 29, at § 18-492 ("Beginning shortly after its creation in 1982, the Federal Circuit developed two lines of authority on the scope of an estoppel based on an amendment or argument that distinguished prior art. One line followed a strict approach, according to which a court refused to speculate whether a narrower amendment would have been allowed. The other line followed a flexible or spectrum approach, which recognized that amendments did not invariably preclude all equivalence. . . .").

[53] Three-judge panels cannot overturn precedent binding on the Federal Circuit. Vas-Cath Inc. v. Mahurkar, 935 F.2d 1555, 1563 (Fed. Cir. 1991). Thus true conflicts in Federal Circuit precedent can be resolved by the Federal Circuit only in an en banc proceeding. Jacobs Wind Elec. Co. v. Florida Dep't of Transp., 919 F.2d 726, 728 (Fed. Cir. 1990). Where conflicts exist, the first decision controls. Newell Co. v. Kenney Mfg. Co., 864 F.2d 757, 765 (Fed. Cir. 1988).

[54] Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 172 F.3d 1361, 1372 (Fed. Cir. 1999).

[55] Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 187 F.3d 1381 (Fed. Cir. 1999).

> 3. If a claim amendment creates prosecution history estoppel, under *Warner-Jenkinson* what range of equivalents, if any, is available under the doctrine of equivalents for the claim element so amended?
>
> 4. When "no explanation [for a claim amendment] is established," thus invoking the presumption of prosecution history estoppel under *Warner-Jenkinson*, what range of equivalents, if any, is available under the doctrine of equivalents for the claim element so amended?
>
> 5. Would a judgment of infringement in this case violate *Warner-Jenkinson's* requirement that the application of the doctrine of equivalents "is not allowed such broad play as to eliminate [an] element in its entirety." In other words, would such a judgment of infringement, post *Warner-Jenkinson*, violate the "all elements" rule?[56]

Thus, via *en banc* question 3, the complete bar versus flexible bar issue returned to the stage. Given: 1) the Federal Circuit's holding in *Litton Systems* that almost any amendment is made for purposes of patentability (ultimately reaffirmed in the Federal Circuit's resolution of *en banc* question 1[57]); and 2) the practical fact that many claim limitations are amended at some point during patent prosecution, the complete bar rule eliminated the doctrine of equivalents as a realistic theory of liability in a substantial number, and perhaps the vast majority, of cases. The prosecution history estoppel defense could, in effect, swallow the doctrine. This article examines next how some members of the court resolved question 3.

B. The Majority Opinion: Reasoning by Reduction

The Federal Circuit ultimately resolved question number 3 by rejecting the flexible bar approach. Writing for the majority, Judge Schall stated:

> We answer Question 3 as follows: When a claim amendment creates prosecution history estoppel with regard to a claim element, there is no range of equivalents available for the amended claim element. Application of the doctrine of equivalents to the claim element is completely barred (a "complete bar").[58]

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[56] *Id.* at 1381-82 (citing Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 33 (1997)) (citations omitted).

[57] Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 234 F.3d 558, 567 (Fed. Cir. 2000) (en banc), *cert. granted*, 121 S. Ct. 2519 (2001).

[58] *Id.* at 568. Judge Plager was among the majority. In his concurrence, he indicated the complete bar was a "second-best" solution. *Id.* at 593. He reiterated his belief that a "better solution" would be to declare the doctrine an equitable matter to resolved by trial judges at their discretion. *Id.* Note, in that regard, that prosecution history estoppel, unlike the question of infringement under the doctrine of equivalents, is an issue of law and is not submitted to the jury. Mark I Marketing Corp. v. R.R. Donnelley & Sons, 66 F.3d 285, 291 (Fed. Cir. 1995).

Judge Schall proceeded to explain the majority's reasoning behind that answer. His opinion reasons as follows:

1. There is no Supreme Court authority that "directly" addresses the issue as to whether the flexible bar or strict bar approach is mandated;[59]

2. In the absence of binding Supreme Court authority, the Federal Circuit can draw upon its "special expertise" under *Warner-Jenkinson* to "independently decide" the issue;[60]

3. The Federal Circuit authority is split into two lines of cases: those that support the flexible bar (*Hughes*[61] and its progeny) and those that support a complete bar (*Kinzenbaw*[62] and its progeny);[63]

4. The *Hughes* line of cases does not bind the Federal Circuit because, based on its nearly twenty years' experience as the sole court of appeals in patent matters, the flexible bar approach is unworkable in practice;[64] and

5. A complete bar better serves the policies underlying the patent law.[65]

It is the first step that is the key to the majority's analysis. Under the doctrine of *stare decisis*, the opinions of the United States Supreme Court are binding authority on the Federal Circuit.[66] If the Federal Circuit had determined that the Supreme Court already has decided the issue, further inquiry (steps two through five) would have been superfluous.

In order to reach the conclusion in step one, the majority takes a straightforward approach to Supreme Court precedent: Unless Supreme Court authority directly addresses the issue of whether a flexible or complete bar is the rule in prosecution history estoppel cases, it does not apply and the Federal Circuit need not examine that authority any further. Indeed, the Federal Circuit is candid about its method:

> We think it is fair to say that the question of the scope of equivalents available when prosecution history estoppel applies to a claim element has not been *directly* addressed or answered by the Supreme Court, at least in circumstances where the claim was amended for a known patentability reason.[67]

The operative word in the Federal Circuit's revelation is "directly." The implication is that if Supreme Court authority "indirectly" addresses the issue, the Federal Circuit would not be bound by it. But what is the difference between directly and indirectly addressing the issue?

At first glance, the Federal Circuit appears to be saying that the difference between direct and indirect answers is the difference between the Supreme Court's holding and its dicta. Indeed, the Federal Circuit's treatment of Supreme Court

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[59] *Festo*, 234 F.3d at 569.

[60] *Id.* at 571-72.

[61] Hughes Aircraft Co. v. United States, 717 F.2d 1351 (Fed. Cir. 1983); *see Festo*, 234 F.3d at 613-15.

[62] Kinzenbaw v. Deere & Co., 741 F.2d 383 (Fed. Cir. 1984).

[63] *Festo*, 234 F.3d at 574.

[64] *Id.* at 574-75.

[65] *Id.* at 575-78.

[66] Rodriguez de Quijas v. Shearson/American Express, Inc., 490 U.S. 477, 484 (1989).

[67] *Festo*, 234 F.3d at 569 (emphasis added).

precedent can be viewed as a detailed examination as to what is holding and what is dicta in each of the applicable Supreme Court cases, followed by the Federal Circuit's conclusion in each case that anything the Supreme Court has to say that might affect the resolution of the issue of flexible versus complete bar is dicta.[68] The Supreme Court's statements thus confined, the Federal Circuit need not follow the non-binding portions of Supreme Court authority containing them absent "explicit and carefully considered language" commanding lower courts to do so.[69] In *Festo*, the Federal Circuit did not find anything in what it determined to be dicta to constitute such a clear and unequivocal command.[70]

Whatever the Federal Circuit meant when it determined it would not be bound by anything other than Supreme Court authority directly addressing the issue, its actual reasoning implies more than the uncontroversial proposition that the Federal Circuit need not be bound by dicta. It implies in addition that, so long as Supreme Court authority does not directly address the issue in a given case, the Federal Circuit need not be bound by what the case *does* hold.[71] Nowhere in the *Festo* majority opinion does the Federal Circuit actually apply to the issue before it a Supreme Court holding, or a principle or rule extracted from a holding, or principles or rules extracted from Supreme Court holdings in aggregate. In other words, the Federal Circuit does not analyze or discuss whether there is any logical consistency between the principles determined by the Supreme Court in its holdings and the application of either a complete or flexible bar rule in prosecution history estoppel. Binding precedent is reduced to that which explicitly resolves the issue at hand.

The precedent treated using this reductive approach includes, most prominently, *Warner-Jenkinson*. Although question 3 as phrased in the grant of the petition for rehearing *en banc* asked whether *Warner-Jenkinson* requires a complete bar, the Federal Circuit does *not* find *Warner-Jenkinson* dispositive of the issue before it. According to the Federal Circuit, "[i]n *Warner-Jenkinson*, the Court focused its attention more on the circumstances under which prosecution history estoppel arises than on the range of equivalents that might generally be available despite the existence of prosecution history estoppel."[72] To the extent *Warner-Jenkinson* figures

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[68] According to Weil and Rooklidge, the Federal Circuit has in some cases distinguished its own precedent similarly: by confining precedential holdings to their facts and treating the remainder as dicta. Weil & Rooklidge, *supra* note 5, at 794-99. For references discussing what lower courts should regard to be holding as opposed to dicta, see RICHARD A. POSNER, THE FEDERAL COURTS: CHALLENGE AND REFORM 377 (Harvard Univ. Press 1996); Caminker, *Precedent and Prediction: The Forward-Looking Aspects of Inferior Court Decisionmaking*, *supra* note 6, at 14 nn.50-51.

[69] The Federal Circuit borrowed this standard for determining when dicta really is binding (and hence not really dicta at all), from the D.C. and 10th Circuits. Stone Container Corp. v. United States, 229 F.3d 1345, 1350 n.4 (Fed. Cir. 2000) (citing Natural Res. Def. Counsel, Inc. v. Nuclear Regulatory Comm'n, 216 F.3d 1180, 1189 (D.C. Cir. 2000) and Gaylor v. United States, 74 F.3d 214, 217 (10th Cir. 1996)).

[70] *Festo*, 234 F.3d at 571.

[71] In other words, the *Festo* majority opinion implies not only that the Federal Circuit will not ordinarily be bound by Supreme Court dicta; but also that unless Supreme Court authority directly addresses the issue before the appeals court, nothing in that authority should inform the appeals court's decision-making process.

[72] *Festo*, 234 F.3d at 569. Note that the Federal Circuit majority found that *Warner-Jenkinson* did not resolve question 1: "[w]hile we do not believe that the Supreme Court itself answered this question in *Warner-Jenkinson*, we do believe that our answer is not inconsistent with [it]." *Id.* at 567.

at all in the majority's ultimate resolution of question 3, it is in a supporting role in the majority's independent analysis of the policies it believes supports a complete bar.[73] If, as Judge Clevenger stated in his dissent to the petition for rehearing in *Litton Systems*,[74] the only reason to cast aside the Federal Circuit's flexible bar precedent was the intervening *Warner-Jenkinson* decision, one might wonder why the Federal Circuit's finding that *Warner-Jenkinson* is silent on the issue did not compel it to reach exactly the opposite conclusion than it ultimately did.

