Winter 1984

Court of Appeals for the Federal Circuit: More Than a National Patent Court, The

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THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT: MORE THAN A NATIONAL PATENT COURT

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I. INTRODUCTION ........................................... 43
II. PROPOSALS FOR APPELLATE REFORM DURING THE 1970'S .... 46
III. THE NEED FOR A NATIONAL COURT OF PATENT APPEALS .... 50
   A. An Overview of the Patent System ........................... 50
   B. Patentability: Conflict Over the Synergism Requirement 54
   C. Perceived Shortcomings of a National Court of Patent Appeals ........................................... 58
IV. THE POLITICAL COMPROMISE ........................................... 60
V. THE FCIA—A DESCRIPTION ........................................... 64
   A. Composition of the Court of Appeals for the Federal Circuit ........................................... 64
   B. Jurisdiction of the Court of Appeals for the Federal Circuit ........................................... 65
   C. The Claims Court ........................................... 75
   D. Miscellaneous Provisions ........................................... 78
VI. FUTURE REFORMS ........................................... 80
VII. CONCLUSION ........................................... 83

I. INTRODUCTION

Nearly two hundred years ago, Alexander Hamilton warned: "Thirteen independent courts of final jurisdiction over the same causes, arising upon the same laws, is a hydra in government, from which nothing but contradiction and confusion can proceed." 1 The thirteenth court of appeals, the United States Court of Appeals for the Federal Circuit (or Federal Circuit or CAFC), was created on October 1, 1982, by the Federal Courts Improvement Act of 1982 (FCIA). 2 Hamilton's concerns notwithstanding, creating the Court of Appeals for the Federal Circuit did not transform the federal appel-

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late system into a judicial hydra. Instead, the new court should reduce the contradiction and confusion in patent law that many believed had been generated by the twelve other courts of appeals.

The Court of Appeals for the Federal Circuit is a new intermediate appellate court of restricted subject matter jurisdiction. It was formed by merging the Court of Claims and the Court of Customs and Patent Appeals, two article III courts located in Washington, D.C. In addition to the jurisdiction of its predecessor courts, the Federal Circuit has been granted exclusive jurisdiction of appeals from federal district courts throughout the United States in patent cases. The CAFC is unique among the circuit courts because its jurisdiction is defined by subject matter instead of geography.

The FCIA also established a new article I trial court, the Claims Court, which has assumed substantially all the trial jurisdiction that had been exercised by commissioners in the Court of Claims. Procedures in the Claims Court have been modernized and, in contrast to the commissioners of the former Court of Claims, the judges of the Claims Court have the power to render final judgments. The FCIA also made several reforms in the administration of federal courts, authorized transfers of actions and appeals between federal courts to cure jurisdictional defects, provided for a uniform interest rate on judgments in federal courts, and authorized experimentation with methods for recording court proceedings by electronic means.

By creating the Court of Appeals for the Federal Circuit, Congress accomplished the most significant revision of the federal appellate system since the Judiciary Act of 1925 expanded the use of writs of certiorari to limit review by the Supreme Court of decisions of federal courts of appeals and state supreme courts. The caseload of the federal appellate system has risen dramatically since 1925, and it continues to grow exponentially. The capac-

   Over the past two decades, the caseload of the federal appellate system has grown so large that a crisis has arisen. Between 1962 and 1981, appellate court filings increased more than fivefold from 4,832 cases to 26,362. At the same time, the number of federal circuit judges increased only from 78 to 132. The caseload of each judge more than tripled during this period. Although the addition of the 35 new appellate judges authorized by the Omnibus Judgeship Act of 1978 (Public Law 95-486) has helped the
ity of the Supreme Court has remained essentially static, however, and during the past decade the Court has reviewed less than 1% of the cases decided by the circuit courts of appeals. The rapid caseload growth of the circuit courts has generated many problems, one of the most serious of which is uncertainty in a number of areas of national law.

With an increasing volume of petitions for certiorari, the Supreme Court is less able to resolve conflicts between the circuits. When intercircuit conflicts develop, forum shopping and repetitious litigation are encouraged. Creating additional appellate circuits (as was done in 1981) to ease the appellate workload only exacerbates these conflicts. Adding more judges to existing appellate courts is unsatisfactory because it would produce more intracircuit conflicts, require time-consuming en banc review of panel decisions, and reduce judicial collegiality. A proposition receiving greater attention is the establishment of national courts of appeals whose jurisdiction is defined by sub-

Courts of appeals to keep pace with their work, the trend toward increased appellate court filings has continued. The addition of numerous district court judges, also created by the 1978 Omnibus Judgeship Bill, coupled with legislation conferring increased powers on bankruptcy judges (see Public Law 95-598) and magistrates (see Public Law 96-82) have generated more lower court decisions requiring appellate review. The net result is that the federal appellate system faces a crisis that actually is worsening rather than being solved. This is a crisis that does not only affect judges. As stated in a report of the Department of Justice:

This is not a crisis for the courts alone. It is a crisis for litigants who seek justice, for claims of human rights, for the rule of law, and it is therefore a crisis for the Nation.

(Footnote omitted.)


12. FCIA 1979 Hearings, supra note 10; Carrington, supra note 7, at 599-604; Griswold, supra note 11, at 342; Miller, A Court of Tax Appeals Revisited, 85 YALE L.J. 228, 237-38 (1975).


14. See Hufstedler, supra note 9, at 547.

ject matter instead of geography.\textsuperscript{16} In addition to providing interpretations of law that are uniform throughout the nation and reducing the incentive for litigants to engage in forum shopping and repetitious litigation, such appellate courts could acquire substantial expertise in their subject areas and achieve great efficiency in deciding cases.\textsuperscript{17} The Court of Appeals for the Federal Circuit is a positive step in this direction; it is the newest national court of appeals with restricted subject matter jurisdiction.\textsuperscript{18}

This Article deals with the FCIA and its creation of the Federal Circuit. It begins with a review of two proposals for reform of the federal appellate court system that were recommended during the 1970's. Next, the special problems in patent law that gave rise to the need for a national court of patent appeals are examined. The Article then describes the development of the proposal to create the Court of Appeals for the Federal Circuit by merging the Court of Customs and Patent Appeals with the Court of Claims. This is followed by a detailed analysis of the FCIA, which will highlight some potential problem areas. The Article concludes with remarks about the prospects for additional courts of appeals with restricted subject matter jurisdiction.

II. PROPOSALS FOR APPELLATE REFORM DURING THE 1970'S

The federal appellate system remains much the same as when it was created by the Evarts Act\textsuperscript{19} in 1891. Before 1891, the United States Supreme Court exercised appellate jurisdiction over the federal circuit courts and the state supreme courts.\textsuperscript{20} With the expansion of federal court subject matter jurisdiction by the Removal Act of 1875,\textsuperscript{21} the Supreme Court's docket was


\textsuperscript{18} The United States Court of Military Appeals, the Temporary Emergency Court of Appeals, and the Foreign Intelligence Surveillance Court of Review are other federal appellate courts having restricted subject matter jurisdiction. Trial courts within the federal system having restricted subject matter jurisdiction include the Bankruptcy Courts, the Tax Court, the Court of International Trade, the Claims Court, and the Special Court, Regional Rail Reorganization Act of 1973. Federal courts with restricted subject matter jurisdiction that formerly existed, other than the Court of Claims and the Court of Customs and Patent Appeals, include the Emergency Court of Appeals, the Commerce Court, the Court of Private Land Claims, and the Choctaw and Chickasaw Citizenship Court. See Glidden Co. v. Zdanok, 370 U.S. 530, 552-61 (1962); Ex parte Bakelite Corp., 279 U.S. 438, 452-58 (1929); 1 J. Moore, J. Lucas, H. Fink, D. Weckstein & J. Wicker, Moore's Federal Practice ¶¶ 0.2-0.3 (2d ed. 1983).

\textsuperscript{19} Circuit Court of Appeals Act of 1891, ch. 517, 26 Stat. 826.


\textsuperscript{21} Act of Mar. 3, 1875, 18 Stat. 470.
The Evarts Act provided relief by establishing an intermediate system of nine regional courts of appeals. This relief was only temporary, however, as the Supreme Court's docket continued to experience steady growth. Further constriction of the flow of cases to the Court's docket came with the enactment of the Judiciary Act of 1925, which gave the Court substantial control over its caseload through the writ of certiorari.

By 1959, it was apparent to many that the Supreme Court was becoming overwhelmed with petitions for certiorari and appeals from lower courts. In 1971, Chief Justice Burger appointed a study group, chaired by Professor Freund of Harvard Law School, to investigate the caseload of the Court and offer recommendations for reform. The Freund Committee decided that the rising volume of filings was jeopardizing the Supreme Court's ability to perform its essential functions. The Committee inferred from the statistics that a burdensome caseload was forcing the Court to duck issues it would have decided thirty years before, and to give less consideration to the cases that it decided than it had in the past. The Freund Committee concluded:

We are concerned that the Court is now at the saturation point, if not actually overwhelmed. If trends continue, as there is every reason to believe they will, and if no relief is provided, the function of the Court must necessarily change. In one way or another, placing even more reliance on an augmented staff, the Court could perhaps manage to administer its docket. But it will be unable adequately to meet its essential responsibilities.

Remedial measures comparable in scope to those of 1891 and 1925 are called for once again.

The major remedy proposed by the Freund Committee was the establishment of a National Court of Appeals to screen all petitions for certiorari and appeals to the Supreme Court. The Committee envisioned that the National Court would refer approximately 400 of the most significant cases to the Supreme Court. The Supreme Court would then make the final choice of the cases it would decide. The National Court of Appeals would decide some cases involving conflicts between the circuit courts and deny review to the remaining cases. The Committee also recommended: the abolition of three-judge district courts; the elimination of direct appeals to the Supreme Court.

22. The number of cases handled by the Court increased from 253 in 1850; to 310 in 1860; to 636 in 1870; to 1,212 in 1880; to 1,816 in 1890. G. Casper & R. Posner, supra note 6, at 12; F. Frankfurter & J. Landis, supra note 6, at 60.
27. Id. at 581.
28. Id. at 584.
29. Id. at 590-95, 611. The Committee also recommended: the abolition of three-judge district courts; the elimination of direct appeals to the Supreme Court, id. at 595-607, 611-12, a
The reaction to the Committee's recommendation was overwhelmingly hostile. Among the objections raised were: (1) the court would screen only the frivolous cases and would leave the more difficult screening to the Supreme Court; (2) the court would add another appellate layer between the trial courts and the Supreme Court, causing added delay; (3) by assuming the screening function, the court would usurp an important function of the Supreme Court and would diminish the Court's prestige; (4) the court would lower the stature of the circuit courts of appeals; and (5) the court would lack prestige sufficient to attract distinguished judges. Scorched by persistent criticism, the Freund Committee's proposal soon was reduced "to a residue of embers in legal journals."

On October 13, 1972, Congress established the Commission on Revision of the Appellate System to recommend changes in the geographic boundaries of the circuit courts of appeals and in the structure and internal procedures of the federal appellate system. Chaired by Senator Hruska, the Commission issued two reports. The first report proposed splitting the Fifth and Ninth Circuits to create two additional circuit courts of appeals. Congress approved the splitting of the Fifth Circuit, but has yet to approve the division of the Ninth Circuit. The second report proposed the establishment of a National Court of Appeals, which would decide cases referred to it by the Supreme Court or transferred to it from the circuit courts of appeals, the Court of Claims, or the Court of Customs and Patent Appeals.
Unlike the Freund Committee, the Hruska Commission did not concentrate on the Supreme Court's burden of screening thousands of petitions for certiorari each year. Instead, the Commission directed its attention to the Court's ability to monitor the nation's courts effectively and provide a stable, coherent system of national law. It found that the federal judicial system lacked sufficient appellate capacity to adequately perform these functions, and identified four major consequences of this failure: conflicts between circuits as to the statement of the same rule of national law; delay; misuse of valuable Supreme Court time to resolve minor intercircuit conflicts; and undesirable uncertainty and repetitious litigation spawned by the possibility of intercircuit conflicts. The Commission anticipated that the National Court of Appeals would decide at least 150 cases per year and thus double the national appellate capacity.

The response to the Hruska Report was only somewhat less negative than the treatment accorded to the Freund Committee's recommendations. Because the Commission's recommendation would retain the screening function in the Supreme Court, it avoided the charge that the Court's prestige would be harmed by the loss of this important function. Nevertheless, the Hruska Commission's suggestions encountered many of the criticisms that had been directed against the Freund Committee, plus some new ones. A bill embodying the Commission's suggestions received little political support and never got past the hearing stage.

By the late 1970's, the need for reform of the federal appellate system these procedures, and an advisory committee to provide input to the court. Id. at 200, 250-53. It also recommended the adoption of minimum standards for allowance of oral argument in the circuit courts of appeal, the requiring of a written record showing the reasoning behind the decision in each case decided by a court of appeals, and selective publication of opinions. Id. at 200-01, 253-60. Other recommendations of the Hruska Commission included increased use of central staff attorneys by the circuit courts of appeal, changes in the procedures for en banc hearings, and the establishment of a standing commission to continue the study of problems in the federal courts. Id. at 201-03, 260-76.

40. Id. at 209-17.
41. Id. at 217-19, 281-82.
42. Id. at 246-47.
44. Owens, supra note 30, at 599-600.
45. Feinberg, Foreword: A National Court of Appeals?, 42 BROOKLYN L. REV. 611, 615-16 (1976); Haworth & Meador, supra note 11, at 208; Owens, supra note 30, at 602.
46. Critics also charged that: (1) the Supreme Court would have to decide which cases to refer to the National Court of Appeals, and hence its screening burden would be increased, and (2) by transferring cases to the National Court of Appeals the circuit courts of appeals could bypass the Supreme Court, and thus the power and prestige of the Supreme Court would be diminished. Alsup, Reservations on the Proposal of the Hruska Commission to Establish a National Court of Appeals, 7 U. Tol. L. REV. 431, 450-51 (1976); Haworth & Meador, supra note 11, at 208; Owens, supra note 30, at 601-02.
had been the subject of intense debate for a number of years. For a variety of reasons, however, Congress did not enact legislation to accomplish the needed reforms. The problems caused by the inadequate national appellate capacity continued, especially in the areas of tax and patent law. The patent system had special need of appellate reform, and this need gave impetus to the passage of the FCIA.

III. THE NEED FOR A NATIONAL COURT OF PATENT APPEALS

The American patent system was designed to stimulate industrial innovation by offering economic incentives "to promote the Progress of Science and useful Arts." The system was supposed to reward not only the inventor, who devoted his time and energy to developing a new product, but also the employer or investor who committed capital to research, develop, and introduce new products. The reward is the exclusive right to practice the invention for a seventeen-year period. For inventors and businesses to rely on the patent system, however, they must have confidence that the rights embodied in a patent will be enforceable. Unfortunately, intercircuit conflicts in patent law made the enforceability of patents uncertain and reduced public confidence in the system.

A. An Overview of the Patent System

The process of obtaining a patent begins with filing an application describing the invention. The application is filed with the Patent and Trademark Office in Washington, D.C. and assigned to a patent examiner, who determines whether the statutory requirements have been met. If the examiner determines that the invention is entitled to patent protection and the application is in order, the inventor is notified, and upon receipt of the statutory fee, a patent is issued to the inventor or his assignee. The patent gives the holder the

49. Professor Meador has listed these reasons: the presence of competing demands on Congress for legislation in other areas, the lack of an effective political constituency to push for judicial reform, resistance from special interest groups and the bar, and the failure of groups seeking appellate reform to mount a sustained effort in Congress for a significant period of time. Id. at 637-41.
54. Id. §§ 101-104.
exclusive right to make, use, and sell the invention in the United States for a seventeen-year period.55

If the patent examiner rejects the application, he notifies the inventor and gives his reasons. The inventor (or his patent attorney or agent) may amend the application and request a reexamination.56 If the application is rejected again by the examiner, the inventor may appeal to the Board of Appeals of the Patent and Trademark Office, which has the power to reverse the decision of the examiner.57 If the inventor is dissatisfied with the decision of the Board, he has two avenues of review. The inventor may appeal to the Court of Appeals for the Federal Circuit (formerly to the Court of Customs and Patent Appeals) and then seek review by the Supreme Court.58 Alternatively, the inventor may bring a civil action in the District Court for the District of Columbia against the Commissioner of Patents and seek issuance of the patent.59 If unsuccessful, the inventor may appeal to the Federal Circuit (formerly to the Court of Appeals for the District of Columbia) and then seek final review in the Supreme Court.60

The patent examiner may decide that the invention described in the patent application has been preempted by another invention disclosed in a pending application or a patent that has already been issued. Priority of invention will then be determined in an interference proceeding between the applicant and the competing claimant conducted before a Board of Patent Interferences.61 The Board determines the prior inventor and awards the patent to him. If a party is dissatisfied with the decision of the Board, he may appeal to the Federal Circuit (formerly to the Court of Customs and Patent Appeals), and ultimately seek review before the Supreme Court.62 Alternatively, he may seek issuance of the patent by filing an action in any federal district court where venue is proper and jurisdiction exists over the other party to the interference.63 Appeal may be taken to the Federal Circuit (formerly to the appropriate regional court of appeals), from which review by the Supreme Court

56. Id. § 132 (1976).
57. Id. § 134.
62. 35 U.S.C.A. § 141 (West Supp. 1983). The appeal to the Federal Circuit will be dismissed within 20 days after notice of appeal is filed if an adverse party elects to proceed under id. § 146 (allows remedy by civil action for interference).
63. Standard Oil Co. v. Montecatini Edison S.p.A., 342 F. Supp. 125, 129-33 (D. Del. 1972); 35 U.S.C.A. § 146 (West Supp. 1983). If more than one adverse party is sued under § 146 and the adverse parties reside in different states, or if an adverse party sued under § 146 resides in a foreign country, the action may be brought in the United States District Court for the District of Columbia. Id.
may be sought.\textsuperscript{64}

It takes the Patent and Trademark Office approximately two years to process a patent application,\textsuperscript{65} and roughly 60\% of the applications result in issued patents.\textsuperscript{66} After a patent is issued, its owner, in theory, may exclude all others from making, using, or selling the invention described in the patent.\textsuperscript{67} Alternatively, the owner may assign his rights in the patent or grant licenses to use the invention in exchange for payment of royalties.\textsuperscript{68}

Patent owners frequently have to go to court to enforce their rights, and their disputes may be litigated in a number of forums. A patent owner may seek compensatory damages and injunctive relief by bringing a patent infringement action in federal district court.\textsuperscript{69} The amount of compensatory damages awarded must be at least the amount of a reasonable royalty for the use of the invention during the period of infringement, plus interest and costs.\textsuperscript{70} Recovery is limited to damages for acts of infringement that have occurred within six years of the filing of the action,\textsuperscript{71} however, and no recovery is permitted for acts of infringement that have occurred before the infringer received actual or constructive notice of the infringement. The patent owner provides constructive notice by marking the patent's number on products sold to the public.\textsuperscript{72} Compensatory damages may be tripled by the court and reasonable attorney fees may be awarded in exceptional cases.\textsuperscript{73}

In general, a patent infringement action may be brought in the district where the infringer resides or where the infringer has committed acts of infringement and has a regular and established place of business.\textsuperscript{74} If the infringer is the United States or a government contractor, subcontractor, or person using the invention for the benefit of the United States, the infringement action can be brought only in the Claims Court (formerly in the Court of Claims).\textsuperscript{75} Under the venue statute for patent infringement actions, a corpora-
tion's residence is its state of incorporation. The general venue statute, in contrast, provides that a corporation is a resident of any state where it does business.76 An alien may be sued for infringement in any district where he may be served,77 and a patentee may file a complaint with the International Trade Commission seeking an exclusion order to prevent infringing goods from entering the United States.78

If a patent owner has licensed or assigned a patent to another party who is using the invention and a dispute arises, the owner has a choice of remedies. He may sue for infringement of the patent, for breach of the license agreement, or to recover title.79 In the absence of an assignment or license agreement with an infringer, a patent owner may also be able to plead claims arising under state tort law, such as unfair competition, interference with contract, or interference with prospective business advantage.80 If the patent owner opts for state law remedies, he may bring his action in any state court that would be able to exercise jurisdiction over the defendant or, if diversity jurisdiction exists, in any federal district court where venue is proper.81

Alternatively, the infringer may initiate the litigation, and hence select the forum, by bringing an action arising under state law82 or the federal antitrust laws.83 In addition, the infringer can seek a declaratory judgment that the patent is invalid or not being infringed.84 Actions arising under state law can be brought only in state court, unless diversity jurisdiction exists. Actions arising under the federal antitrust laws and declaratory judgment actions relating to patent validity or infringement must be brought in federal court; venue is determined by the federal question venue statute.85

Thus, the forum where a patent dispute is litigated depends on who commences the litigation and how the claims are pleaded. Once the dispute comes

81. Id.; 28 U.S.C. § 1391(a) (1976); Chisum, supra note 79; Wydick, supra note 74, at 566-68.
85. United States Aluminum Corp. v. Kawneer, Inc., 694 F.2d 193, 195 (9th Cir. 1982); 28 U.S.C. § 1391(b) (1976); Wydick, supra note 74, at 566. If the federal question venue statute applies, a corporate defendant may be sued in any district where it does business. 28 U.S.C. § 1391(c) (1976).
to court, the patent owner will probably have to defend the patent's validity.\textsuperscript{86} Despite the fact that the patent received an examination by the Patent and Trademark Office before its issuance and despite its statutory presumption of validity,\textsuperscript{87} there is a good chance that it will be found invalid when it is challenged in court. Roughly 50-60\% of the patents subjected to litigation are held invalid,\textsuperscript{88} and determining whether a patent is valid may take years of litigation and can easily cost $500,000.\textsuperscript{89} Thus, many view a patent as merely an invitation to a lawsuit instead of a prize for innovation.\textsuperscript{90}