The reductive approach allowed the Federal Circuit to avoid additional potential problems in the application of Supreme Court precedent. Take, for example, the problems raised by the Supreme Court cases involving reissued patents.[75] Like prosecution history estoppel cases, these cases involve assertions of patent infringement notwithstanding the patentee's use of a disclaimer of subject matter to obtain allowance of a patent claim.[76]

Hurlbut v. Schillinger,[77] which figures prominently in both the majority opinion and Judge Michel's dissent, is just such a case. In *Hurlbut*, the patentee originally had obtained a patent directed to concrete pavement laid in detachable blocks. The patent specification described how the pavement was to be formed, including the placement of tar-paper in the joints between adjacent blocks during their formation. The tar-paper would facilitate removal of the blocks. The original patent had claimed "[t]he arrangement of tar-paper or its equivalent between adjoining blocks of concrete, substantially as and for the purpose described."[78] During reissue, the patentee disclaimed the forming of concrete blocks without interposing anything between their joints during the process of formation.[79] In addition to the original claim, the patentee added a second claim directed to "[a] concrete pavement laid in detached blocks or sections, substantially in the manner shown and described [in the patent specification]."[80]

The patentee then sought to assert infringement against a defendant who had made pavement whose top layer had been cut into blocks by a trowel. The Supreme Court concluded that both claims had been infringed because: 1) the defendants' pavement had been laid in blocks that were the substantial equivalent of the blocks shown in the patent at issue; and 2) the temporary use of the trowel was the substantial equivalent of tar-paper, as it made a division to facilitate removing and relaying blocks without disturbing adjoining blocks.[81]

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[73] *Id.* at 576.

[74] *Litton Systems, Inc. v. Honeywell, Inc.*, 145 F.3d 1472, 1473 (Fed. Cir. 1998).

[75] *E.g.*, Fay v. Cordesman, 109 U.S. 408 (1883); Goodyear Dental Vulcanite Co. v. Davis, 102 U.S. 222 (1880); Leggett v. Avery, 101 U.S. 256 (1879).

[76] Reissue is a statutory process by which a patentee can correct a patent that is wholly or partially invalid, including circumstances in which the patentee has claimed more than it had a right to claim. 35 U.S.C. § 251. In such circumstances, it is common for the patentee to disclaim the subject matter covered only by its original claims and which might have caused those claims to be invalid. Reissue can, in that sense, be viewed as a reopening or continuation of prosecution after the patent has officially issued.

[77] 130 U.S. 456 (1889).

[78] *Id.* at 459-62.

[79] *Id.* at 463.

[80] *Id.*

[81] *Id.* at 469.

Because *Hurlbut*, like *Festo*, involves an assertion of a patent infringement claim notwithstanding a disclaimer of subject matter made for the purpose of preserving the claim's validity, it raises some intriguing questions with respect to the resolution of question 3 in *Festo*: If a patentee's disclaimer made after the issue of a patent during reissue does not serve as a complete bar to infringement of a reissue claim, should a patentee's disclaimer prior to the issue of the patent during original prosecution be treated any differently? Is there a meaningful distinction between disclaimers made during reissue and those made during original prosecution? Does *Hurlbut* imply the propriety of the flexible bar?

The Federal Circuit's majority opinion does not answer these questions. It distinguishes *Hurlbut* on the ground that it is a literal infringement case—thus the opinion does not directly address the issue of the application of the estoppel defense to the doctrine of equivalents. One may question whether the Federal Circuit accurately characterized *Hurlbut* as a literal infringement case;[82] nonetheless, even taking that characterization to be accurate, it is notable that the Federal Circuit's opinion does not further analyze the case. The majority opinion does not determine whether *Hurlbut's* holding—notwithstanding its grounding in literal infringement—is more consistent with the application of a flexible or complete bar rule where prosecution history estoppel applies. Nor does it address whether *Hurlbut* has any implications for application of the doctrine of equivalents or whether disclaimers made in the process of reissue are any different from those made to obtain a patent.

The Federal Circuit's treatment of other Supreme Court authority[83] is consistent with its treatment of *Hurlbut*. To the extent application of logic to the holdings of those cases raises additional questions—whether resolution of those questions would favor the flexible or complete bar—they are not addressed. The result is that there is, as a practical matter, no binding Supreme Court precedent in *Festo* at all.[84]

The reductive approach to the application of Supreme Court precedent has at least one more important characteristic: It allows a lower court to treat Supreme Court authority atomistically. Each Supreme Court opinion is examined individually, and individually only. If the holding directly addresses the issue it would be, in the absence of directly conflicting authority also directly addressing the issue, binding and would control the outcome of the issue before the court of appeals. If, on the other hand, the holding does not directly address the issue, it does not inform resolution unless it includes "explicit and carefully considered language" (albeit in dicta) resolving the issue. The process is repeated for each opinion. There is, in this approach, no practical or logical need to examine Supreme Court holdings in aggregate.

The Federal Circuit majority in *Festo* addressed Supreme Court precedent in just this way. Beginning with *Warner-Jenkinson* and continuing with older authority, the Federal Circuit examined each opinion individually, asking only

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[82] *See* Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 234 F.3d 558, 605 (Fed. Cir. 2000) (en banc) (Michel, J., dissenting), *cert. granted*, 121 S. Ct. 2519 (2001); Mueller, *supra* note 2, at 9.

[83] *See Festo*, 234 F.3d at 569-71.

[84] The Federal Circuit majority could have reached the same result by limiting each Supreme Court case to its precise facts. One could argue that the majority implicitly did so. To the extent courts would limit precedential cases to their precise facts only, courts would never be bound. POSNER, *supra* note 68, at 378.

whether each opinion, based on its facts and holding, actually addressed the issue confronting the Federal Circuit with respect to question 3.[85] The majority opinion distinguishes seven Supreme Court decisions cited by Judge Michel in his dissent because:

> [W]e [do not] believe that in any of the other cases noted by Judge Michel did the Court determine that a claim element that was amended by an amendment that gave rise to prosecution history estoppel was entitled to a range of equivalents.[86]

Having concluded that none of the opinions directly address question 3, the Federal Circuit's inquiry into Supreme Court precedent ends. It is then free to resolve the issue independently. It finally arrives upon an operative rule for determining the outcome of the issue—that the notice function of claims is paramount and that the flexible bar approach is unworkable in practice—based on its own analysis of policy rather the mandate of Supreme Court case law.

Thus far the analysis has been confined to the Federal Circuit majority's initial examination of precedent; in particular, the portion of the opinion in which the Federal Circuit determines that no Supreme Court authority directly addresses the issue at hand (step one of the five steps identified *supra*). This finding is, of course, critical to the Federal Circuit's subsequent determination that it must "independently" resolve the issue. Yet perhaps there is, somewhere in the Federal Circuit's subsequent analysis, something beyond its initial reductive approach to Supreme Court authority.

Indeed, in the final step of the Federal Circuit's analysis—the step in which it examines whether a complete bar serves the policies underlying the patent law (step 5)—the Federal Circuit does revisit Supreme Court case law. And, more to the point, the Federal Circuit cites that case law in support of the complete bar rule. The Federal Circuit states, for example, that:

> The Supreme Court recognized the value of a complete bar in *Warner-Jenkinson* when it discussed the presumption that prosecution history estoppel applies when an amendment is unexplained.[87]

This sounds like application of precedent, but it is not. The majority opinion does not cite any of the Supreme Court cases addressed in this portion of the opinion as compelling an outcome one way or the other. To the contrary, the Federal Circuit reiterated that Supreme Court authority does not address the issue at hand, and emphasized that there is language—not holdings or principles logically consistent with them—that supports the complete bar rule:

> Although we do not understand older Supreme Court cases to have spoken directly to the question before us, we think the language used in those cases

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[85] *Festo*, 234 F.3d at 569-71.
[86] *Id.* at 571.
[87] *Id.* at 576.

> suggesting a strict measurement of the scope of equivalents is consistent with our answer to this question.[88]

To say that there is language in Supreme Court cases consistent with the complete bar rule is tantamount—though not necessarily logically equivalent—to saying that there is Supreme Court dicta that supports the majority opinion. Citing helpful language is somewhat different, however, from demonstrating that the complete bar rule is, as a matter of logic, more consistent with Supreme Court *holdings* than the flexible bar rule.

There is another reason why the majority opinion's citations to the policies discussed by the Supreme Court should not be confused with the application of precedent: The Federal Circuit weighs the import of those policies independently, based only on its own view as to how the Supreme Court's announced policies balance out. Its analysis of policy is a prospective, forward-looking consideration of the rule that will best govern future conduct, not a retrospective analysis of existing law to determine the actual rule.

Nor is the Federal Circuit's policy analysis a prediction of what the Supreme Court would determine the law to be. Notwithstanding its reference to *Warner-Jenkinson* as evidence that "[t]he Supreme Court recognized the value of a complete bar,"[89] the Federal Circuit stopped short of demonstrating that the Supreme Court would draw the same conclusions as the Federal Circuit as to how the policies underlying the patent law apply. Supreme Court authority is, in that sense, informative rather than dispositive. The Federal Circuit being the actual authority behind any policy-based analysis of question 3, the Supreme Court's underlying verbal formulations of the policies themselves—independent of the weight the Supreme Court would afford them—cannot be said to be binding in any meaningful sense.

C. Judge Michel's Dissent: Reasoning by Synduction

Joined by Judge Rader, Judge Michel dissented from the majority opinion requiring application of a complete bar rule.[90] In answering question 3, he takes the position that not all amendments giving rise to prosecution history estoppel foreclose application of the doctrine of equivalents.[91] That is not, however, the only point of contrast between Judge Michel's dissent and the majority opinion. Judge Michel's method for resolving question 3, in particular his use of Supreme Court precedent, is as different from the majority's as his ultimate conclusion.

Judge Michel's dissent reasons as follows:

1. The flexible bar rule better comports with the principles underlying the Supreme Court's decision in *Warner-Jenkinson* than does the complete bar rule;[92]

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[88] *Id.*
[89] *Id.* at 576.
[90] *Id.* at 598.
[91] *Id.*
[92] *Id.* at 598-601.

2. The principles underlying *Warner-Jenkinson* are consistent with those underlying older Supreme Court authority; hence the older authority also is more consistent with a flexible bar rule;[93]

3. Assuming Supreme Court authority does not resolve question number 3, there is no good reason to depart from Federal Circuit authority mandating a flexible bar approach;[94] and

4. The flexible bar approach better comports with the policies underlying the Patent Act.[95]

Just as the majority begins by addressing Supreme Court precedent and ends with a sweeping discussion of patent law policy, so does Judge Michel. But the similarities end there. In the majority opinion, Supreme Court authority does not bear on the resolution of question number 3 as presented by the *en banc* court. For Judge Michel, on the other hand, that same Supreme Court authority is dispositive.

At first glance, it might seem that Judge Michel merely disagrees with the majority about what the cases say. But a closer look at Judge Michel's dissent reveals not only a different interpretation of Supreme Court precedent, but also different approach to its application to the issue at hand.

Whereas the starting (and ending) point for the majority is to determine whether any given Supreme Court case directly addresses the issue of prosecution history estoppel and, in particular whether the doctrine can apply despite an estoppel, the starting point for Judge Michel is to extract principles from the most applicable Supreme Court precedent. From the outset, he takes the majority to task for not only contradicting one Supreme Court holding, but also "undermin[ing] the legal standard that the Supreme Court has consistently articulated in *seven* other cases for determining the scope of [an] estoppel."[96] To prove that such a standard exists, Judge Michel informs the reader that he will:

> summarize the doctrinal framework that the Supreme Court has consistently employed for over a century to balance a patentee's need for meaningful protection against copying and the public's need for notice as to the effective scope of a patentee's claims.[97]

What follows is a discussion of the holdings of the applicable Supreme Court cases, beginning with *Warner-Jenkinson*. From these opinions, Judge Michel extracts what he believes to be the common thread that underlies those cases, and which he would apply as their operative principle: Judge Michel would ask "whether a reasonable competitor would rely on the nature of the rejections and of the amendments and statements between the applicant and the examiner as evidence of a surrender of subject matter."[98] This principle—articulated by the Supreme Court as "consistent, uniform doctrine"[99] and "unanimously reaffirmed in *Warner-*

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[93] *Id.* at 601-09.
[94] *Id.* at 609-15.
[95] *Id.* at 615-19.
[96] *Id.* at 598 (emphasis added).
[97] *Id.*
[98] *Id.* at 599.
[99] *Id.* at 601.