Many explanations have been offered for the low survival rate of patents tested in court. Patents subjected to litigation are only a very small portion (about 0.2\%) of the total patents issued, so the sample size may not be sufficient to produce statistically significant results.\textsuperscript{91} More importantly, litigated patents probably were challenged because they were weaker than others; thus, they are not a representative sample of the patents issued by the Patent and Trademark Office.\textsuperscript{92} In addition, the scrutiny a patent receives in the adversarial setting of a courtroom is more rigorous than the ex parte examination conducted at the Patent and Trademark Office. When an accused infringer challenges the validity of a patent in court, he will have great incentive to locate prior art that may not have been readily available to the Patent and Trademark Office.\textsuperscript{93}

B. Patentability: Conflict Over the Synergism Requirement

While some observers contend that the Patent and Trademark Office is

\textsuperscript{90} Guide v. Desperak, 144 F. Supp. 182, 186 (S.D.N.Y. 1956); 2 P. Rosenberg, supra note 68, at 17-2; Nash, Remarks Before The Industrial Research Institute, 59 J. PAT. OFF. SOC'Y 143, 144 (1977).
\textsuperscript{92} Baum, supra note 88, at 768; Diamond, supra note 91; Horn & Epstein, supra note 88, at 137; Markey, supra note 91, at 169-70.
too lenient in issuing patents, others complain that the federal courts have been applying unduly strict standards in infringement actions. Much of the controversy has centered around the requirement that an invention must be "nonobvious" to be patentable. Since 1952, patent law has mandated the use of the following test to determine whether an invention satisfies this requirement. First, the prior art or state of technology in the field of the invention must be determined. Second, the differences between the invention and the prior art must be specified. Third, a decision must be made as to whether the differences between the invention and prior art would have been obvious to a hypothetical reasonably skilled practitioner in the field of the invention.

Legislative history indicates that the obviousness test was added to the patent statute to codify case law and provide a uniform standard. Regrettably, a uniform standard of patentability did not emerge before the CAFC was established. A major reason for this failure has been some unfortunate dicta in Sakraida v. Ag Pro, Inc., a Supreme Court decision which suggested that a

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The attempts through the years to get a broader, looser conception of patents than the Constitution contemplates have been persistent. The Patent Office, like most administrative agencies, has looked with favor on the opportunity to which the exercise of discretion affords to expand its own jurisdiction. And so it has placed a host of gadgets under the armor of patents—gadgets that obviously have had no place in the constitutional scheme of advancing scientific knowledge. See Graham v. John Deere Co., 383 U.S. 1, 18 (1966); Fortas, The Patent System in Distress, 53 J. PAT. OFF. SOC'Y 810, 815-17 (1971); Nash, supra note 90, at 147-50.


96. See text accompanying notes 101-03 infra.


99. 425 U.S. 273 (1976). The patent in Sakraida was for a water-flushing system for removing manure from dairy barns. It called for the abrupt release of water from tanks onto a sloped floor to clean a barn in a few minutes; doing the cleaning by hand would take several hours. Id. at 277. The Fifth Circuit had noted that this patent had achieved modest commercial success and had been licensed to more than 70 dairies across the United States. Ag Pro, Inc. v. Sakraida, 474 F.2d 167, 169 (5th Cir. 1973), rev'd, 425 U.S. 273 (1976). The court of appeals had also observed that persons "skilled in the art reacted to the advancement with surprise." 474 F.2d at 171. Concluding that the patent was valid, the court stated: "Although the plaintiff's flush system does not embrace a complicated technical improvement, it does achieve a synergistic result through a novel combination." Id. at 173.

The Supreme Court reversed. 425 U.S. at 273. Comparing the patent to the fifth labor of Hercules, in which Hercules cleaned the Augean stables by diverting a stream through them, the Court found the patent to be a combination of old (indeed ancient) elements. It disagreed with the conclusion of the court of appeals that the combination produced a synergistic result. Although the Court recognized that the combination produced a striking result, it emphasized that the patent merely arranged old elements with each performing its familiar function. "Such combinations are not patentable under standards appropriate for a combination patent." Id. at 282. The Court also found that the patent would be obvious to a person skilled in the appropriate art. Id.

A brief account of this case appears in B. Woodward & S. Armstrong, The Brethren 418-19 (1979). According to Messrs. Woodward and Armstrong, the Sakraida case was dubbed the "cow shit case" at the Court and was assigned to Justice Brennan (rather than a more junior justice) by Chief Justice Burger because of friction between the two Justices. Feeling insulted by

Published by University of Missouri School of Law Scholarship Repository, 1984
combination invention must possess synergism to be patentable. A combination invention brings together old elements into a new invention. To possess synergism, the combination must produce an effect that is greater than the sum of the effects of the old elements taken separately. A number of commentators have noted that all inventions consist of combinations of old elements, and that the effect of a combination of old elements can never exceed the sum of the effects of the old elements taken separately. Therefore, under the synergism analysis, practically every patent will be declared invalid.

Not suprisingly, Sakraida and the synergism requirement have been harshly criticized. Despite the language in Sakraida, the Patent and Trademark Office, the Federal Circuit, and several regional circuit courts of appeals have stated that synergism is not a requirement for patentability.

the assignment, Justice Brennan reportedly wrote the opinion without the assistance of his clerks.


105. Synergism has been called "the bugbear of the patent system," Colaianni, 35 U.S.C. § 103: A Quest for Objectivity, 1981 INTELL. PROP. L. REV. 205, 216, a "vicious virus [that] if allowed to grow can destroy the patent system," Markey, supra note 102, at D-1; a "malady," Geriak, supra note 95; an "artificial barrier to patentability," Geriak, supra note 103; and an "anomalous encrustation on 35 U.S.C. § 103 and the standard of obviousness it contains," Hammerquist v. Clarke's Sheet Metal, 658 F.2d 1319, 1323 n.7 (9th Cir. 1981), aff'd on rehearing, Sarkisian v. Winn-Proof Corp., 688 F.2d 647 (9th Cir. 1982).


Other circuits have required synergism, and one circuit court has compromised the issue by requiring that an invention produce unusual or surprising results to be patentable. The disagreement over synergism and other intercircuit conflicts created a very difficult situation for patent owners. An appeal from a patent infringement or other action in a federal district court was heard by the court of appeals for the circuit embracing the district, and that court of appeals would apply its own precedent. Thus, a patent's validity depended on where it was litigated. Because the parties to a patent dispute generally had a wide choice of forums in which to litigate, forum shopping often resulted. Patent owners rushed to bring infringement actions in circuits thought to be favorable to patents, while potential infringers hurried to file declaratory judgment actions in circuits with reputations for invalidating patents.

Patent owners were handicapped in this contest, not only by the restric-
tive venue provisions for patent infringement actions,
but by the rules of collateral estoppel. A patent owner
who prevailed in an action against an infringer
would not be able to collaterally estop infringers
from challenging his patent’s validity. But if he lost an
action on the grounds that his patent was
invalid, his patent was broken, and the patent
owner generally was barred from relitigating the
patent’s validity against other infringers. Therefore,
it was difficult for patent owners and licensees to
determine the value of their patents. This uncertainty
undermined the patent system and reduced indus-
try’s incentive to invest in research and development.

C. Perceived Shortcomings of a National Court of Patent Appeals

The Hruska Commission recognized the special
problems created by the lack of uniformity in patent
law when it studied a proposal to establish a
specialized court of patent appeals. The Commission
found a number of objec-


119. Addendum, supra note 89, at 63 (statement of Homer O. Blair, Vice President, Patents and Licensing, Itek Corp.) (“[A] patent may be held valid or invalid, or an invention may or may not be patentable, depending on what circuit a patent infringement trial is held in.”).

120. Federal Circuit Hearings, supra note 93, at 189-206 (statement of Pauline Newman, Director of Patents and Licensing, FMC Corp.—Chemical Group) (“Who would build a house on land to which the title is in doubt, on land to which the title may vary with the court; and to complete the analogy, on land to which the title won’t be clarified until after you have moved into the house?”); Patent Hearings, supra note 52, at 68 (statement of Pindaros Roy Vagelos, M.D., President of Merck, Sharp & Dohme Research Laboratories) (“A fundamental prerequisite to restoring the necessary incentives to research and development is to restore the reliability of the patent.”); Addendum, supra note 89, at 54-70 (statements of Donald R. Dunner, President, American Patent Law Association; Homer O. Blair, Vice President, Patents and Licensing, Itek Corp.; and Harry F. Manbeck, General Patent Counsel, General Electric Co.); Milnamow, The Patent System . . . An Underused Weapon in the Economic Arsenal, 10 APLA Q.J. 71 (1982).

121. Hruska Report, supra note 11, at 234-36. The creation of a national court of patent
tions to the concept of specialized courts and rejected this solution. One objection was that judges in specialized courts might develop "tunnel vision" and lose the generalist perspective necessary to integrate their specialty into the legal mainstream. The Commission also was concerned that, because of their greater expertise, judges on specialized courts might not exercise appropriate judicial restraint and might substitute their judgment for that of trial judges. Also, giving a specialized court a monopoly over a particular category of cases could reduce its incentive to express its reasoning clearly and thus could adversely affect the quality of the judicial process. The Hruska Commission believed that a benefit was gained from the expression of a regional influence by the circuit courts of appeals and that this benefit would be lost if cases were centralized in specialized courts. In addition, removing cases from the circuit courts of appeals would, to some extent, limit the diet of the judges on these courts and constrict their generalist perspective. Finally, the Commission noted concerns, on the one hand, that specialized courts might not have prestige sufficient to attract qualified judges to serve on them and, on the other hand, that interest groups might be able to capture positions on specialized courts.

The Hruska Commission concluded that the creation of a specialized court for patent appeals had many disadvantages and that its creation would not remedy what it believed was the central problem in the federal court system—inadequate appellate capacity. Instead of a specialized court, the Commission recommended a National Court of Appeals, which it hoped would be capable of eliminating intercircuit conflicts, not only in patent law, but in other areas of federal law. This recommendation of the Commission was never adopted; a more politically acceptable approach was needed if reform was to occur.

appeals had been advocated for many years. Since 1887, over 40 bills have been introduced in Congress to establish a national court of appeals. See Subcomm. on Patents, Trademarks, & Copyrights of the Senate Comm. on the Judiciary, 85th Cong., 2d Sess., Single Court of Patent Appeals—A Legislative History 1-2 (Comm. Print 1959) (M. Conway).


125. Hruska Report, supra note 11, at 235; see P. Carrington, D. Meador & M. Rosenberg, supra note 10, at 168; Baum, Judicial Specialization, Litigant Influence and Substantive Policy: The Court of Customs and Patent Appeals, 11 Law & Soc'y Rev. 823 (1977); Currie & Goodman, supra note 16, at 70-71; Jordan, supra note 16, at 748; Posner, supra note 122, at 783-84. Baum has concluded that since 1956 the Court of Customs and Patent Appeals has been significantly influenced by the patent bar to adopt relatively lenient patent validity standards. Baum, supra, at 839-40, 845-46.