Jenkinson"[100]—is how the Supreme Court has struck a "balance between the competing needs of sufficient public notice and meaningful patent protection."[101] According to Judge Michel, the flexible bar approach is consistent with that principle, but the complete bar approach is not.

Whether or not Judge Michel has extracted the correct principle or rule from the cases is not really the point; the point is, rather, that he attempts to do so. By extracting an operative rule from the holdings of Supreme Court cases, Judge Michel inextricably binds his conclusion to those cases. He is, in a sense, merely reporting what the Supreme Court already has determined implicitly; at the very least, he is making his best prediction as to what the Supreme Court would do in view of its own precedent.[102] Whereas the majority opinion examines Supreme Court to determine *whether* Supreme Court authority is a constraint (it is only if it directly addresses the issue or contains clear and unmistakable instructions in dicta), for Judge Michel, such constraint is a given. The Federal Circuit, or any appeals court, cannot ever independently decide a substantive issue of law given that constraint, at least so long as that constraint is sufficiently specific to resolve the issue;[103] Supreme Court authority is, in the end, outcome determinative. The challenge for the jurist is to infer, through the application of logic, the nature of the constraint defined by Supreme Court authority rather than whether it exists. The constraints are the principles extracted from individual cases and synthesized from the cases as a whole. Hence I call Judge Michel's approach to Supreme Court precedent "synductive"—a term I have coined here not only because it would appear to connote the method it represents, but also to avoid problems that might be associated with known terms used to classify reasoning processes.[104]

Using a synductive approach,[105] Judge Michel treats case law such as *Hurlbut* differently than the majority. *Hurlbut* is binding, outcome determinative Supreme

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[100] *Id.*

[101] *Id.* at 600.

[102] Note that Judge Michel refers to earlier Federal Circuit precedent applying the flexible bar as "[t]his Court's Original Interpretation of *Warner-Jenkinson*." *Id.* at 611. Judge Michel states, furthermore, that "[t]his court has issued a series of decisions since *Warner-Jenkinson* in which we have consistently interpreted Supreme Court law to require flexible estoppel." *Id.*

[103] As this article will show below, depending on what one assumes about whether laws are made or discovered, the constraint either is always sufficiently specific (if law is discovered) or sometimes sufficiently specific (if law is made). *See infra* Part II.B.

[104] I seek in particular to avoid the confusion that might result had I described these approaches using terms such as "inductive" and "deductive." In fact, there are both inductive and deductive elements to both approaches. In the synductive approach, for example, inductive reasoning may be used to extract a principle or rule from several individual cases (assuming inductive reasoning is from part to whole); deductive reasoning may then be used to derive additional principles and rules consistent with the inductively extracted rule.

[105] I write here of one synductive approach, but in fact there could be several variations on the theme. Here are three possibilities consistent with the synductive method: 1) Aggregate the cases, extract the most concrete principle not in conflict with any of them individually, and apply it to the issue. 2) Select the most factually analogous case, extract the most concrete articulation of its holding and apply it to the issue at hand. If the holding determines outcome—where the facts are the exact same—the issue is resolved. If not, one could extract the next-most concrete principle from that case (identify a slightly broader holding), and apply that holding to the issue at hand so long as it does not contradict the most concrete holdings of other precedent. 3) Identify the two most factually analogous cases, each of which, if deemed controlling, would determine the outcome

Court authority with respect to *en banc* question 3 not merely because Judge Michel believes it is in fact a doctrine of equivalents case after all, but rather because Judge Michel cannot find any meaningful way to distinguish logically the holding of *Hurlbut* from any legal conclusion rejecting the flexible bar approach. The fact remains that in *Hurlbut* the Supreme Court ruled that a patentee, who had disclaimed a portion of his invention, and who had been found in prior litigation to be precluded from asserting his claims against one accused device in light of that disclaimer, nonetheless remained entitled to a judgment of infringement by a different device that was more closely equivalent to his claimed invention.[106]

Judge Michel accordingly cannot find any reason that the effect of an estoppel due to a disclaimer should be treated differently depending on whether the disclaimer occurs prior to patent allowance (as in *Festo*) or after allowance in reissue (as in *Hurlbut*).[107]

D. The Reductive and Synductive Methods Really Are Different

One might object that, examined closely, the reductive and synductive methods as used by the Federal Circuit majority and Judge Michel, respectively, either do not really differ at all or do not really explain the real differences in how they reason. In one view, the difference between the Federal Circuit majority opinion and Judge Michel's dissent does not involve so much their methods of applying precedent, but rather their understandings of what the issues are and what the precedents actually say. One could assume, for example, that the Federal Circuit majority *did* extract a rule from Supreme Court precedent, albeit implicitly, but determined that the rule is too general to resolve the specific issue at hand.

It must be conceded at the outset that it may indeed be the case that the Federal Circuit majority and Judge Michel could disagree about how to describe the issue to be resolved on one hand and the principles underlying the cases on the other. In theory, the Federal Circuit majority could have defined the issue very specifically and the applicable precedent-derived principles broadly:

1. The issue is whether amendment of a claim limitation during prosecution of the original patent for the purpose of obtaining allowance of the patent claim forecloses application of the doctrine of equivalents; and

2. The Supreme Court's jurisprudence establishes that claim amendments relating to patentability should be given some effect.

It takes little parsing to determine that the second proposition tells us little as to how the first proposition might be resolved. That claim amendments might be given some effect does not tell us how much effect they should have. Note, however, that the articulation of the second proposition necessarily is a matter of pure speculation

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differently, extract their holdings, and determine the most analogous holding to apply to the issue at hand.

In all of these variations, some principle is extracted from the case law that is more abstract than any of the most concrete holdings of any of the individual cases that make up the body of case law. I consider it beyond the scope of this article to examine the nature or extent of the differences between such methodological variations, to the extent they exist.

[106] *Hurlbut v. Schillinger*, 130 U.S. 456, 601 (1889).

[107] *Id.* at 602.

on my part. It is possible to choose any of a number of possible principles, whether consistent with individual case holdings or the Supreme Court precedent as a whole, as the Federal Circuit majority's implicit statement of the principles or rules underlying that precedent.

Not surprisingly, Judge Michel frames the issues and precedent differently. For him, the issue is more general; the principles derived from Supreme Court precedent somewhat more specific:

1. The issue is whether a disclaimer of patentable subject matter in order to obtain or preserve the validity of a patent claim forecloses application of the doctrine of equivalents; and

2. The Supreme Court's jurisprudence establishes that "whether a reasonable competitor would rely on the nature of the rejections and of the amendments and statements between the applicant and the examiner as evidence of a surrender of subject matter" should determine whether application of the doctrine of equivalents is foreclosed.

From this point, it follows that the flexible bar is the more appropriate rule. Application of the doctrine of equivalents would depend upon whether or not a reasonable competitor would determine that the accused subject matter was disclaimed. Only if one were to assume that a reasonable competitor always would determine that accused subject matter is disclaimed—a rather suspect assumption—would a complete bar be consistent with the operative principle[108] as extracted by Judge Michel.

As an initial matter, I note that the above hypothetical examples imply nothing about the difference between reductive and synductive methods. As I intend to define those methods, they differ primarily in that the former method only sometimes requires a court to extract an operative principle from precedent (when precedent directly applies) and the latter method always requires a court to extract an operative principle from precedent. The argument and examples discussed above assume away that difference from the beginning.

Regardless of how broadly or narrowly a court might view the issue to be decided or the holdings of cases, the reductive and synductive methods could lead to different outcomes. Assuming outcome determinative rules can be extracted from case law even if there is no case that directly addresses the issue at hand—a reasonable assumption, I believe, based not least on Judge Michel's dissent—the synductive method will resolve more cases on precedent alone than the reductive method. Even if one assumes the most concrete rule one can abstract from precedent is not always case dispositive, the synductive method imposes restraints on the court that the

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[108] I define the operative principle as the most concrete statement of the law as it is extracted from precedent. An operative principle may or may not be outcome determinative. To the extent an operative principle is not outcome determinative, some more concrete rule consistent with the operative principle—which I will call the operative rule—will determine the outcome of the case. To the extent one believes that precedent always reveals a sufficiently concrete statement of the law to determine outcome, operative rules are indistinguishable from operative principles. For a general, though somewhat different, discussion of the distinctions between principles and rules, see R. M. DWORKIN, TAKING RIGHTS SERIOUSLY (Harvard Univ. Press 1978).

reductive method does not.[109] Though not case dispositive, the extracted rule nonetheless circumscribes a boundary within which a court must operate to resolve the issue at hand.

Assuming that the *Festo* majority did reason synductively, albeit by implicitly rather than explicitly extracting a rule from precedent, there are nonetheless substantial differences between the majority opinion and Judge Michel's dissent. The majority and dissenting opinions would require, for example, different kinds of review by the Supreme Court. Because the Federal Circuit majority opinion does not articulate a precedent-based principle—the only operative principles it articulates are based on independent analysis—it will be difficult, if not impossible, for the Supreme Court to determine: 1) whether the implicit precedent-derived principle relied upon by the Federal Circuit is correct; 2) whether the principle relied upon by the Federal Circuit is the most concrete articulation of principle that is possible; or 3) whether the principle actually does fail to resolve the issue at hand. The Supreme Court must, in that case, either speculate as to the operative principle underlying precedent or derive that principle from its cases *de novo* and without any initial assistance from the court below. Were Judge Michel's dissent the majority opinion, the Supreme Court would not have to address any of these problems.

Indeed, the Supreme Court's task on review would be different if either the majority or the dissent had employed the method of the other. If the Federal Circuit majority had identified an operative principle from precedent the Supreme Court could have, for example, compared it to the competing principle derived by the dissent. On the other hand, if the dissent had failed to identify an operative principle the Supreme Court would have been left without a frame of reference to evaluate the competing principles at all.

II. STARE DECISIS

Assuming this article has persuasively demonstrated that the Federal Circuit majority opinion and Judge Michel's dissent apply Supreme Court precedent differently, the next logical step is to determine whose approach, if either, is correct. That depends, in turn, on which approach better comports with *stare decisis* as that doctrine applies to inferior tribunals. Thus I turn to the doctrine of *stare decisis* itself.

My examination of *stare decisis* begins with the Supreme Court. Though the Supreme Court does not—to borrow a page from the *Festo* majority—directly address the issue as to how inferior courts should apply binding precedent under the doctrine of *stare decisis*, it does articulate principles and rules that the Supreme Court could apply in resolving that issue. I attempt to identify them, but resist the temptation to draw conclusions as to whether and how those principles and rules would resolve the issue. While I offer some hints and broad guidance in that regard (*see infra* Part IV), I leave the actual exercise for the reader and, ultimately, the Supreme Court. Ironically, whether and how the Supreme Court actually would apply those

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[109] Moreover, as I show below in Part II.B, *infra*, if one assumes that the principle extracted from precedent does not always control outcome, *i.e.*, is sometimes indeterminate, the synductive method nonetheless will resolve more cases on precedent alone.

principles and rules could depend in the first instance on whether the Supreme Court would apply the reductive method of the *Festo* majority or the synductive method of Judge Michel to the Supreme Court's own precedent.