126. See text accompanying notes 36-47 supra.
IV. THE POLITICAL COMPROMISE

In 1977, the Office for Improvements in the Administration of Justice (OIAJ) at the Department of Justice, under the leadership of Assistant Attorney General Meador, began to study a proposal for appellate reform which evolved into the FCIA. The strategy used by the OIAJ to devise a politically acceptable proposal was to concentrate on three areas—patent, tax, and environmental law—where the need for reform was thought to be greatest. In formulating its proposal, the OIAJ examined criticisms that had been directed against the recommendations of the Freund Committee and the Hruska Commission and developed a list of objectives including: not creating a fourth tier in the federal judicial system; staffing new appellate tribunals with permanent article III judges with significant responsibilities; maintaining the prestige of other courts; avoiding undue specialization of judges; allowing flexibility in the federal court system; preserving the availability of Supreme Court review; not unduly increasing the number of judges or courts; and minimizing jurisdictional disputes.

The original OIAJ proposal called for the establishment of a Court of Appeals for the Federal Circuit consisting of the twelve judges from the Court of Customs and Patent Appeals and the Court of Claims, plus three additional judges. The new court was to be given all the jurisdiction that had been exercised by the Court of Customs and Patent Appeals and the Court of Claims, and exclusive jurisdiction of appeals from all federal district courts in patent, environmental, and civil tax cases. As the proposal moved through the legislative process, the size of the court was reduced to twelve judges, and environmental and civil tax appeals were removed from the courts jurisdiction.

The legislation that emerged from Congress as the FCIA was designed to achieve the OIAJ objectives. Thus, the CAFC has not added a fourth tier to the federal judicial system. Instead, it is on line with the circuit courts of appeals and handles appeals only in specified subject areas. The new court was staffed initially by the twelve article III judges of the Court of Customs and Patent Appeals and the Court of Claims, with replacements to be appointed by the President with Senate confirmation. Because the jurisdiction of the Federal Circuit is greater than the total jurisdiction exercised by its

128. Addendum, supra note 89, at 32 (statement of Daniel J. Meador, Assistant Attorney General, OIAJ); OIAJ Proposal, supra note 127, at D-3; Haworth & Meador, supra note 11, at 209-10.
129. OIAJ Proposal, supra note 127, at D-6; Haworth & Meador, supra note 11, at 224-25; Meador, supra note 47, at 671.

http://scholarship.law.missouri.edu/mlr/vol49/iss1/9
predecessor courts, its judges continue to have significant responsibilities.133

The CAFC has not appreciably lowered the prestige of the regional court of appeals, since it is on line with them and has absorbed only a small part of their jurisdiction. Undoubtedly, the FCIA benefited from the lack of regret that most federal appeals judges felt in losing jurisdiction over patent cases.134 The CAFC's jurisdiction is limited by subject matter and hence, to some extent, is a specialized appellate court and subject to the concerns over specialization of courts that had been voiced by the Hruska Commission and others.135 Nevertheless, a fairly wide variety of cases comes within its jurisdiction,136 and supporters of the FCIA argued that undue specialization was avoided because the new court is less specialized than its predecessors.137

The FCIA allows additional flexibility in the federal judicial system, because the Federal Circuit provides a forum to which Congress can assign other categories of cases138 instead of creating new temporary appellate courts, such as the Temporary Emergency Court of Appeals139 and the Foreign Intelligence Surveillance Court of Review.140 Supreme Court review of the new court's decisions is available through the means provided for review of the regional courts of appeals.141 Because the CAFC was created by merging the Court of Customs and Patent Appeals with the Court of Claims, it has not unduly increased the number of judges or courts in the federal system. The FCIA attempted to minimize jurisdictional disputes by using a "bright line" approach. The new court's appellate jurisdiction is defined in terms of whether the trial court's jurisdiction was based, in whole or in part, on 28 U.S.C.

134. See Federal Circuit Hearings, supra note 93, at 46 ("I have often thought, except for the pay, the most unattractive thing about being a Federal judge was sentencing . . . and patent cases. So I feel you are doing the other circuits nothing but a favor in [removing patent cases from the jurisdiction of the regional courts of appeals], and I'm sure the bulk of them will feel that way, too."). (statement of Rep. Sawyer, Subcomm. on Courts, Civil Liberties and the Admin. of Justice of the House Comm. on the Judiciary). One distinguished judge on the Seventh Circuit considered titling an article on the proposal to transfer appeals in patent cases from the regional courts of appeals to the Federal Circuit: "The Lion Roars in Gratitude as Androcles Pulls the Troublesome Thorn." Pell, Patent Law Cases-A Retrospective View from a Lame Swan Appellate Judge, 9 APLA Q.J. 105, 109 (1981).
135. See notes 122-25 and accompanying text supra.
§ 1338 and involved a patent claim.

In addition to satisfying the OIAJ's objectives, the FCIA had other advantages. Foremost is that it has enhanced uniformity in patent law by providing a central forum for deciding patent appeals and thus has decreased the incentive for litigants to engage in forum shopping. The greater uniformity in patent law should reduce the repetitious litigation encouraged by the existence of intercircuit conflicts and the consequent uncertainty in patent law. Further, the increased predictability in patent law should facilitate business planning and stimulate greater use of the patent system.

The FCIA will also provide some relief to the crowded dockets of the regional courts of appeals and the Supreme Court. Although patent cases represented only about 1% of the total caseload of the courts of appeals, they tended to be complex and consequently consumed more than their share of court time. As the judges on the new court develop greater expertise, they will probably take less time to decide patent cases, and the quality of appellate decisions should improve.

Consolidating the Court of Customs and Patent Appeals with the Court of Claims also afforded Congress the opportunity to overhaul procedures in the trial division of the Court of Claims. Formerly, the Court of Claims consisted of seven article III judges, who functioned primarily as an appellate court, and sixteen commissioners, who served as trial judges in cases filed with the Court of Claims. The commissioners had authority to conduct trials, make reports of facts, and recommend conclusions of law. Only the article III

142. (1976).
143. See Patent Hearings, supra note 52, at 392 (statement of Frank P. Cihlar, Department of Justice); Cihlar & Goldstein, A Dialogue About the Potential Issues in the Patent Jurisdiction of the Court of Appeals for the Federal Circuit, 10 APLA Q.J. 284 (1982); Haworth & Meador, supra note 11, at 230; Meador, supra note 47, at 673-74.
147. Federal Circuit Hearings, supra note 93, at 102, 107 (statement of Albert E. Jenner, Jr., Chairman, Committee to Preserve the Patent Jurisdiction of the U.S. Courts of Appeals).
149. Federal Circuit Hearings, supra note 93, at 42-43 (statement of Hon. Howard T. Markey, Chief Judge, Court of Customs and Patent Appeals) ("[If I am doing brain surgery every day, day in and day out, chances are very good that I will do your brain surgery much quicker, or a number of them, than someone who does brain surgery once every couple of years.").
judges had the authority to render judgments, however, so all decisions of the trial division had to be reviewed by the article III judges. The filing of a dispositive motion (such as a motion to dismiss or a motion for summary judgment) could delay resolution of the action by suspending referral to the trial judge so that the article III judges could decide the motion. The article III judges and the trial judges on the Court of Claims, as well as the attorneys who practiced before them, were frustrated with the cumbersome procedures and supported the FCIA restructuring of their court.

Finally, the creation of the Federal Circuit was convenient from an administrative standpoint. Because the CAFC was formed by merging two existing courts, the cost of implementing the FCIA was modest. The workload of the new court consists of the combined caseloads of the Court of Customs and Patent Appeals and the Court of Claims, plus appeals from the federal district courts in patent cases and cases filed in the federal district courts under the Tucker Act. Although the workload per judge is heavier since the merger, it is still lighter than in the regional courts of appeals.

The FCIA secured approval from Congress, where the proposals of the Freund Committee and the Hruska Commission failed, because it was tailored to overcome the criticisms that these earlier recommendations had received. Opposition to the FCIA was minimized by its concentration on patent law, where the need for appellate reform was widely recognized. The FCIA also benefited from the support of the patent bar, the judges on the Court of Customs and Patent Appeals and the Court of Claims, and the Judicial Conference. Finally, the fact that the FCIA could be implemented without disrupting the operation of the Court of Customs and Patent Appeals and the

154. Federal Circuit Hearings, supra note 93, at 21 (statement of Hon. Daniel M. Friedman, Chief Judge, Court of Claims); see Ct. Cl. R. 147 (1976).
162. H.R. REP. No. 312, supra note 8, at 21-22.
Court of Claims surely facilitated its passage by Congress.

V. THE FCIA—A DESCRIPTION

A. Composition of the Court of Appeals for the Federal Circuit

The CAFC is similar in many ways to its predecessor courts. The original judges (including senior judges) on the new court were drawn from the Court of Customs and Patent Appeals and the Court of Claims. Successors are to be appointed by the President with the advice and consent of the Senate. The Federal Circuit occupies quarters which previously housed the Court of Customs and Patent Appeals and the Court of Claims. To mollify critics who charged that it would be a Washington court, the Federal Circuit is authorized to hold regular and special sessions anywhere in the United States. The court is also authorized to employ technical assistants to aid its judges in patent areas.

Like other courts of appeals, the Federal Circuit may use panels of judges to hear and decide cases. To avoid undue specialization and protect against capture by special interest groups, the CAFC must rotate its judges among panels so that all judges will hear a cross section of cases. To enhance stability on legal issues where intercircuit conflicts exist, the Federal Circuit is authorized to sit in panels of more than three judges without having a full en banc hearing. The court has adopted rules which supplement the Federal

164. 28 U.S.C.A. § 44 (West Supp. 1983). The FCIA contains a suggestion from Congress that the President "select from a broad range of individuals" in nominating persons to serve on the Court of Appeals for the Federal Circuit and the Claims Court, Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, § 165, 96 Stat. 25, 51, so that undue specialization will be avoided. H.R. REP. No. 312, supra note 8, at 50. For descriptions of the confirmation hearings for one nominee to the CAFC, see PAT. TRADEMARK & COPYRIGHT J. (BNA), No. 650, at 516-17 (Oct. 13, 1983); id. No. 649, at 497-98 (Oct. 6, 1983). The nominee died before he was confirmed. Id. No. 658, at 142 (Dec. 8, 1983).
165. H.R. REP. No. 312, supra note 8, at 23; Addendum, supra note 89, at 38 (statement of Daniel J. Meador, Assistant Attorney General, OIAJ).
169. H.R. REP. No. 312, supra note 8, at 31.
170. 28 U.S.C.A. § 46 (West Supp. 1983). This provision is designed to prevent judges with patent law expertise from deciding a disproportionate number of patent cases. H.R. REP. No. 312, supra note 8, at 31.
172. 28 U.S.C.A. § 46 (West Supp. 1983). The regional courts of appeals are restricted to hearing cases either in three-judge panels or en banc. Id. A court of appeals with more than 15 active judges may perform its en banc function with less than all of its judges if its rules so provide. 28 U.S.C. § 41 note (Supp. V 1981). The Ninth Circuit, the only court of appeals with

http://scholarship.law.missouri.edu/mlr/vol49/iss1/9
Rules of Appellate Procedure. In the first case it heard, the court adopted the precedents of its predecessor courts as a foundation for its future decisions.174

B. Jurisdiction of the Court of Appeals for the Federal Circuit

1. In General

The jurisdiction of the Court of Appeals for the Federal Circuit is defined in 28 U.S.C.A. § 1295.176 The court has been given exclusive jurisdiction of appeals that previously went to the Court of Customs and Patent Appeals.176

more than 15 active judges, has authorized limited en banc review by 11 judges. 9TH CIR. R. 25. 173. See generally Lieberstein, Taking and Perfecting an Appeal to the United States Court of Appeals for the Federal Circuit, 10 APLA Q.J. 324 (1982).

174. South Corp. v. United States, 690 F.2d 1368, 1370-71 (Fed. Cir. 1982); see also Bar Zel Expediters v. United States, 698 F.2d 1210 n.4 (Fed. Cir. 1983) (decisions of the Court of Customs Appeals are binding precedent in the Federal Circuit).


In addition, it has exclusive jurisdiction of appeals that previously were decided by the article III judges on the Court of Claims. These include appeals from final decisions of the Claims Court, which has virtually the same jurisdiction that was exercised by the trial division of the Court of Claims,177 and appeals from final decisions of agency boards of contract appeals under the Contract Disputes Act of 1978.178

Besides the jurisdiction of its predecessor courts, the CAFC has been given exclusive appellate jurisdiction in four areas. First, it has exclusive jurisdiction of appeals (except in discrimination cases)179 from most final orders and decisions of the Merit Systems Protection Board, a tribunal created under the Civil Service Reform Act of 1978180 to hear disputes between federal agencies and their employees.181 Formerly, jurisdiction of these appeals was

instrument is manufactured in the United States. Applications under the Educational Materials Act are decided by the Secretary of Commerce, subject to review on questions of law only by the Federal Circuit. See University of N.C. v. United States Dep't of Commerce, 701 F.2d 942 (Fed. Cir. 1983).


Finally, provisions are made in 28 U.S.C. § 1292(d) (West Supp. 1983) for appeals of interlocutory orders certifying questions of law from the Court of International Trade for determination by the CAFC, and for review of interlocutory orders authorizing hearings by judges of the Court of International Trade in foreign countries.


Estimates based on 1981 figures for appellate caseloads indicated that approximately 160 cases of the new court's caseload would come from the former jurisdiction of the Court of Customs and Patent Appeals, around 500 cases would come from the former jurisdiction of the Court of Claims, and roughly 400 cases would come from cases formerly heard by the regional courts of appeals. H.R. Rep. No. 312, supra note 8, at 24; S. Rep. No. 275, supra note 10, at 7, reprinted in 1982 U.S. CODE CONG. & AD. NEWS at 17.


shared by the regional courts of appeals and the Court of Claims if review was sought by an aggrieved employee;\(^ {182} \) if review was sought by the Director of the Office of Personnel Management, the agency charged with administering the civil service, jurisdiction was exercised exclusively by the Court of Appeals for the District of Columbia.\(^ {183} \) Second, the Federal Circuit has exclusive jurisdiction of appeals from all federal district courts in civil actions against the United States for $10,000 or less that are not founded upon tort or tax claims.\(^ {184} \) The federal district courts continue to have concurrent jurisdiction over these actions with the Claims Court (formerly the trial division of the Court of Claims). These relatively minor actions can be tried locally in the district courts,\(^ {185} \) but appeals are now centralized. Third, the new court has exclusive jurisdiction of appeals from all federal district courts in patent cases where the trial court's jurisdiction "was based, in whole or in part," on 28 U.S.C. § 1338.\(^ {186} \) Finally, the Federal Circuit has been given jurisdiction over appeals of various interlocutory orders.\(^ {187} \)


\(^ {183} \) Id. § 7703(d).


\(^ {187} \) 28 U.S.C.A. § 1292(c), (d) (West Supp. 1983). This jurisdiction extends to orders by federal district courts that involve injunctive relief if the appeal from the final decision would go to the Federal Circuit, judgments in patent infringement cases that are final except for an accounting, and orders certifying questions of law from the Claims Court and the Court of International Trade to the CAFC. See United States v. Connolly, 716 F.2d 882, 883-85 (Fed. Cir. 1983); Holmes v. Bendix Corp., 713 F.2d 792, 793 (Fed. Cir. 1983); Aleut Tribe v. United States, 702 F.2d 1015, 1019 (Fed. Cir. 1983); Veach v. Vinyl Improvement Pros., Co., 700 F.2d 1390 (Fed. Cir. 1983).

In appropriate cases, the Federal Circuit may hear appeals of interlocutory orders under the collateral order doctrine, and it may issue writs of mandamus or prohibition in aid of its jurisdiction under the All Writs Act, 28 U.S.C. § 1651 (1976), if it would have jurisdiction of an appeal from a final decision of the lower tribunal. In re Snap-On Tools, 720 F.2d 654, 655 (Fed. Cir. 1983) (writ of mandamus to compel removal); Mississippi Chem. Corp. v. Swift Agricultural Chems. Corp., 717 F.2d 1374, 1379-80 (Fed. Cir. 1983) (writ of mandamus to correct abuse of discretion); Baker Perkins, Inc. v. Werner & Pfleiderer Corp., 710 F.2d 1561, 1564 (Fed. Cir. 1983); see also C.P.C. v. Nosco Plastics, Inc., 719 F.2d 400, 401 (Fed. Cir. 1983) (All Writs Act did not apply); In re Makari, 708 F.2d 709, 711 (Fed. Cir. 1983) (same); Gould v. Control Laser Corp., 705 F.2d 1340, 1341 (Fed. Cir.) (stay order not appealable since it was not for a protracted or indefinite period), cert. denied, 104 S. Ct. 343 (1983).

Unfortunately, the FCIA makes no provision for interlocutory appeals to the Federal Circuit from district court orders certifying questions involving patent law. Harrington Mfg. Co. v. Powell Mfg. Co., 709 F.2d 710 (Fed. Cir. 1983). If the court were permitted to hear these interlocutory appeals, it could give the district courts guidance in areas of patent law where intercircuit conflicts exist. See FCIA 1981 Hearings, supra note 157, at 121-22 (statement of Fletcher C. Mann). On August 4, 1983 legislation was introduced in Congress to authorize the CAFC to hear such interlocutory appeals. H.R. 3824, 98th Cong., 1st Sess. § 2 (1983), reprinted in PAT. TRADEMARK & COPYRIGHT J. (BNA) No. 649, at 511 (Oct. 6, 1983). The omission of this provision from the FCIA evidently was a legislative oversight. Cihlar & Goldstein, supra note 143, at 307-08. Also, the statute does not appear to allow appeals from interlocutory orders (except interlocutory appeals of certified questions) of tribunals, other than federal district courts, that are reviewed by the Court of Appeals for the Federal Circuit.
The most novel and significant aspect of the court's jurisdiction is appeals from patent cases in district courts. Numerous commentators have noted that defining a court's jurisdiction in terms of subject matter can lead to wasteful litigation over jurisdictional limits, splitting single disputes between two or more courts, and conflicts with courts of overlapping jurisdiction. In preparing its proposal, the OIAJ listed the avoidance of jurisdictional disputes as one of its objectives and used a bright line approach to define the patent jurisdiction of the CAFC. While the legislative history of the FICA attempted to minimize uncertainty over the scope of the new court's jurisdiction, some jurisdictional problems remain to be resolved. The major issues are whether the well-pleaded complaint rule limits the appellate jurisdiction of the Federal Circuit over patent cases, and whether nonpatent claims joined with patent claims will come within the court's jurisdiction.

2. The Well-Pleaded Complaint Rule

The well-pleaded complaint rule, a requirement of federal question jurisdiction under 28 U.S.C. § 1331, specifies that a federal question must appear on the face of a well-pleaded complaint and not as an anticipated defense. Although criticized for resurrecting outmoded pleading forms, the well-pleaded complaint rule continues to restrict trial court jurisdiction in federal question cases. An important justification for the rule is that it enables a trial court to determine its jurisdiction at the outset of the action (from the complaint) without awaiting further pleadings or speculating as to their contents. It also relieves district courts of the burden of trying the many cases where "[t]he most one can say is that a question of federal law is lurking in the background."

The justifications for applying the well-pleaded complaint rule at the trial

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188. See FCIA 1981 Hearings, supra note 157, at 133-35 (statement of James W. Geriak); Addendum, supra note 89, at 92 (statement of John A. Tramontine); P. CARRINGTON, D. MEADOR & M. ROSENBERG, supra note 10, at 170-71; Currie & Goodman, supra note 16, at 73-74; Jordan, supra note 16, at 748-49.
189. OIAJ Proposal, supra note 127, at D-3.
190. See text accompanying note 142 supra.
192. Markey, supra note 110, at 231.
court level do not support using it to determine the patent jurisdiction of the Federal Circuit. An appellate court is able to go beyond the complaint and examine the entire record on appeal to determine its jurisdiction. Moreover, whether the CAFC or a regional court of appeals handles appeals from cases involving patent issues that do not appear on the face of a well-pleaded complaint will not directly affect the workload of federal trial courts.

Nevertheless, it is clear from the language of the statute and its legislative history that the well-pleaded complaint rule does limit the patent jurisdiction of the Court of Appeals for the Federal Circuit. The statute grants appellate jurisdiction if the district court's jurisdiction was based, in whole or in part, on section 1338. To supply a bright line test, the FCIA defined the CAFC's appellate jurisdiction by reference to the jurisdiction of the trial court. The House Report accompanying the FCIA states: "Cases will be within the jurisdiction of the Court of Appeals for the Federal Circuit in the same sense that cases are said to 'arise under' federal law for purposes of federal question jurisdiction. Contrast, Coastal States Marketing, Inc. v. New England Petroleum Corp., . . ." 201

Coastal States dealt with the exclusive appellate jurisdiction of the Temporary Emergency Court of Appeals (TECA) over cases "arising under" the Economic Stabilization Act of 1970 (ESA) and the Emergency Petroleum Allocation Act of 1973 (EPAA). The court in Coastal States found that three approaches were possible for allocating appeals between the TECA and the regional courts of appeals. First, cases could be appealed to the TECA if they arose under the ESA or EPAA in the sense that cases arise under federal law for federal question jurisdiction (traditional arising under jurisdiction). Second, cases could be appealed to the TECA if they involved any issue arising under the ESA or EPAA, whether raised in the complaint or in another pleading (case jurisdiction). Third, appeals could be bifurcated, so particular issues that arose under the ESA or EPAA would be appealed to the TECA; other issues would be appealed to the regional courts of appeal (issue jurisdiction). Referring to previous holdings of the TECA involving its appellate jurisdiction, the Coastal States court opted for the third approach. 205

The House Report to the FCIA explicitly rejected this approach and designated the familiar rules for determining a federal trial court's jurisdiction in federal question cases to control the patent jurisdiction of the Federal Circuit. Accordingly, the CAFC has exclusive jurisdiction of appeals from cases that

199. Mishkin, supra note 195, at 164.
200. See text accompanying note 142 supra.
201. H.R. Rep. No. 312, supra note 8, at 41.
arise under the patent laws if the federal question is substantial\textsuperscript{206} and appears on the face of a well-pleaded complaint.\textsuperscript{207} Such cases would include patent infringement actions,\textsuperscript{208} actions to obtain issuance of patents,\textsuperscript{209} actions involving interfering patents\textsuperscript{210} or interferences,\textsuperscript{211} and declaratory relief actions relating to patent validity.\textsuperscript{212} On the other hand, the regional courts of appeals would have jurisdiction of appeals from district court cases that do not arise under the patent laws in the traditional sense, even though they may involve


\textsuperscript{208} \textit{Healy v. Sea Gull Specialty Co.}, 237 U.S. 479, 480 (1915); \textit{James C. Wilborn \& Sons}, Inc. \textit{v. Brandex Tilt Sash, Inc.}, 380 F.2d 44, 47 (7th Cir. 1967).