This Part finds that, at the very least, appeals courts should have no more discretion to make law given Supreme Court precedent than the Supreme Court would itself. And, if appeals courts do have some discretion (in the case of indeterminate precedent, assuming such a thing exists), it cannot be the kind of discretion that administrative agencies have to fill gaps where statutory law is indeterminate. A court of appeals' discretion would have to be circumscribed sufficiently such that its role would not be tantamount to that of administrative agency. This Part next finds that at least in some cases, and probably the majority, the Supreme Court acts as though: 1) its precedent is determinative of the issue at hand; and 2) the Supreme Court does not have power, except in certain circumstances, to vary from that precedent. In short, the Supreme Court usually, if not always, employs the synductive method used by Judge Michel.

Part II continues with an analysis of jurisprudential theory to determine whether it has anything to add to the methodology issues raised here. It considers, in that regard, theories about the nature of law, and their relationship to *stare decisis* doctrine. It considers in particular the extent to which these theories imply one method for applying precedent or another, *i.e.*, the extent to which they are consistent with a reductive, synductive or some other approach to precedent.

This Part need not, and does not, parse the multitudes of jurisprudential theories in exhaustive detail. Instead, it classifies them into two groups: those that suggest law is preexistent, discovered, and then declared by jurists (the declaratory theories), and those that suggest laws are, at least in some cases, made by judges to solve the problem at hand (the pragmatic theories). This Part then shows that while the declaratory theories are consistent only with the synductive method, the pragmatic theories may be consistent with either method. For a declaratory theorist, the choice between reductive and synductive methods is a choice as to how the outcome will be determined. For the pragmatic theorist, on the other hand, the choice between methods is merely a choice as to how a jurist determines whether or not the applicable law is, in a given case, determinate, and therefore whether or not the judge must engage in lawmaking to resolve the problem at hand. In indeterminate cases where lawmaking is required, the methods tell us nothing as to how to arrive at an outcome determinative rule. This Part concludes from this that there are two possible synductive approaches, either of which could be consistent with Judge Michel's dissent: 1) a strong, outcome determinative synductive method that assumes an outcome determinative rule always can be derived from precedent; and 2) a weak synductive method that serves to determine whether precedent can be outcome determinative in the first place. In light of these theory-based conclusions, this Part revisits Supreme Court precedent to find additional support for the synductive—in particular strong synductive—method.

A. Stare Decisis and the Supreme Court

While the Supreme Court tells us that *stare decisis* requires courts "to abide by, or adhere to, decided cases," it has yet to explain what it means, either for itself or

lower courts, to "abide by" or "adhere to" a decided case.[110] Most of the Supreme Court's *stare decisis* jurisprudence addresses the issue of whether, rather than how, to follow precedent. There are, however, some notable exceptions.

First, and perhaps most important, the Supreme Court has determined that a lower court, such as a court of appeals, *must* adhere to the holding of a case even if subsequent Supreme Court precedent casts doubt on the validity of the holding in the first place. As articulated in *Rodriguez de Quijas v. Shearson/American Express, Inc.*,[111] only the Supreme Court, and not a court of appeals, can negate Supreme Court precedent:

> If a precedent of this Court has direct application in a case, yet appears to rest on reasons rejected in some other line of decisions, the Court of Appeals should follow the case which directly controls, leaving to this Court the prerogative of overruling its own decisions.[112]

This rule, banal as it may seem, has some important implications. At the very least, the oft-cited notion that "*[s]tare decisis* is not . . . a universal, inexorable command,"[113] but merely a policy that the Supreme Court is empowered to disregard, cannot apply to the courts of appeals. For courts of appeals, *stare decisis is* a command, at least to the extent Supreme Court precedent is involved, and it has been regarded to be so since the framing of the Constitution.[114]

The *Rodriguez* rule implies, in addition, that however much discretion the Supreme Court has to avoid its own precedent, a court of appeals has no more, and probably less. Put another way, to the extent the Supreme Court is bound by its own precedent, a court of appeals must also be bound. It follows that, in attempting to determine how courts of appeals must apply Supreme Court precedent so as not to effectively violate the command of *stare decisis*, determining how the Supreme Court applies its own precedent should establish a baseline rule for any court of appeals.

While the *Rodriguez* rule makes clear that *stare decisis* is a command on lower courts, by itself the rule tells us little about the nature of the command. One could argue that the rule implies more, specifically that the command of *stare decisis* only extends to holdings that directly apply or control. After all, the Supreme Court did not state that a decision that indirectly applies also would bind a court of appeals.

A closer examination of *Rodriguez* reveals that the Supreme Court likely did not intend that the *Rodriguez* rule would free courts of appeals from following indirect precedent. At stake in *Rodriguez* was the enforceability of an arbitration clause in a securities agreement between a broker and investors.[115] The agreement was governed by § 14 of the Securities Act of 1993.[116] Under the rule of *Wilko v. Swan*,[117]

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[110] Planned Parenthood of Southeastern Pennsylvania v. Casey, 505 U.S. 833, 954 (1992) (Rehnquist, J., dissenting) (citing BLACK'S LAW DICTIONARY 1406 (6th ed. 1990)).

[111] 490 U.S. 477 (1989).

[112] *Id.* at 484; *see also* Agostini v. Felton, 521 U.S. 203, 237 (1997); Hutto v. Davis, 454 U.S. 370, 375 (1982).

[113] Burnet v. Coronado Oil & Gas Co., 285 U.S. 393, 405 (1932) (Brandeis, J., dissenting).

[114] Thomas R. Lee, *Stare Decisis in Historical Perspective: From the Founding Era to the Rehnquist Court*, 52 VAND. L. REV. 647, 664 n.84 (1999).

[115] *Rodriguez*, 490 U.S. at 478.

[116] *Id.* at 479.

arbitration agreements under § 14 had been determined to be void with respect to any claims under the Act.[118] The district court accordingly refused to enforce the arbitration agreement with respect to claims under the Act.[119] The Court of Appeals reversed, concluding that the Supreme Court's subsequent decision in *Shearson/American Express Inc. v. McMahon*,[120] which determined that arbitration clauses are enforceable under a section of the Securities and Exchange Act of 1934 identical to § 14 of the 1933 Act, effectively overruled *Wilko*.[121]

While the Supreme Court agreed that *McMahon* had effectively rendered *Wilko* a dead letter, it found that it was not for the Court of Appeals to so determine.[122] The Supreme Court did *not* determine, however, that *McMahon* was not binding precedent; it merely determined that, where two holdings could be applied to resolve a given case, a court of appeals must follow the holding more directly on point. It seems unlikely that, had *Wilko* not existed, the Supreme Court would have allowed a court of appeals to ignore the holding of *McMahon* on the ground that it addresses the 1934 Act rather than the 1933 Act.[123]

One might argue that to the extent *Rodriguez* does not imply that courts of appeals are free of the command of *stare decisis* so long as no Supreme Court holding directly addresses the issue, the Supreme Court's decision in *Chevron U.S.A. Inc. v. Natural Resources Defense Counsel, Inc.*[124] does. In *Chevron*, the Supreme Court held that when a statute enacted by Congress does not directly address the precise issue addressed by a regulation made by an administrative agency pursuant to the statute, *i.e.*, where the statute is "silent or ambiguous" with respect to the issue, a court must uphold the regulation so long as it is a "permissible construction" of the statute.[125] On the other hand, because "[t]he judiciary is the final authority on issues of statutory construction" a court "must reject administrative constructions which are contrary to clear congressional intent."[126]

The argument applying *Chevron* to the *stare decisis* issue might go something like this: 1) if a statute can be ambiguous or silent with respect to an issue, then so can the decisions of the Supreme Court; and 2) if an administrative agency has, in the case of statutory ambiguity or silence, discretion to interpret the statute, then a court of appeals should have discretion to interpret the law in the face of silent or ambiguous precedent. The argument is, however, flawed.

The first of the two propositions is difficult to attack, but it does deserve some qualification. While it is *possible* that a statute is ambiguous or silent with respect to a given issue, there most certainly are issues with respect to which a statute is *never*

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[117] 346 U.S. 427 (1953).

[118] *Rodriguez*, 490 U.S. at 479.

[119] *Id.*

[120] 482 U.S. 220 (1987).

[121] *Rodriguez*, 490 U.S. at 479.

[122] *Id.* at 484.

[123] I leave it for the reader to decide whether, in this particular hypothetical, distinguishing *McMahon* on the ground that it applied to the 1934 Act really would be any different from distinguishing *Hurlbut* on the ground that it is a literal infringement case, or that it involves a reissued patent.

[124] 467 U.S. 837 (1984).

[125] *Id.* at 843.

[126] *Id.* at 843 n.9.

silent or ambiguous—those that are addressed by "clear congressional intent." The implication is that, at some level, a statute is based upon principles that can be identified clearly, that such principles are a constraint by which administrative agencies must abide, and that the articulation of such principles is a matter of law that only courts can finally decide. If the analogy is to hold, therefore, Supreme Court authority must, at some level, also describe some inviolate, identifiable principles that a lower court is obligated to apply.

The second proposition does not hold at all. If it did, the Supreme Court would not be the final authority as to all questions of substantive law (either federal or Constitutional) that come before it. In any case in which Supreme Court authority were determined to be "silent or ambiguous" with respect to the issue at hand, the Supreme Court would, if the *Chevron* analogy holds, be required to affirm any court of appeals ruling that is not contrary to that which is clear from the Supreme Court's own case law. What's more, different courts of appeals theoretically could apply different laws such that, so long as they were not inconsistent with clear Supreme Court precedent, the Supreme Court itself could not effectively resolve the issue; a split among the lower courts could become endemic.

That administrative agencies have quasi-legislative powers to formulate policy and fill statutory gaps pursuant to express delegation of authority from Congress thus does not imply that courts of appeals have similar authority with respect to the case law made by higher courts. An agency's discretion to choose an appropriate rule is firmly rooted in its mission to consider public policy, and *Chevron* makes clear that "policy arguments are more properly addressed to legislators or administrators, not to judges."[127]

If a court of appeals has any discretion to make law in the face of ambiguous or silent Supreme Court precedent (assuming such a situation is possible), it must be something less than the kind of discretion administrative agencies have under *Chevron*. If *Rodriguez* and *Chevron* stand for anything, it is that failure to apply indirect precedent makes little practical sense and that allowing an appeals court to make law in the face of ambiguous precedent threatens to leave quasi-legislative power in the hands of a court. It cannot be ruled out, however, based on either *Rodriguez* or *Chevron* or both of them, that a court of appeals could not have some level of discretion at all.