\textsuperscript{210} 35 U.S.C. \textsection 291 (1976).


\textsuperscript{212} Federal question jurisdiction extends to declaratory relief actions brought by accused infringers seeking adjudications of noninfringement or patent invalidity where the existence of an actual controversy is shown. C.R. Bard, Inc. \textit{v. Schwartz}, 716 F.2d 874, 879 (Fed. Cir. 1983); \textit{Super Prosds. Corp. v. D P Way Corp.}, 546 F.2d 748, 752-55 (7th Cir. 1977); \textit{General Tire \& Rubber Co. v. Watkins}, 326 F.2d 926, 928 (4th Cir. 1964); \textit{Activox, Inc. v. Envirotech Corp.}, 532 F. Supp. 248, 249-50 (S.D.N.Y. 1981). Some courts have found federal question jurisdiction to be lacking, though, in declaratory relief actions seeking adjudications of patent invalidity that have been brought by patent licensees. Milprint, Inc. \textit{v. Curwood, Inc.}, 562 F.2d 418, 422 (7th Cir. 1977); \textit{Poles, Inc. v. Beecker}, 461 F. Supp. 878, 881 (E.D. Pa. 1978); \textit{see Thiokol Chem. Corp. v. Burlington Indus.}, 448 F.2d 1328, 1330-31 (3d Cir. 1971), \textit{cert. denied}, 404 U.S. 1019 (1972); \textit{see also Note, Patent Licensee Standing and the Declaratory Judgment Act, 83 COLUM. L. REV. 186 (1983) (proposing stricter standing requirements for patent licensees). These courts reason that no infringement suit may be brought until a patent license agreement has been terminated. \textit{E.g.}, \textit{Thiokol}, 448 F.2d at 1331. Other courts have permitted such actions if it is shown that the licensor is about to terminate the patent license agreement and sue for infringement. \textit{Warner-Jenkinson Co. v. Allied Chem. Corp.}, 567 F.2d 184, 186-87 (2d Cir. 1977); \textit{USM Corp. v. Standard Pressed Steel Co.}, 453 F. Supp. 743, 745-46 (N.D. Ill. 1978). In a recent case where a patent licensee had been sued in state court for breach of a license agreement, the Federal Circuit held that the totality of the circumstances must be examined to determine whether a controversy arising under the patent laws existed and that the licensee could bring an action in federal court to have the licensed patent declared invalid. C.R. Bard, Inc. \textit{v. Schwartz}, 716 F.2d 874, 880 (Fed. Cir. 1983).

patent issues. Such cases would include actions for breach of patent license agreements, actions to obtain title to patents, and actions for such torts as unfair competition, trade libel, or interference with contract or prospective economic advantage that are brought by or against patentees and in which issues of patent validity or infringement are in controversy.

A plaintiff in a patent-related case may be able to control, through the allegations in his complaint, not only where the case is tried, but which court will hear the appeal. For example, a patentee-licensor has the option of filing an action in state court (subject to removal to federal court if the parties are of diverse citizenship) for breach of a license agreement or filing a patent infringement action in federal district court. If the parties were of diverse citizenship, the patentee-licensor's action for breach of the license agreement could be filed in federal district court and an appeal would go to the regional court of appeals. But if the patentee-licensor drafted his complaint as an infringement action, the Federal Circuit would decide the appeal. A patentee with alternative tort and patent infringement remedies would have a similar ability to select the appellate forum. Nevertheless, a plaintiff who pleads facts in support of a patent infringement claim should not be able to avoid appeals to the Court of Appeals for the Federal Circuit merely by alleging that the trial court's jurisdiction was based on diversity instead of section 1338. Like the subject matter jurisdiction of federal district courts,

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216. Healy v. Sea Gull Specialty Co., 237 U.S. 479, 480 (1915); Arvin Indus. v. Berns Air King Corp., 510 F.2d 1070, 1072 (7th Cir. 1975).

217. See Koratron Co. v. Deering Milliken, Inc., 418 F.2d 1314, 1318 (9th Cir. 1969) (plaintiff was allowed to rely on the more liberal venue provisions for diversity of citizenship actions when it pleaded tort claims and "strained out" all language of patent infringement from its complaint), cert. denied, 398 U.S. 909 (1970). But see Cihlar & Goldstein, supra note 143, at 92-94.


jurisdiction of the CAFC should be based on facts pleaded in the complaint, rather than on a recitation of particular jurisdictional statutes.

3. Joinder of Nonpatent Claims

The other major issue concerning jurisdiction is the extent to which the CAFC will decide nonpatent claims that are joined with patent claims. Frequently, patent litigation involves the joinder of patent claims with antitrust, unfair competition, unjust enrichment, and trade secret misappropriation claims.220 By authorizing the Federal Circuit to hear appeals where jurisdiction of the district court is based, in whole or in part, on a patent claim, many problems associated with bifurcated appeals are avoided. The new court generally will not have to share an appeal from a single case with a regional court of appeals, and litigants will be spared the task of determining the appropriate appellate court for individual claims or issues.221 If the jurisdiction of the district court is based in part on a substantial patent claim stated in the complaint, the CAFC may hear the appeal of the entire action, including nonpatent claims that are joined in the complaint with the patent claim and nonpatent claims that are asserted by defendants as counterclaims, cross-claim or third-party claims.

The CAFC should have jurisdiction even in some cases where the complaint lacks a substantial patent claim. Although generally determined at the outset of an action on the basis of the complaint,222 federal subject matter jurisdiction may be sustained on the basis of a counterclaim,223 cross-claim,224 or third-party claim225 having independent subject matter jurisdiction, despite a jurisdictional defect in the complaint.226 A claim with independent subject matter that is asserted by a defendant may substitute for a defective complaint for jurisdictional purposes.227 Because a trial court can base federal subject

220. FCIA 1981 Hearings, supra note 157, at 117 (statement of Fletcher C. Mann).
221. For discussions of the difficulties created by the bifurcation of appeals between the Temporary Emergency Court of Appeals and the regional courts of appeals, see Wichmann & Heinzer, An Unappealing Dilemma: Searching for the Appellate Jurisdiction of the Temporary Emergency Court of Appeals, 3 U. BRIDGEPORT L. REV. 305 (1982); Note, The Appellate Jurisdiction of the Temporary Emergency Court of Appeals, 64 MINN. L. REV. 1247, 1255-57 (1980).
222. See notes 193-98 and accompanying text supra.
matter jurisdiction on a claim outside the complaint, the Federal Circuit likewise should be permitted to base its jurisdiction on patent claims raised only by a counterclaim, cross-claim, or third-party claim.\textsuperscript{228}

Even though the CAFC has the \emph{power} to decide appeals involving nonpatent claims that have been joined with patent claims, it may exercise its \emph{discretion} to transfer appeals of nonpatent claims to the regional courts of appeals. Just as federal district courts have discretion to decline jurisdiction over pendant and ancillary claims in the interests of "judicial economy, convenience, and fairness to litigants,"\textsuperscript{229} the Federal Circuit should not assume appellate jurisdiction over nonpatent claims that do not share common questions of fact or law with the patent claims with which they have been joined. To avoid conflicts with the regional courts of appeals on questions of law or fact in a single case,\textsuperscript{230} an appeal from a case in which patent and nonpatent claims have been joined generally should not be bifurcated; the Federal Circuit should decide the entire case. Where the patent claims are not related to the nonpatent claims or are not involved in the appeal, however, there is no need for the CAFC to decide the appeal of the nonpatent claims, and it should transfer their appeal.\textsuperscript{231} By directing appeals of unrelated nonpatent claims to

\begin{quote}
\textsuperscript{228} 28 U.S.C.A. § 1295(a)(1) (West Supp. 1983); Cihlar & Goldstein, \textit{supra} note 143, at 287-92. Lever, \textit{supra} note 218, at 264-65, has argued that the Federal Circuit should not have appellate jurisdiction over patent claims raised in compulsory counterclaims, cross-claims, or third party claims, but that it should have jurisdiction over patent claims raised in permissive counter-claims that are severed from the appeal of the rest of the action. The rationale is that the plaintiff should have control over where the appeal goes and the defendant should not be allowed to manipulate the court's appellate jurisdiction.

\textsuperscript{229} United Mine Workers v. Gibbs, 383 U.S. 715, 726 (1966); Duke v. Reconstruction Fin. Corp., 209 F.2d 204, 208 (4th Cir.), \textit{cert. denied}, 347 U.S. 966 (1954); \textit{AMERICAN LAW INSTITUTE}, \textit{supra} note 195, at 213 ("If the federal element that is the basis for jurisdiction is disposed of early in the case, as on the pleadings, it smacks of the tail wagging the dog to continue with a federal hearing of the state claim.").

\textsuperscript{230} See Gordon v. Laborers' Int'l Union, 490 F.2d 133, 139 (10th Cir. 1973) (problems when jurisdiction is split between TECA and regional appellate court), \textit{cert. denied}, 419 U.S. 836 (1974).