Let us turn, therefore, to the Supreme Court's treatment of its own precedent. As demonstrated above, to the extent the Supreme Court must be bound by its own precedent, so must a court of appeals be bound. To the extent the Supreme Court would require for itself an synductive approach like that of Judge Michel, at least as strict an approach would be required of a court of appeals; a court of appeals could not employ a reductive approach. If the Supreme Court has sanctioned a reductive approach to applying its own precedent, however, theoretically a court of appeals could properly take a similar approach.

I am not aware of any instance in which the Supreme Court has been asked to address, either explicitly or implicitly, the method it must employ in applying binding precedent, much less whether anything like a reductive approach is

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[127] *Id.* at 864; *see also* Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 28 (1997) (stating that policy arguments regarding the doctrine of equivalents should be addressed to Congress, not the courts).

permissible, or a synductive approach is required. An alternative is to attempt to identify the method or methods the Supreme Court actually has used.

We can start, for example, with *Warner-Jenkinson*. In *Warner-Jenkinson*, the Supreme Court employed the same synductive method employed by Judge Michel in his *Festo* dissent. One of the issues in that case was as follows: Assuming the 1952 Act did not overrule Supreme Court precedent, can the application of prosecution history estoppel depend on the reason for the amendment? The accused infringer argued that the reason for the amendment is irrelevant; that any amendment would give rise to an estoppel. The Supreme Court disagreed, and held that only those amendments for reasons of patentability could give rise to an estoppel.[128]

To come to that conclusion, the Court drew from a series of its decisions[129] what it believed to be a common theme:

> It is telling that in each case this Court probed the reasoning behind the Patent Office's insistence upon a change in the claims. In each instance, a change was demanded because the claim as otherwise written was viewed as not describing a patentable invention at all. . . .
>
> Our prior cases have consistently applied prosecution history estoppel only where claims have been amended for a limited set of reasons, and we see no substantial cause for a more rigid rule invoking an estoppel regardless of the reasons for the change.[130]

These statements imply that the Supreme Court could not have drawn any other conclusion given the precedent before it. A rigid rule invoking estoppel regardless of the reasons for an amendment would be logically inconsistent with the best statement of the principles underlying the Supreme Court's preceding decisions.

Thus, if *Warner-Jenkinson* is any guide as to how a court of appeals must reason, it does not bode well for the Federal Circuit majority's reductive approach. I cannot fairly say, however, that *Warner-Jenkinson* commands that courts of appeals use the synductive method; I can say only that the Supreme Court used the synductive method in that particular case. One probably can surmise that is the approach the Supreme Court uses to reach the majority of its conclusions. Yet perhaps some enterprising scholar can find a counter-example in which the Supreme Court employed the reductive approach after all. Until the propriety of using the reductive approach can be ruled out, I cannot yet say that the Supreme Court has resolved the issues raised in this article.

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[128] *Warner-Jenkinson*, 520 U.S. at 30-31.

[129] Note that the cases relied upon by the *Warner-Jenkinson* court included some of the very same cases dismissed by the Federal Circuit majority as not being prosecution history estoppel cases at all: Hubbell v. United States, 179 U.S. 77 (1900); Sutter v. Robinson, 119 U.S. 530 (1886); Smith v. Magic City Kennel Club, Inc., 282 U.S. 784 (1931).

[130] *Warner-Jenkinson*, 520 U.S. at 31-32.

B. Stare Decisis and Interpretive Theory

Parse the *stare decisis* issues raised here enough, and they would appear to boil down to choices from among competing theories of jurisprudence. As Judge Frank Easterbrook has stated, "[t]o have a theory of precedent is to have a theory of the extent to which judges' acts are law."[131] We have seen that the method courts of appeals must use to apply the precedents of the Supreme Court depends on the degree to which Supreme Court precedents are determinative of the legal issue at hand and the extent to which appeals courts have discretion to make law in the face of indeterminate precedent. These questions in turn depend on whether and how one can determine what the rules of decision are in a given case or group of cases, and whether one believes case law is made by judges exercising their free will, or is discovered by judges who are compelled by the assumptions given by higher authority and the inexorable application of logic. These are the subjects of jurisprudential theory—how judges and lawyers reason.

The multitudes of jurisprudential theory can be divided across similar multitudes of fault lines, but I begin with one. I divide the theories between those that are based on the notion that the rules that determine outcome (the "operative rules") in any given case are preexistent and discovered, and those based on the notion that the operative rules are, at least in those cases where the operative rules are not immediately apparent from existing law (referred to as "hard" cases),[132] created after-the-fact. If rules of decision are preexistent and discovered, then an outcome determinative rule always can be found in the law. If, on the other hand, outcome determinative rules are created (at least sometimes), then the law will not necessarily determine outcome. Either the law itself is indeterminate, or it is determinate but is not sufficiently concrete to direct an outcome.[133]

The former set of theorists[134]—those who believe operative rules to be preexisting and discovered—includes William Blackstone, James Kent, Ronald Dworkin, and Justice Antonin Scalia.[135] For these, whom I will call the declaratory

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[131] *The Federalist Society Sixth Annual Symposium on Law and Public Policy: The Crisis in Legal Theory and the Revival of Classical Jurisprudence: Stability and Reliability in Judicial Decisions*, 73 CORNELL L. REV. 422 (1988).

[132] DWORKIN, *supra* note 108, at 116-17.

[133] H.L.A. Hart takes the position, for example, that the law always can be determined, but is not always outcome determinative because of gaps in the applicable law (whether it be statutory or case law). HART, *supra* note 6, at 121-32.

[134] I choose these theorists based largely as these persons are the authors or subjects of the texts I have before me at present. The list is not meant to be exhaustive of the primary theorists in this area, my exclusion of others is not based on some estimation on my part of their relative worthiness or importance, nor do I mean to recognize these individuals as some sort of personal pantheon of theoreticians.

[135] American Trucking Ass'n v. Smith, 496 U.S. 167, 201 (1990) (Scalia, J., concurring); WILLIAM BLACKSTONE, 1 COMMENTARIES ON THE LAWS OF ENGLAND 69 (Univ. Chicago Press 1969); R. M. DWORKIN, A MATTER OF PRINCIPLE 129, 159 (Harvard Univ. Press 1985); Caleb Nelson, *Stare Decisis and Demonstrably Erroneous Precedents*, 97 VA. L. REV. 1, 44-45 n.169, 50-52 n.191 (2001) (discussing, *inter alia*, Kent and Scalia). Justice Scalia wrote in his concurring opinion in *American Trucking*:

> [Judges have an obligation] to say what the law is, not prescribe what it shall be. The very framing of the issue that we purport to decide today—whether our decision in *Scheiner* shall "apply" retroactively—presupposes a view of our

theorists,[136] the law always reveals the legally "correct" answer that is then "declared" by the jurist. These theorists differ: 1) as to whether the correct answer may be derived from external sources, such as natural law (Kent),[137] or internal sources, which includes statutes, case law and the principles underlying them (Dworkin);[138] and 2) as to whether the legally correct answer can be arrived at by objective, deductive reasoning (Justice Scalia)[139] or subjective, empirical or inductive reasoning (Blackstone).[140]

The latter set of theorists—those who believe operative rules are, at least sometimes, created—includes Jeremy Bentham, H.L.A. Hart, and Judge Richard Posner.[141] These theorists, whom I will call the pragmatic[142] theorists, believe that statutory or case law is at some level indeterminate as to outcome, and that judges accordingly must make or choose rules of decision to determine the outcomes of particular cases. These theorists also differ as to what sources a jurist might look to in making operative rules, and the nature of the constraints on the exercise of lawmaking. Hart appears to have believed, for example, that judges are in the end

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> decisions as *creating* the law, as opposed to *declaring* what the law already is. Such a view is contrary to that understanding of "the judicial Power," which is not only the common and traditional one, but which is the only one that can justify courts in denying force and effect to the unconstitutional enactments of duly elected legislatures—the very exercise of judicial power asserted in *Scheiner*.

American Trucking, 496 U.S. at 201 (citation omitted) (emphasis added); *see* RUPERT CROSS & J. W. HARRIS, PRECEDENTS AND ENGLISH LAW 25-26, 168, 213-22 (Clarendon Press 1991) (discussing Blackstone and Dworkin).

[136] CROSS & HARRIS, *supra* note 135, at 25-26; Lee, *supra* note 114, at 660.

[137] *See* JAMES KENT & CHARLES M. BARNES, COMMENTARIES ON AMERICAN LAW (John M. Gould ed., Little, Brown, & Co. 14th ed. 1896).

[138] DWORKIN, *supra* note 135, at 159. Dworkin argues that law consists of relevant principles—not rules, though principles are extracted from rules in particular cases—which are weighed and evaluated by judges to determine the rule applicable in a given case. CROSS & HARRIS, *supra* note 135, at 214-15.

[139] Nelson, *supra* note 135, at 5-52 n.189 (2001). An early exponent of the deductive theory of the law was C. C. Langdell. POSNER, *supra* note 68, at 308; Sheldon M. Novick, *Forward* to OLIVER WENDELL HOLMES, JR., THE COMMON LAW, at xiii (Dover Publications 1991). For one of many general discussions and critiques of the deductive type of jurisprudential approach, see ROSCOE POUND, THE SPIRIT OF THE COMMON LAW 170-72 (Beacon Press 1966).

[140] BLACKSTONE, *supra* note 135, at 69.

> [Judges'] knowledge of [the] law is derived from experience and study . . . and from being personally accustomed to the decisions of their predecessors. . . . [Judges are] sworn to determine [the law], not according to [their] own private judgment, but according to the known laws and customs of the land; not delegated to pronounce a new law, but to maintain and expound the old one.

Id. James Madison appears to have had a similar view. He contended that where operative rules at first seem unclear—for example where two statutes are in conflict—judges should "declare the sense" of the law by exercising "judgment" rather than "will." THE FEDERALIST No. 78 (James Madison) (Garry Wills ed., Bantam 1982). Judges' training and experience, and strict rules of precedent, would serve to guard against "arbitrary discretion in the courts." *Id.*

[141] RICHARD A. POSNER, THE ECONOMICS OF JUSTICE 31-47 (Harvard Univ. Press 1983) (discussing and comparing Bentham to Blackstone); HART, *supra* note 6, at 124-25, 132 (precedent and legislation will, at some point, prove indeterminate; courts perform, accordingly, a "rule producing function"); RICHARD A. POSNER, LAW AND LITERATURE 241, 244-45 (2d ed. 1998); Nelson, *supra* note 135, at 38 (discussing Bentham).

[142] I use this term for lack of a better one; it is not to imply that "declarationists" cannot also be pragmatic, such as Blackstone.

constrained by social pressure and will make laws, and hence operative rules, in ways that will least detract from courts' prestige and authority.[143] Thus, when making laws, judges must act according to the judicial virtues of impartiality, consideration of all interests, and the articulation of a reasoned basis of decision.[144] Posner, on the other hand, would derive operative rules by making policy choices that will best govern conduct in the future; *i.e.*, rulemaking is constrained by rules of economics.[145]

Having classified jurisprudential theories into declaratory and pragmatic, one might then ask whether the different theories imply different methods for applying precedent. Do declaratory theories imply methods that more weakly bind inferior courts, such as the reductive method, or methods that more strongly bind inferior courts, such as the synductive method? Are the implications of pragmatic theories any different; and if so, how?