\textsuperscript{231} See Cihlar & Goldstein, \textit{supra} note 143, at 299-302; Newman, \textit{Tails and Dogs: Patent and Antitrust Appeals in the Court of Appeals for the Federal Circuit}, 10 APLA Q.J. 237, 238-42 (1982). H.R. Rep. No. 312, \textit{supra} note 8, at 41, notes that critics had expressed concern that the grant of jurisdiction in § 1295(a)(1) was too broad and suggests that the courts develop guidelines to deal with appeals of nonpatent claims that have been joined with patent claims. The Senate Committee on the Judiciary echoed these considerations:

\textit{The Committee is concerned that the exclusive jurisdiction over patent claims of the new Federal Circuit not be manipulated. This measure is intended to alleviate the serious problems of forums [sic] shopping among the regional courts of appeals on patent claims by investing exclusive jurisdiction in one court of appeals. It is not intended to create forum shopping opportunities between the Federal Circuit and the regional courts of appeals on other claims.}

\textit{Thus, for example, mere joinder of a patent claim in a case whose gravamen is antitrust should not be permitted to avail a plaintiff of the jurisdiction of the Federal Circuit in avoidance of the traditional jurisdiction and governing legal interpretations of a regional court of appeals. Federal District judges are encouraged to use their authority under the Federal Rules of Civil Procedure, see Rules 13(i), 16, 20(b), 42(b), 54(b), to ensure the integrity of the jurisdiction of the federal court of appeals by separating final decisions on claims involving substantial antitrust issues from trivial patent claims, counterclaims, cross-claims, or third party claims raised to manipulate appellate jurisdiction.}
\end{quote}
the regional courts of appeals, the Federal Circuit can minimize the development of precedent in nonpatent areas, such as antitrust law, that may conflict with precedent in the regional courts of appeals.292

Although the jurisdictional boundaries have not been defined with absolute precision,293 few cases are likely to pose difficult problems. Jurisdictional disputes should be kept to a minimum, though, since they waste valuable appellate court time that could more profitably be devoted to the merits of the appeals.294 The provision added by the FCIA allowing transfer of an action or appeal to another court within the federal system to cure a lack of jurisdiction295 will aid in resolving jurisdictional disputes and eliminate the harmful consequences that formerly resulted when an action or appeal was filed in an improper court.296 To avoid conflicts with the Federal Circuit and to increase certainty in the scope of its jurisdiction, regional courts of appeals should generally defer to its decisions concerning its jurisdiction.297

The Court of Appeals for the Federal Circuit has been granted exclusive appellate jurisdiction over most, but not quite all,298 cases involving patent issues. The fact that it does not have jurisdiction over every patent-related appeal should not prevent it from bringing uniformity to patent law, because the court will decide the bulk of appeals involving patent issues. State appellate jurisdiction.

The Committee intends for the jurisdictional language to be construed in accordance with the objectives of the Act and these concerns. If, for example, a patent claim is manipulatively joined to an antitrust action but severed or dismissed before final decision of the antitrust claim, jurisdiction over the appeal of the antitrust claim should not be changed by this Act but should rest with the regional court of appeals.

Further, the jurisdictional section of the CAFC should be read with section 301 of the proposed legislation [28 U.S.C.A. § 1631 (West Supp. 1983)]. This latter section allows any Federal court which lacks jurisdiction over a matter to transfer the complaint or appeal to a proper court, in the same manner as if the complaint or appeal had been filed in that court in the first instance. This provision, therefore, will allow the CAFC to transfer cases to the proper circuit court, or vice versa.


232. If precedent in antitrust law, for example, developed in the Federal Circuit that differed from precedent in a particular regional court of appeals, then litigants in that circuit would be tempted to forum shop between the CAFC and the regional circuits by joining (or not joining) patent claims with antitrust claims. Uncertainty in antitrust law would result. Federal Circuit Hearings, supra note 93, at 81-85 (statement of James W. Geriak).

233. The major issues are whether the appellate jurisdiction of the Federal Circuit is restricted by the well-pleaded complaint rule and under what circumstances it will decide nonpatent claims that have been joined with patent claims. See notes 193-232 and accompanying text supra.

234. See note 188 and accompanying text supra.


237. See Cihlar & Goldstein, supra note 143, at 299.

238. For example, an action for breach of a license agreement in which a defense of patent validity is raised may be filed in a state court, over which the Federal Circuit has no appellate jurisdiction. See 28 U.S.C. § 1295(a)(1) (1976); notes 79-81 and accompanying text supra.

http://scholarship.law.missouri.edu/mlr/vol49/iss1/9
courts and the regional courts of appeals that occasionally decide patent issues can contribute to the goal, so clearly stated in the legislative history of the FCIA,\textsuperscript{239} of making patent law uniform throughout the nation by granting special deference\textsuperscript{240} to the patent law opinions of the Federal Circuit.\textsuperscript{241} Maintaining this consistency would produce the added benefit of discouraging litigants from directing patent appeals away from the CAFC.

C. The Claims Court

The FCIA created the Claims Court from the trial division of the Court of Claims. The sixteen commissioners who served on the trial division of the Court of Claims were designated the first judges on the Claims Court.\textsuperscript{242} Future judges on the Claims Court will be appointed to fifteen-year terms by the President, with the advice and consent of the Senate.\textsuperscript{243} Under its power to create legislative courts to adjudicate public rights,\textsuperscript{244} Congress established the Claims Court under article I, rather than article III.\textsuperscript{245} Thus, its judges were not required to be given life tenure and Congress was permitted to provide means other than impeachment for their removal.\textsuperscript{246} Although the Claims Court occupies the National Courts Building in Washington, D.C., it is au-

\begin{itemize}
  \item 239. H.R. REP. No. 312, supra note 8, at 20-23; S. REP. No. 275, supra note 10, at 3-6, reprinted in 1982 U.S. CODE CONG. & AD. NEWS at 13-16.
  \item 241. Cihlar & Goldstein, supra note 143, at 290; cf. Thompson v. Magnolia Petroleum Co., 309 U.S. 478, 483 (1940) (unsettled state law questions arising in bankruptcy proceeding should be submitted to state court).
  \item 243. Id. §§ 171-172.
  \item 245. 28 U.S.C.A. § 171 (West Supp. 1983). Congress established the Claims Court under article I instead of article III because the Claims Court was given jurisdiction over congressional reference cases by 28 U.S.C.A. §§ 1492, 2509 (West Supp. 1983), and because its other cases resembled those of the Tax Court, another article I court, see 26 U.S.C. § 7441 (1976). S. REP. No. 275, supra note 10, at 13, reprinted in 1982 U.S. CODE CONG. & AD. NEWS at 23. In Glidden Co. v. Zdanok, 370 U.S. 530 (1962), the Supreme Court suggested that it was inappropriate for an article III court to be given jurisdiction over congressional reference cases, because they were not cases or controversies within article III's grant of judicial power. Id. at 581-82. Thereafter, Congress transferred the congressional reference cases from the Court of Claims (declared to be an article III court by 28 U.S.C. § 171 (1976) (repealed 1982)) to the chief commissioner of the Court of Claims. 28 U.S.C. §§ 1492, 2509 & notes (1976) (amended 1982); Glosser, Congressional Reference Cases in the United States Court of Claims: A Historical and Current Perspective, 25 Am. U. L. Rev. 595 (1976). The FCIA transferred congressional reference cases from the chief commissioner to the chief judge of the Claims Court. See CL. CT. R. APP. D. (procedure in congressional reference cases).
  \item 246. See 28 U.S.C.A. §§ 172, 176 (West Supp. 1983); see also Williams v. United States, 289 U.S. 553 (1933) (Congress could reduce the annual salary of a judge on the Court of Claims because the Court of Claims was not considered an article III court).
\end{itemize}
Authorized to sit anywhere in the United States to minimize expense and inconvenience for litigants.247

Except in congressional reference cases,248 trials in the Claims Court are conducted by a single judge.249 In contrast to the trial division of the Court of Claims,250 the Claims Court has the power to render final judgments251 subject to review by the CAFC.252 Trials are conducted according to the Federal Rules of Evidence and the Claims Court Rules,253 which are based on the Federal Rules of Civil Procedure.254 As recommended by the House Committee on the Judiciary,255 the Claims Court has begun to publish its decisions.

The jurisdiction of the Claims Court extends only to claims against the United States256 and is nearly coextensive with its predecessor's. The Claims Court can decide claims based on express or implied contracts with the United States, claims for the return of money paid to the United States, and claims where a specific federal constitutional, statutory, or regulatory law grants a right to payment expressly or by implication.257 The jurisdiction of the Claims Court is concurrent with the district courts for claims against the United States (other than claims under the Contract Disputes Act of 1978) that do not exceed $10,000, and claims for tax refunds. Its jurisdiction is exclusive for claims in excess of $10,000.258 The Claims Court has no jurisdiction over tort claims against the United States;259 they must be filed in federal district court under the Federal Tort Claims Act.260 Formerly, the Court of Claims had jurisdiction of appeals from federal district courts of tort claims against the United States, provided that all parties consented.261 Since only one such appeal was ever filed, the Claims Court was not given this unused jurisdiction.262

247. See 28 U.S.C.A. §§ 173, 2505 (West Supp. 1983). A major benefit that the trial division of the Court of Claims offered to litigants was that a trial judge could receive portions of the evidence in a case at different times and in different locations. Marvel, Forum Selection in Federal Tax Litigation, Litigation, Summer 1982, at 39, 41-42; see Ct. Cl. R. 132 (1976); Federal Circuit Hearings, supra note 93, at 44 (statement of Hon. Daniel M. Friedman, Chief Judge, Court of Claims); FCIA 1979 Hearings, supra note 10, at 637 (statement of Hon. Edward S. Smith, Associate Judge, Court of Claims) ("It has been said, perhaps with some exaggeration, that the trial judges of the Court of Claims will try your case in your living room.").


250. See notes 151-57 and accompanying text supra.


252. Id. § 1295(a)(3).

253. Id. § 2503.


255. H.R. Rep. No. 312, supra note 8, at 32.


The Claims Court hears a variety of cases involving claims against the United States. These include tax cases, government contract cases, military and civilian pay cases, suits for just compensation, Indian claims, and patent infringement actions against the United States. For the past several years, about one-third of the docket of the Court of Claims consisted of tax cases, the largest single category of cases heard by the court. The fact that taxpayers could avoid adverse precedent from the court of appeals for their home circuit by filing in the Court of Claims probably accounted for this large number. Unlike the taxpayer's local federal district court or the Tax Court, the alternative forums for litigating tax cases, the Court of Claims was not bound by decisions of the court of appeals for the taxpayer's circuit.

The relief available in the Claims Court is limited. For many years, the court could award only money judgments. While it could use equitable procedures or substantive law to arrive at a monetary judgment, the court could not award injunctive or declaratory relief. In 1972, Congress granted the Court of Claims the power to restore wrongfully dismissed government employees to their former positions, so that they would not have to bring duplicative litigation in the Court of Claims for back pay and suits in federal district court for job restoration. The Tax Reform Act of 1976 granted the Court of Claims jurisdiction to issue declaratory judgments with respect to the exempt status of organizations under I.R.C. § 7428. The FCIA enlarged the remedial powers of the Claims Court slightly beyond those given to the Court of Claims by authorizing it to grant declaratory and equitable relief on government contract claims in actions filed in the Claims Court before the awarding of a government contract. After a government contract is awarded, a

264. Federal Circuit Hearings, supra note 93, at 18-20, 33 (statement of Hon. Daniel M. Friedman, Chief Judge, Court of Claims); ANNUAL REPORT, supra note 8, at 410.
273. CACI, Inc.-Fed. v. United States, 719 F.2d 1567, 1572-74 (Fed. Cir. 1983); United States v. John C. Grimberg Co., 702 F.2d 1362, 1374 (Fed. Cir. 1983); see also F. Alderete Gen. Contractors v. United States, 715 F.2d 1476 (Fed. Cir. 1983) (if the Claims Court acquires juris-
disappointed bidder can seek monetary relief in the Claims Court, but he must bring an action in a federal district court under the Administrative Procedure Act to obtain declaratory or injunctive relief.276

D. Miscellaneous Provisions

The FCIA adopted a number of reforms that are effective throughout the federal system. These changes deal with administration, transfers to cure lack of jurisdiction, interest rates for judgments, and the use of electronic court reporting methods.

To promote stability in the office of chief judge in a court of appeals or a district court, chief judges now are selected for seven-year terms or until they reach the age of seventy. The chief judge is the judge in regular active service with the most seniority who is less than sixty-five years of age, who has served on the court for at least one year, and who has not served as chief judge previously.277 The FCIA also amended 28 U.S.C. §§ 45-46278 to require a presiding judge of a three-judge panel of a court of appeals to be a regular active judge from that court, and to require at least two of the three judges sitting on a panel to be judges of that court.279 These changes were designed to enhance stability in the law of the circuit.280 The FCIA also made senior judges eligible to participate on en banc courts reviewing decisions of panels on which they

diction to grant declaratory and equitable relief, subsequent award of the contract will not deprive the court of jurisdiction). Compare Opal Mfg. Co. v. UMC Indus., 553 F. Supp. 131, 133 (D.D.C. 1982) (jurisdiction of the Claims Court to award equitable relief in pre-award government contracts cases is exclusive of the federal district courts) with H.R. Rep. No. 312, supra note 8, at 43 (augmented power of Claims Court to grant declaratory judgments and give equitable relief in contract actions prior to award “is exclusive of the Board of Contract Appeals and not to the exclusion of the district courts”).

One version of the FCIA would have given the Claims Court power to award declaratory and equitable relief in all cases. This broad grant was substantially narrowed in the final version. United States v. John C. Grimberg Co., 702 F.2d 1362, 1369 (Fed. Cir. 1983). Similarly, in 1972 Congress considered giving the Court of Claims broad powers to grant declaratory and equitable relief before deciding to limit its equitable power to reinstating wrongfully dismissed government employees. Comment, supra note 270, at 469-73.


278. (1976).


and authorized the hiring of central staff attorneys by courts of appeals. Finally, the courts of appeals must now publish their rules of practice and internal operating procedures and appoint advisory committees to study the rules and procedures.

The FCIA added 28 U.S.C.A. § 1631 to authorize federal courts to transfer civil actions or appeals to cure lack of jurisdiction. Upon determining that it lacks jurisdiction over a civil action or appeal, any federal court may, in the interest of justice, transfer the action or appeal to a court where the action or appeal could have been brought at the time it was filed. The action or appeal will then proceed as if it had been originally filed in the second forum. Section 1631 is similar to former 28 U.S.C. § 1506, which permitted transfers from the Court of Claims to the federal district courts to cure lack of jurisdiction, and 28 U.S.C. § 1406, which permits transfers between federal districts courts to cure improper venue. Based on a recommendation of Judge Leventhal, section 1631 protects a litigant who files an action or appeal in an improper court from the harsh sanction of dismissal. It also eliminates the need for a litigant to file in more than one court if he is uncertain about venue.

Another reform of the FCIA was the setting of a uniform national rate of interest on federal court judgments. Previously, district court judgments accrued interest at rates allowed under state law. Judgments (except in tax refund cases) now accrue interest at rates paid by the federal government on one-year United States Treasury bills. In tax refund cases, rates are based on an average prime rate charged by banks, determined semi-annually by the Secretary of the Treasury. Interest is not allowed on Claims Court judgments except in tax refund cases and in cases where a Claims Court judgment against the United States has been affirmed after review by the Supreme Court of the United States.

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282. Id. § 715. The Hruska Report, supra note 11, at 260-62, recommended the use of central staff attorneys in the courts of appeals.
283. 28 U.S.C.A. § 2077 (West Supp. 1983). This had also been proposed in the Hruska Report, supra note 11, at 250-53.
The FCIA also authorized the use of electronic court-reporting methods in the federal district courts, subject to regulation by the Judicial Conference, as an alternative to the shorthand or mechanical means that formerly were the only methods allowed. To provide a period for experimenting with the new methods, court proceedings continued to be required to be recorded by shorthand or mechanical means until October 1, 1983. The electronic court-reporting experiment was a success. Since January 1, 1984, federal district court judges have been permitted to use electronic reporting in lieu of shorthand or mechanical methods.

VI. Future Reforms

The FCIA merits attention not only because of the changes it has made in the federal court system but because of the influence it may have on further reforms. The rising volume of federal litigation over the past two decades has generated increasing pressure for reform at the federal appellate level. Reform efforts have been directed primarily to two related problems: the excessive caseload of the Supreme Court and the lack of appellate capacity sufficient to settle questions of national law. Chief Justice Burger devoted his 1983 Annual Report on the State of the Judiciary to the Supreme Court's caseload, which he characterized as "perhaps the most important single, immediate problem facing the judiciary." Other observers have focused on the lack of sufficient appellate capacity in the federal system.

Many proposals have been advanced to deal with these problems. Judge Friendly would reduce the federal court caseload by removing several categories of cases (most notably diversity cases) from the federal system and directing them to the state courts. Abolishing the Supreme Court's mandatory appellate jurisdiction has also been proposed. Some commentators view the

298. FEDERAL JUDICIAL CENTER, A COMPARATIVE EVALUATION OF STENOGRAPHIC AND AUDIOTAPE METHODS FOR UNITED STATES DISTRICT COURT REPORTING 77-81 (1983).
301. Hruska Report, supra note 11, at 213-14; Griswold, supra note 11, at 339; Haworth & Meador, supra note 11, at 201-08; Hufstedler, supra note 9.
304. Freund Report, supra note 26, at 595-605; G. CASPER & R. POSNER, supra note 6, at 98, 117; H. FRIENDLY, supra note 7, at 50; Simpson, Turning Over the Reins: The Abolition of the Mandatory Jurisdiction of the Supreme Court, 6 HASTINGS CONST. L.Q. 297 (1978); see

http://scholarship.law.missouri.edu/mlr/vol49/iss1/9
Court's excessive caseload as partially self-inflicted and urge greater restraint in selecting cases for review. Supra note 7. Judge Schaefer would deal with intercircuit conflicts by adopting a court rule that would make the decision of a panel of a court of appeals controlling precedent nationwide until it was overruled by a court of appeals en banc.

Proposals adding a fourth appellate layer to the federal system have sparked the greatest controversy. The Freund Committee suggested a National Court of Appeals staffed by seven circuit judges on temporary assignment that would screen cases for the Supreme Court, while retaining some cases for decision on the merits. The Hruska Commission recommended a National Court of Appeals, with seven permanently assigned judges to decide cases referred by the Supreme Court or transferred to it by the circuit courts of appeals. Chief Justice Burger has advocated a temporary panel of circuit judges to resolve intercircuit conflicts. Numerous variations of these proposals have been advanced.

An alternative response is to centralize appeals in particular subject areas in specified courts. Nonuniformity in national law is a consequence of the nineteenth century Evarts Act's division of the intermediate appellate system along geographical lines. Centralization of tax appeals has been advocated for many years to produce greater certainty and uniformity in tax law. Some
persons have seen a need for a special environmental court, and a court to review administrative actions has been considered from time to time. Recently, Justice Cameron from Arizona has championed a National Court of State Appeals that would decide all appeals from state courts involving federal questions.

While appellate courts with topical subject matter jurisdiction offer significant benefits to the federal system, they pose potential disadvantages that have been noted by the Hruska Commission and others. One disadvantage is the difficulty of defining their jurisdiction precisely. Great attention must be paid to drawing clear boundaries to minimize wasteful litigation over jurisdiction. Other disadvantages may follow from the specialized nature of the courts. Judges might not maintain a generalist perspective or might be influenced by special interest groups, and specialized courts might not attract judges of the highest quality.

The disadvantages relating to specialization may be avoided in several ways. The FCIA attempted to deal with specialization by giving the CAFC jurisdiction over a variety of areas of federal law and requiring rotation of judges. A judge does not have to sit on a court of general jurisdiction to have a generalist perspective; federal judges are generalists even though they sit on courts of limited subject matter jurisdiction. Likewise, it is not necessary for appellate judges to hear every type of case that can be tried in a federal district court to avoid the dangers of specialization. Whether the Court of Appeals for the Federal Circuit has a sufficiently generalized jurisdiction remains to be seen; if it does not, its jurisdiction can be enlarged.

A second means to minimize the disadvantages of specialization is to staff courts having topical subject matter jurisdiction with circuit judges assigned on a temporary or part-time basis. Examples of such courts are the TECA, the Multidistrict Litigation Panel, the Foreign Intelligence Surveillance Court of Review, and the Special Court, Regional Rail Reorganization Act of 1973. An early version of the FCIA contemplated a Court of Tax Appeals made up of twelve circuit judges assigned to it for three-year terms. No


315. P. Carrington, D. Meador & M. Rosenberg, supra note 10, at 169-70; Carrington, supra note 7, at 611.


318. S. 678, 96th Cong., 1st Sess. §§ 401-405 (1979); Kennedy, The Federal Courts Im-
matter how narrow the subject matter, overspecialization would be avoided because judges would continue to perform their generalist duties on the circuit courts to which they were permanently attached. The major advantage of these courts is flexibility. Circuit judges could be rotated for various terms and the courts could be discontinued when no longer needed. On the other hand, highly qualified judges might not wish to serve on part-time courts, and the transitory nature of such courts would not enhance doctrinal stability.

A third alternative would be to direct appeals relating to specified subject matters to particular circuit courts of appeals.319 The Court of Appeals for the District of Columbia currently has exclusive jurisdiction of appeals from a number of administrative agencies.320 By giving other circuit courts exclusive jurisdiction over clearly specified categories of appeals, the advantages of having these appeals decided by a single court could be achieved without sacrificing a significant loss of generalist perspective. The feasibility of this alternative is limited by the workload of the circuit court which would receive exclusive jurisdiction over the appeals and the willingness of the other circuits to give up that jurisdiction. Of course, if carried to an extreme, this alternative could lead to undesirable specialization of all the circuits.

VII. CONCLUSION

The debate over reform of the federal appellate system has been going on for many years and has increased in intensity over the past decade. Our federal system has been severely strained by a steadily rising caseload. Grave concern has been directed to two problems: the excessive burden on the Supreme Court and the lack of sufficient appellate capacity to resolve questions of national law in a reasonable time. Many see an urgent need for fundamental change in the federal appellate system and advocate major reforms. Others contend that the problems are not serious enough to warrant these changes.321 Whether the future will see more appellate courts of topical subject matter jurisdiction will depend in part on how the Court of Appeals for the Federal Circuit is viewed by the public at large and the litigants who appear before it.322 May it have every success in achieving its “goal of deciding . . . appeals before they’re filed.”323