If the declaratory theorists are right that the law always can be determined from precedent, the stronger synductive theory is superior to the weaker reductive theory. Lower courts always should have a responsibility to identify the outcome determinative principle of law, because it is always possible to do so. To the extent the reductive method would relieve judges of their obligation to dig deeper into the case law to resolve the issue at hand, it raises the possibility of judicial error and uncertainty in law.

If, on the other hand, the pragmatic theorists of law are right that law cannot always be determined from precedent, one could logically choose *either* a reductive or synductive method. Because case law may be outcome indeterminate, the propriety of the reductive method cannot be ruled out absent some independent theoretical reason to do so. And, although the synductive method always would require a judge to extract the most concrete principle of law consistent with the case law, its applicability would not necessarily be inconsistent with pragmatic theory.

A pragmatist might require a court to use the synductive method to determine in the first place whether the case before it actually *is* a hard case, *i.e.*, a case in which precedent is indeterminate. If the most concrete principle extracted from precedent is outcome determinative, the case is not really a hard case at all. If, on the other hand, the most concrete principle extracted from precedent is consistent with any of the possible outcomes for the case at hand, then at least a court can be sure that the case is a hard one after all. In that case, the synductive method may not provide the outcome determinative rule, but it does provide a check on inferior courts to make sure that any resort to "judicial lawmaking" is a last resort. The synductive method can be ruled out as a practical matter only if one assumes *all* cases are hard cases. I doubt anyone could reasonably make such an assumption.

Indeed, under the assumptions of the pragmatic theory, the reductive method too is nothing more than a technique for separating the hard cases from the easy ones. Once a case has been determined to be hard, either because precedent does not address the issue or because precedent addresses the issue without sufficient

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[143] HART, *supra* note 6, at 92, 150, 168. *See generally* ALEXANDER M. BICKEL, THE LEAST DANGEROUS BRANCH: THE SUPREME COURT AT THE BAR OF POLITICS (Yale Univ. Press, 2d ed. 1986).

[144] HART, *supra* note 6, at 200.

[145] POSNER, LAW AND LITERATURE, *supra* note 141, at 245.

specificity to resolve it, neither method (as they are described in this article) tells us much as to how to go about choosing a rule of decision. In the world of the pragmatic theorists, the methods for applying precedent and the methods for choosing rules of law in hard cases may be quite different, and the former kinds of methods imply little, if anything, about the types of methods courts might employ for the latter.

Viewed as alternative methods for determining whether a given case is hard the reductive and synductive methods differ only in their rigor. The reductive method will identify relatively fewer cases as being "easy": those in which a Supreme Court holding directly controls on the facts of the case at hand. The synductive method would identify as easy cases not only those identified by the reductive theory, but also those cases controlled by principles extracted from precedent as whole, whether directly on point or not. Any choice between the theories would require making an underlying assumption as to exactly what an easy or a hard case is.

There are, therefore, at least two kinds of synductive methods, one based on declaratory theory and one based on pragmatic theory. The method based on declaratory theory always determines the outcome of the case. The method based on pragmatic theory determines merely whether the case is easy or hard, and only sometimes determines outcome (in easy cases). Because the former synductive method leaves no possibility of judicial discretion, I call it the "strong" synductive method. Because the latter theory does leave open the possibility of judicial discretion (in hard cases), I call it the "weak" synductive method. I note, moreover, that Judge Michel's dissent could be consistent with either.

C. Stare Decisis and the Supreme Court—Revisited

It follows from the above analysis that to the extent the Supreme Court has explicitly or implicitly taken any position on the determinacy of laws, it has at least to some extent taken a position on the method that should be used to apply precedent. In that light, the Supreme Court's case law deserves a second look.

There is indeed some Supreme Court jurisprudence relating to the determinacy of laws. The Court's most explicit statement on the issue, Justice Scalia's concurrence in *American Trucking Associations, Inc. v. Smith*,[146] is dicta, but it is important dicta. In his concurrence, Justice Scalia squarely rejects the notion that law is any sense created in the face of uncertain legal authority; it is instead a declaration of what is preexisting and, therefore, certain:

> I share Justice Stevens' perception that prospective decisionmaking is incompatible with the judicial role, which is to say what the law is, not to prescribe what it shall be. The very framing of the issue that we purport to decide today . . . presupposes a view of our decisions as *creating* the law, as opposed to *declaring* what the law already is. Such a view is contrary to that understanding of "the judicial Power," which is not only the common and traditional one, but which is the only one that can justify courts in

[146] 496 U.S. 167 (1989).

> denying force and effect to the unconstitutional enactments of duly elected legislatures.[147]

Justice Scalia's statement echoes others made by the Supreme Court. Over forty years earlier, in *Securities & Exchange Commission v. Chenery Corp.*,[148] the Supreme Court noted, for example, that while an administrative agency can "make new law prospectively through the exercise of its rule-making powers," a court cannot.[149]

To the extent it equates prospective (forward-looking) decisionmaking with "creating" the law, and retrospective (past-oriented) decisionmaking with "declaring" it, the Supreme Court effectively provides a test for distinguishing legislation from adjudication. If adjudication requires that judges look only to the past to declare the law, then law must always be outcome determinative. If so, courts must choose not only a synductive theory, but also a strong synductive theory. If judges are to disagree, it is about the tools they might use to draw operative principles and rules from the existing law, not the method used to apply precedent.

One might object at this point (or perhaps earlier in my initial discussion of jurisprudential theory) that I have been too hasty to equate declaratory legal theories with outcome indeterminacy. Is it not possible, for example, that a judge could discover and declare the law to the best of her ability, yet discover nothing better than an outcome indeterminate rule? Unless judges do in fact look to the future to make policy decisions in making outcome determinative rules, the answer must be no.

If the past—existing law, whatever one believes that to be—is not sufficient to resolve the issue at hand, then the future—policy analysis—is all that is left to judge to craft an outcome determinative rule. If Justice Scalia is right that judges cannot look to the future to make law, then either the law must be assumed always to determine outcome or we have to accept the possibility that there are cases in that courts will not be able to resolve at all. The latter alternative is, however, really nothing of the sort. If a court were, for example, to dismiss a case because the law is indeterminate and the court lacks any permissible tool to resolve the dispute between the parties, it would effectively have chosen whatever rule was advocated by the winning party (presumably the defendant).[150] In short, either the law must be assumed to be outcome determinative or Justice Scalia's distinctions between legislation and adjudication collapse.

Having equated outcome determinacy with retrospective decisionmaking, we can cast an even wider net on Supreme Court precedent. Recall that in cases as diverse as *Chevron* and *Warner-Jenkinson*, the Supreme Court forbid courts from engaging in policy analysis; policy arguments should be directed to legislatures, not courts.[151] To the extent policy analysis means resolving disputes based on anything other than

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[147] *Id.* at 201 (citations omitted) (emphasis added).

[148] 332 U.S. 194 (1946).

[149] *Id.* at 202.

[150] Evidently, in at least one case, the Supreme Court itself has taken exactly this approach with respect to statutory construction. *See* Halcyon Lines v. Haenn Ship Ceiling & Refitting Corp., 342 U.S. 282 (1952).

[151] Chevron U.S.A. Inc. v. Natural Resources Defense Counsel, Inc., 467 U.S. 837, 864 (1984); Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 28 (1997).

an analysis of preexisting legal entitlement, the Supreme Court has effectively endorsed declaratory theory and, by implication, the strong synductive theory.

While the theory-based view of Supreme Court precedent bolsters the case for the strong synductive method, it does not settle the matter. The fact remains that I have not proven that the Supreme Court's various statements about the differences between adjudication and legislation, and their attendant assumptions about the determinacy of case dispositive rules, derive from the Supreme Court's holdings themselves. It is at least possible that the Supreme Court could determine that the law is indeterminate after all, and that in hard cases courts indeed may turn to policy analysis, just as the Federal Circuit did in *Festo*.

If courts can indeed turn to policy analysis, then the reductive method is in fact a methodological possibility. Indeed, the more one favors policy analysis, the more one might favor the reductive method so as to maximize courts' power to engage in policy analysis. It follows that whether courts employ reductive or synductive method is, in the end, inherently bound up with our assumptions or choices about how much power courts ought to have.[152] It is to that subject—power—to which I turn next.

III. THE POWER AND AUTHORITY OF THE FEDERAL CIRCUIT

Perhaps, for the purposes of *Festo*, it does not matter whether a court of appeals can properly employ a reductive approach to Supreme Court precedent. If the Federal Circuit truly does have a special role in the interpretation of patent law, and that special role implies a degree of discretion with respect to Supreme Court precedent that other appeals courts would not have in other substantive areas of law, the Federal Circuit majority's reductive approach might be independently justified, albeit on more limited grounds.

I do not believe, however, that the Federal Circuit has special powers to make or interpret patent law. Its authority with respect to patent law is no different from any other appeals court's authority over substantive issues of criminal law, securities law, copyright law, or any other area of law. If the Federal Circuit majority's reductive approach is justified at all, it must be justified as being jurisprudentially appropriate. To the extent the Federal Circuit may use the reductive approach, so may any court of appeals.

The federal statute creating the Federal Circuit (28 U.S.C. § 1295[153]) certainly does not grant the Federal Circuit special powers to develop patent law. It merely grants the Federal Circuit sole *jurisdiction* over issues of patent law. Nothing in the statute or its legislative history[154] suggests that its role in interpreting any kind of law is any different than that of any other court of appeals. Indeed, the legislative

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[152] These choices may in turn be made using criteria I have not discussed in this article, such as political theory. *See, e.g.*, Christopher J. Peters, *Persuasion: A Model of Majoritarianism As Adjudication*, 95 NW. U.L. REV. (forthcoming 2001).

[153] Federal Courts Improvement Act of 1982, PL 97-164, 1982 HR 4482, 96 Stat. 25 (April 2, 1982) (97th Cong., 2d Sess.).

[154] S. REP. NO. 97-275 (1981), *reprinted in* 1982 U.S.C.C.A.N. 11.

history strongly suggests that the Federal Circuit should be regarded to be no different from other courts of appeals, other than by virtue of its jurisdiction:

> The [Federal Courts Improvement Act of 1982] creates an Article III court that is similar in structure to the twelve other courts of appeals. . . . The new court is on line with other federal courts of appeals[,] that is, it is not a new tier in the judicial structure. The Court of Appeals for the Federal Circuit differs from other federal courts of appeals, however, in that its jurisdiction is defined in terms of subject matter rather than geography.[155]

There may be, in addition, constitutional constraints also mitigating against any interpretation of the statute to confirm special lawmaking authority to the Federal Circuit. The Federal Circuit is a court under Article III of the United States Constitution.[156] To the extent the Congress gave the Federal Circuit any quasi-legislative powers similar to or approaching those of an Article II administrative agency, one could make the case the exercise of such powers under § 1295 is unconstitutional.[157] Indeed, in cases from *Chevron* to *Warner-Jenkinson* the Supreme Court consistently has rejected the notion that Article III courts have any prospective, policy-based rulemaking authority.[158] The implication is that courts have a duty to confine "lawmaking" to retrospective, principle-based analysis of the sources of law (statutes and cases) necessary to resolve disputes among litigants.

There is little disagreement, moreover, that "[t]he Federal Circuit was created, in part, for the purpose of achieving uniformity in the exposition of and application of substantive patent law."[159] In the unlikely event the statute implies anything about

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[155] S. REP. NO. 97-275, at 2-3, *reprinted in* 1982 U.S.C.C.A.N. at 12-13.

[156] S. REP. NO. 97-275, at 2, *reprinted in* 1982 U.S.C.C.A.N. at 12.

[157] *See* Keller v. Potomac Elec. Power Co., 261 U.S. 428, 444 (1923).

> The principle there recognized and enforced on reason and authority is that the jurisdiction of this Court and of the inferior courts of the United States ordained and established by Congress under and by virtue of the third article of the Constitution is limited to cases and controversies in such form that the judicial power is capable of acting on them and does not extend . . . to administrative or legislative issues or controversies.

Id.; *cf.* Goldwater v. Carter, 444 U.S. 996 (1979) (stating that Article III courts cannot resolve political questions involving the authority of the President under Article II of the Constitution); Baker v. Carr, 369 U.S. 186 (1962) (stating that "political questions" are not resolvable by Article III courts).

[158] Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 28 (1997); American Trucking Associations v. Smith, 496 U.S. 167, 201 (1989) (Scalia, J. concurring) (stating that judicial acts "creating" law are contrary to Article III); Chevron U.S.A. Inc. v. Natural Resources Defense Counsel, Inc., 467 U.S. 837, 864 (1984); SEC v. Chenery, 332 U.S. 194, 202 (1946) ("[T]he Commission [an administrative agency], unlike a court, does have the ability to make new law prospectively through the exercise of its rule-making powers. . . ."); *see also supra* Part II.C.

[159] ROBERT L. HARMON, PATENTS AND THE FEDERAL CIRCUIT 918 (5th ed. 2001); *see also* Markman v. Westview Instruments, Inc., 517 U.S. 370, 390 (1996). Even before the creation of the Federal Circuit, the Supreme Court had determined that, for purposes of *stare decisis*, its precedents on issues of commercial law and statutory construction would be entitled to relatively more deference due to the need for predictability in law. Quill Corp. v. North Dakota, 504 U.S. 298, 317-18 (1992); Payne v. Tennessee, 501 U.S. 808, 827 (1991); Lee, *supra* note 114, at 734-35. The notion dates at least as far back as Justice Brandeis' dissent in *Burnet*. Burnet v. Coronado Oil & Gas Co., 285 U.S. 393, 406 (1932) (Brandeis, J., dissenting).

the Federal Circuit's powers regarding substantive law, it must be consistent with that purpose. Unless one could make the case that the reductive method better serves uniformity in patent law than the synductive method, the purposes behind the statute do not favor the reductive method. If anything, to the extent the reductive method renders it less likely that Supreme Court precedent would be outcome determinative, and therefore more likely that the Supreme Court and the Federal Circuit would disagree about the proper rule of law in any particular case, the reductive method arguably disserves the interest of achieving uniformity (as well as predictability).

The Federal Circuit majority's opinion in *Festo* nonetheless strongly suggests that the Federal Circuit does indeed have special powers in the development of substantive patent law. What's more, the opinion goes on to suggest that in what are arguably the two most important patent law decisions of the Rehnquist court, *Markman v. Westview Instruments, Inc.*,[160] and *Warner-Jenkinson*, the Supreme Court itself has recognized and condoned the use of those powers. It highlights statements in the Supreme Court's opinions in those cases to the effect that Congress created the Federal Circuit to "strengthen the United States patent system" by using the "special expertise" it would develop in the area of patent law.[161] The responsibility to resolve question 3 is, therefore, reserved for the Federal Circuit:

> Because the Supreme Court has not fully addressed the range of equivalents that is available once prosecution history estoppel applies, we must independently decide the issue. Congress specifically created the Federal Circuit to resolve issues unique to patent law such as those regarding prosecution history estoppel, which is a judicially created doctrine. . . . Congress contemplated that the Federal Circuit would "strengthen the United States patent system in such a way as to foster technological growth and industrial innovation." Issues such as the one before us in this case are properly reserved for this court to answer with "its special expertise." *Warner-Jenkinson*, 520 U.S. at 40 (reserving explicitly for the Federal Circuit the task of formulating the proper test(s) for infringement under the doctrine of equivalents).[162]

If I read the Federal Circuit majority correctly, this statement implies, especially when considered with the remainder of the majority opinion, that unless Supreme Court precedent explicitly forbids it from doing otherwise, the Federal Circuit will independently develop the patent law based on its own analysis of the policies underlying it.[163] The Federal Circuit is, in effect, claiming some type of quasi-legislative power; it would be, in this formulation, much like a regulatory agency except that its regulations would take the form of judicial opinions to which the

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[160] 517 U.S. 370 (1996).

[161] Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 234 F.3d 558, 571-72 (Fed. Cir. 2000) (en banc), *cert. granted*, 121 S. Ct. 2519 (2001).

[162] *Id.* (citation omitted).

[163] Control Resources, Inc. v. Delta Elec., Inc., 133 F. Supp. 2d 121, 123 (D. Mass. 2001).

Supreme Court would owe no *Chevron*-like deference.[164] If the statement implies something less, however, one might question why it is included in the majority opinion at all.

The Federal Circuit probably goes too far to the extent it would interpret its special expertise to extend to the issue before it in *Festo*. That issue, whether prosecution history estoppel requires a complete or flexible bar, is an issue of law. *Warner-Jenkinson* made clear, however, that the Federal Circuit's special expertise should extend to the "word-choice" to be used in any particular test of infringement under the doctrine of equivalents, not to resolving the issues of law underlying the doctrine.[165] The Supreme Court left to the Federal Circuit's discretion only the former task:

> All that remains is to address the debate regarding the linguistic framework under which "equivalence" is determined. . . . In our view, the particular linguistic framework used is less important than whether the test is probative of the essential inquiry: Does the accused product or process contain elements identical or equivalent to each claimed element of the patented invention? . . . With these limiting principles as a backdrop, we see no purpose in going further and micro-managing the Federal Circuit's particular word-choice for analyzing equivalence. We expect that the Federal Circuit will refine the formulation of the test for equivalence in the orderly course of case-by-case determinations, and we leave such refinement to that court's sound judgment in this area of its special expertise.[166]

The Supreme Court made clear, moreover, that it would defer to the Federal Circuit on issues of procedure, not substance:

> [I]n cases that reach the jury, a special verdict and/or interrogatories on each claim element could be very useful in facilitating review, uniformity, and possibly post-verdict judgments as a matter of law. . . . We leave it to the Federal Circuit how best to implement *procedural* improvements to promote certainty, consistency, and reviewability to this area of law.[167]

It is doubtful that the determination as to whether prosecution history estoppel requires a complete or flexible bar is a mere refinement or procedural issue left to the Federal Circuit's judgment. That issue is not about the "word-choice" the Federal Circuit uses to determine whether prosecution history estoppel applies in a given case, but rather the force and effect of the defense itself. If the issue is indeed a mere refinement left to the Federal Circuit's discretion, it is difficult to imagine what substantive issues of patent law would not be.

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[164] *See id.* at 124; *supra* Part II.C. In her dissent in *Festo*, Judge Newman expressed her concern that the majority's policy analysis had "legislated" a new rule without the benefit of development in the appeal process. *Festo*, 234 F.3d at 638 (Newman, J., dissenting).

[165] Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 40 (1997).

[166] *Id.* at 39-40.

[167] *Id.* at 39 n.8 (emphasis added).

Markman also does not support a substantive role for the Federal Circuit in the development of patent law. As *Markman* is quoted by the Federal Circuit, it would seem that Congress has delegated substantive powers to the Federal Circuit pursuant to its responsibility to "strengthen the United States patent system in such a way as to foster technological growth and industrial innovation."[168] The *Markman* court did not, however, read the Federal Circuit's enabling statute to have conferred such responsibility on the Federal Circuit. The need to strengthen the patent system is, instead, nothing more than Congress' purpose in establishing the Federal Circuit in the first place. The need to strengthen the patent system would be satisfied by the increased uniformity that follows from exclusive jurisdiction, not by the creation of a new rulemaking body:

> It was just for the sake of . . . desirable uniformity that Congress created the Court of Appeals for the Federal Circuit as an exclusive appellate court for patent cases, . . . observing that increased uniformity would "strengthen the United States patent system in such a way as to foster technological growth and industrial innovation."[169]

If anything, therefore, *Markman* reinforces the point that the only thing that is unique about the Federal Circuit is its exclusive jurisdiction. But exclusive jurisdiction does not imply special powers. The Federal Circuit has no more power to strengthen patent law than the regional circuit courts of appeals have, for example, to strengthen copyright law.

IV. HOW THE SUPREME COURT MIGHT ADDRESS THE JURISPRUDENTIAL ISSUES RAISED BY *FESTO*

If my conclusions in Parts I and III are correct, the Supreme Court truly does face a jurisprudential test in *Festo*. It goes without saying, however, that the Supreme Court need not address the jurisprudential issues at all in its review of the Federal Circuit's decision. It could limit its review to the patent law issues and render its decision on that basis alone. The question addressed here is whether the court should do so.

I argue that the interests of the Court would best be served by addressing and resolving the issues raised here. The potential cost of delaying resolution of the issues is too high. I argue, furthermore, that the Court need not sacrifice its longstanding pragmatic approach to issues of *stare decisis* to resolve the most important issues raised in this article.[170]

As an initial matter, the Supreme Court should have little difficulty resolving the issue as to whether the Federal Circuit has powers that are any different than

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[168] Markman v. Westview Instruments, Inc., 517 U.S. 370, 390 (1996).

[169] *Id.* at 390.

[170] *See* Christopher J. Peters, *Foolish Consistency: On Equality, Integrity, and Justice in Stare Decisis*, 105 YALE L.J. 2031, 2113-14 (1996). I use the term "pragmatic" here to denote the Supreme Court's preference for narrow, case-specific approaches to *stare decisis*, not to the pragmatic jurisprudential theory discussed in Part II.B, *supra*.

those of any other appeals court. This issue is, at bottom, one of statutory construction. As demonstrated in Part III, *supra*, the Federal Circuit does not have special powers under the Act creating that court; nor does its special expertise imply that it does. The Supreme Court may wish to say so unless it is prepared to accept that the Federal Circuit has some administrative agency-like authority to make policy-based declarations on issues of patent law and really is a different kind of appeals court.[171] It would be helpful if, at the very least, the Supreme Court articulated the difference between the Federal Circuit as a specialized court, which it is,[172] and an administrative agency, which it is not.[173]

Indeed, *Festo* presents the Supreme Court with an excellent opportunity to initiate a dialog with the Federal Circuit to ensure that the Federal Circuit does not arrogate to itself power that it was not intended to have by Congress, or that it cannot properly exercise as an Article III court.[174] Unlike the regional circuit courts of appeal, the Federal Circuit's authority reaches to all of the district courts in the United States. Its decisions are not subject to the consideration and analysis of its sister courts of appeals, and its jurisdictional isolation minimizes the prospects for any cross-pollination of ideas to and from those courts.[175] The Supreme Court is, therefore, not only the sole bulwark against any tendencies on the part of the Federal Circuit to reach beyond its proper authority or to unjustifiably enlarge its mission, it is also uniquely situated to work with the Federal Circuit in determining how Congress intended to circumscribe the Federal Circuit's powers.

While I have focused primarily on what *Festo* implies about the Federal Circuit's potential accretion of power at the expense of the Supreme Court, its sister courts of appeals, and Congress, these are not the only power relationships at stake. There are, in addition, implications about the allocation of power between appellate and trial courts, and between judge and jury. The Federal Circuit has, according to some commentators, exhibited a tendency to deem patent questions issues of law subject to

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[171] *See* Control Resources, Inc. v. Delta Elec., Inc., 133 F. Supp. 2d 121, 121 (D. Mass. 2001) ("The Federal Circuit is different."). *But see* Dickinson v. Zurko, 527 U.S. 150, 163 (1999) (finding that because the Federal Circuit is a "specialized court," its judges could better understanding factual findings made by the Patent Office). In *Zurko*, the Supreme Court nonetheless held that the Federal Circuit should review the Patent Office's factual findings under the same deferential standard of review that applies to other administrative agencies under § 706 of the Administrative Procedure Act. *Id.* at 164; 5 U.S.C. § 706. To the extent anything in *Zurko* might be said to imply that the Federal Circuit has any agency like powers—and *Zurko* should not imply so much, especially in light of its holding—the Supreme Court probably will foreclose the notion.

Some might argue that, at bottom, there really is no difference between a court and administrative agency. H.L.A. Hart argues, for example, that at least in hard cases, acting like an administrative agency is *exactly* what courts do. HART, *supra* note 6, at 132. Yet Hart seems to reject, in the same breath, the notion that judicial lawmaking is a forward-looking, predictive enterprise. *Id.* at 143.

[172] *Zurko*, 527 U.S. at 163.

[173] William C. Rooklidge & Matthew F. Weil, *Judicial Hyperactivity: The Federal Circuit's Discomfort with Its Appellate Role*, 15 BERKELEY TECH. L.J. 725, 751 (2000).

[174] According to Prof. Caminker, the tendency of inferior courts to arrogate additional power is nothing unusual, and indeed, natural: "[i]t is quite reasonable to expect that . . . inferior court judges desire to maximize their actual and perceived power in the [judicial] hierarchy." Caminker, *Precedent and Prediction: The Forward-Looking Aspects of Inferior Court Decisionmaking*, *supra* note 6, at 80.

[175] Field, *supra* note 5, at 222-23.

de novo review by the Federal Circuit.[176] To the extent the Federal Circuit exercises its special expertise to favor legal issues over factual issues—note, for example, *Festo's* elevation of the legal issue of prosecution history estoppel at the expense of the factual issue of infringement by equivalents—it concentrates additional power in the Federal Circuit at the expense of the trial courts below and, ultimately, juries as well. Viewed in broader context, the Supreme Court may have to consider and confront the powerful gravitational force the Federal Circuit has exerted on the institutions above, parallel to, and below it.

Resolving the issues involving the appropriate method for applying Supreme Court precedent will be, however, more difficult. We might approach the problem, at the outset, from the perspective of trying to predict what might happen if the Supreme Court does not address the methodology issues underlying *Festo*. Especially if the Court were to affirm the Federal Circuit's holding (with respect to question 3) in *Festo*, the result would be a tacit endorsement of the reductive method.

The Federal Circuit has, so to speak, let the cat out of the bag. If the Federal Circuit majority opinion is not the first court of appeals holding to use the reductive method, it is certainly a model as to how the technique might be employed. Absent some admonition from the Supreme Court, it is most likely a matter of time before other courts of appeals will borrow from the Federal Circuit's approach.[177] It would seem unlikely that other appeals courts would not, from time to time, find the reductive method peculiarly useful in freeing them to put their own stamp on the law.

The Supreme Court might not like such a world. If it is true that use of the reductive method will lead to resolution of fewer cases based on Supreme Court precedent alone, the precedential value of any given Supreme Court decision would be lessened. It would be more difficult for the Supreme Court to settle an issue. To the extent that the reductive method is applied by various circuit courts of appeals on

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[176] Rooklidge & Weil, *supra* note 173, at 729 n.13, 739 nn.72, 73; Douglas A. Strawbridge *et al.*, *A Review of Recent Decisions of the United States Court of Appeals for the Federal Circuit: Area Summary: Patent Law Developments in the United States Court of Appeals for the Federal Circuit 1986*, 36 AM. U. L. REV. 861, 875 (1987); *see also* RCA Corp. v. Applied Digital Data Sys., Inc., 730 F.2d 1440, 1449 (Fed. Cir. 1984) (Kashiwa, J., dissenting) (stating that the majority failed to apply the clearly erroneous standard to the trial court's finding of fact); Jones v. Hardy, 727 F.2d 1524, 1534-35 (Fed. Cir. 1984) (Kashiwa, J., dissenting) (criticizing the majority for unwarranted fact-finding); *Control Resources*, 133 F. Supp. 2d at 123 (stating that the Federal Circuit has been criticized for its "fact-finding and other hyperactive judging"); Edward V. Filardi & Robert C. Scheinfeld, *Appellate Review of Patent Bench Trials: Is the CAFC Following Rule 52(a)?*, *in* JACK C. GOLDSTEIN, CURRENT DEVELOPMENTS IN PATENT LAW 1985, at 9, 14-15 (PLI Patents, 1985) (arguing that the Federal Circuit has not followed the standard of review set forth in Rule 52(a)); Maureen McGirr, Note, Panduit Corp. v. Dennison Manufacturing. Co.: *De Novo Review and the Federal Circuit's Application of the Clearly Erroneous Standard*, 36 AM. U. L. REV. 963, 967, 980-81 (1987) (explaining that a trial court's findings of fact are subject to a clearly erroneous standard of review).

[177] *See* Antonin Scalia, *The Rule of Law as a Law of Rules*, 56 U. CHI. L. REV. 1175, 1177 (1989).

> [T]he modern reality, at least, is that when the Supreme Court of the federal system, or of one of the state systems, decides a case, not merely the *outcome* of that decision, but the *mode of analysis* that it applies will thereafter be followed by the lower courts within that system, and even by that supreme court itself.

Id.

similar legal issues, the potential for circuit splits would be increased. So too would there be increased potential for internal splits, such as those that many say already exist within the Federal Circuit.[178] Just as Supreme Court opinions would resolve fewer issues, the court would face a greater number of issues to resolve. The Supreme Court would have to resolve those issues, moreover, without the full benefit of a lower court's analysis of Supreme Court precedent. And, with the wider latitude afforded by the reductive method for courts to resolve issues independently and according to discretion rather than to compulsion, appeals courts would suffer yet more criticism that they are legislating rather than judging. The Supreme Court would see many more courts of appeals decisions like that of the *Festo* majority, where concurring and dissenting opinions at times more resemble policy debates within an administrative agency than disagreements about interpretation of existing law.[179]

Perhaps the Supreme Court could avoid this putative parade of horribles by making broader holdings or by using more "clear and explicit" language to bind courts in dicta. Such a reaction would, however, require the Supreme Court to jettison, at least to some extent, its historically pragmatic approach to resolving important issues of substantive law. I doubt this is a feasible alternative.

We cannot ignore, moreover, the fact that there may be advantages to allowing courts to use the reductive method, or at least not forbidding them from doing so. The Supreme Court ultimately reviews decisions, not methods, and has historically been reluctant to tell lower courts how they should arrive at their decisions. Telling courts how to apply precedent brings with it some risk, including the risk of unanticipated consequences. Indeed, the Supreme Court may, notwithstanding the attendant dangers, prefer to allow the Federal Circuit the maximum permissible flexibility to address patent law questions. The Supreme Court might believe, for example, that affording the Federal Circuit maximum flexibility is the best way to encourage creativity[180] and to address the practical problem that the Supreme Court cannot hope to address most patent law questions itself. Or it might believe that requiring synductive reasoning asks too much of the Federal Circuit. Synductive reasoning would require the Federal Circuit to undertake a highly contextual analysis of some very old Supreme Court precedent, written at a time when patent practice was, in many respects, different from today's.[181]

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[178] *See* HARMON, *supra* note 159, at 1039.

[179] That policymaking may be replacing traditional interpretation of laws as the primary mode of Federal Circuit decisionmaking has been the subject of commentary and criticism from both inside and outside the court. Pauline Newman, *The Federal Circuit, Judicial Stability or Judicial Activism?* 42 AM. U.L. REV. 683, 688 (1993); Rooklidge & Weil, *supra* note 173, at 751.

[180] *See* POSNER, *supra* note 68, at 377 (suggesting that the more authoritative Supreme Court precedent is taken to be, the more it will stifle lower courts' "creative thinking").

[181] In much of the nineteenth century, when the Supreme Court heard patent appeals directly and issued much of its case law on patent issues, claiming practice was different. In a practice known as "central claiming," patentees would describe in the claims their invention and the courts would be left to determine the invention's contours, including equivalents. Claiming practice eventually evolved into "peripheral claiming" by which the patentee specified, by way of claim limitations, the contours of the invention. HERBERT F. SCHWARTZ, PATENT LAW AND PRACTICE 99 n.13 (B.N.A. 3d Ed. 2001). Whereas in the central claiming regime the question of equivalents was subsumed under the sole issue of literal infringement, as claiming practice evolved into peripheral

I believe the disadvantages associated with avoiding the issue exceed those of resolving it. If there is a tie-breaker, it is that the Supreme Court can, as a practical matter, resolve the methodology issues raised here without making a broad holding, without abandoning its pragmatic approach to decisionmaking, without taking a stand on the relative merits of the various jurisprudential theories, and without intruding too much into a court's decisionmaking process.

Indeed, the Supreme Court probably can resolve the jurisprudential issues as a practical matter without making a definitive ruling on them at all. If the Supreme Court believes that the reductive method is appropriate, it need do nothing. It will have tacitly sanctioned it without foreclosing its later elimination. If, on the other hand, the Supreme Court would like to try to avoid the potential pitfalls of the reductive method without explicitly telling courts of appeals how they should make decisions in particular cases, all the Court need do is to give some indication to lower courts that it prefers that lower courts do not use the reductive method. While this approach would not explicitly forbid a lower court from using the reductive method, it could introduce sufficient risk of reversal[182] to a court of appeals such that a court of appeals would be discouraged from using the reductive method in all but the rarest cases.

The effective endorsement of the synductive method need not, moreover, imply a concomitant endorsement of jurisprudential theory; we have seen that the synductive method is, in one form or the other, consistent with most of them. If in the end the Supreme Court's suggestion does not sufficiently discourage courts of appeals from adopting reductive approaches like that used in *Festo*, the Supreme Court could take a stronger position at the next available opportunity.

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claiming the question of equivalents evolved into a doctrine separate from literal infringement; that separate doctrine is the doctrine of equivalents we know today. *See* Mueller, *supra* note 2, at 9-10.

[182] *See* RICHARD A. POSNER, THE PROBLEMS OF JURISPRUDENCE 24 (Harvard Univ. Press 1990) ("[M]ost judges are highly sensitive to being reversed. . . ."); Caminker, *Precedent and Prediction: The Forward-Looking Aspects of Inferior Court Decisionmaking*, *supra* note 6, at 77-78 ("Much anecdotal evidence suggests that inferior court judges fear being reversed on appeal. . .").