MY FAVORITE THINGS

Honorable Giles Sutherland Rich [n.1]

I deeply appreciate the honor that you pay me not only today but far into the future by associating my name with the teaching in this Center.

I have pondered extensively over why you should do this sort of thing for me. I can only conclude that in the process of doing only what I enjoy doing, I must have done things that please you or that you find worthy of approbation. I would say that I thank you from the bottom of my heart but for the fact that I deplore the expression as an inaccurate use of language, which is something I constantly try to discourage. I thank you most sincerely with my mind, my heart is performing other useful functions.

You may think I am being absurdly picky about terminology, but in some of the things I have had to do with the patent law, it is just such picky things that have been paramount. Like the substitution of obviousness for the former requirement for "invention" as a prerequisite to patentability. It was a bit absurd, wasn't it, to say, as was said for a century, that to be patentable an invention had to involve invention?

The title that I suggested for these remarks, "My Favorite Things", was deliberately open-ended because at the time I did not know what I was going to say, but I did have a concept that I might collect--as I now have--some of my favorite thoughts about patent law to share with you. After I do that, I would like to tell you about my court.

My latest favorite thing, I am happy to tell you, is the thought of having my name on a state of the art classroom in New England, where my forebears came from and where the laws of intellectual property, my life work, will be taught.

In the same category are two other similarly-named organized activities: an annual moot court competition, now 20 years old, and the recent creation of Judge Newman's American Inn of Court No. 145, the first Inn, I believe, devoted to intellectual property.

*2 These three things are all favorite things with me, not so much because of the name on them, which gives me pleasure of course, but because they are all devoted to teaching, which is not confined to classrooms.

Teaching, as I view it, has two aspects. First, there is the necessary passing on of accumulated knowledge from one generation to another, but in large part it cannot be

merely passed on because the work of men's minds, like the work of their hands, grows obsolete and often turns out to be flawed. This is as true in law as in other fields. As Justice Holmes once said,

> It is one of the misfortunes of the law that ideas become encysted in phrases and thereafter for a long time cease to provoke further analysis. (Hyde v. U.S., 225 U.S. 347, 391 (1912), in dissent.)

Teaching's second and important aspect, therefore, is to find, and point out, what is wrong with the knowledge being passed on and fix it.

Some of my favorite thoughts illustrate this point. The Constitution, Art. 1, § 8, clause 8, reads:

> The Congress shall have Power... To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

As some people in this room know, the teaching of law is not easy. The writing of law, either as statutes--as I learned from my brief experience with the 1952 Patent Act--or as court opinions--as I am continuing to learn after thirty-seven years as a judge--is even more difficult.

The Founding Fathers did a remarkable job and their policy of using broad terms was a good one, but in the patent and copyright clause they succeeded, even with the help of a committee on style, in producing a provision which has proved to be confusing on at least two scores: First, in the expression "Science and useful Arts" and second, in the term "exclusive Right."

As to the first--science and useful arts--one must remember that over a time of two centuries, the meaning of even common words may change. "Science" as we use it today does not have the connotation it did in 1787 when it referred to knowledge in general, in all fields of knowledge. What we mean today by "science" was then called natural philosophy. It was quite clearly intended by the authors of the Constitution that copyright, not patents, was intended to promote science, and the province of rights granted to inventors respecting their "Discoveries" was to promote the "useful Arts." Yet we find never ending references in the opinions of Federal Judges, perhaps looking at the patent clause for the first time, and taking what is there written at face value, to the promotion of "Science and the useful Arts" by the issuance of patents. And, I regret to say, they may have been led into that error by some patent *3 lawyers. My hope is that the lawyers graduated from this Law Center will be trained not to do that.

The second respect in which the Constitution delegation of the power to grant patents misleads is in the term "exclusive Right." First of all, it misled Congress in writing patent statutes from the first one in 1790 until the 1952 Act. It was only natural that if the Constitution tells Congress it is empowered to grant the "exclusive right" that Congress would grant "exclusive rights." In 1790, the statute it wrote granted the inventor "the sole and exclusive right and liberty of making, constructing, using and

vending to others to be used, the said invention or discovery." Even more! One can only guess at why Congress thought it should give an inventor the "liberty" to make and use his own invention, but so the grant remained until 1870 except that in 1793 the word "sole" was changed to "full." The major revision of 1870 simplified the grant to "the exclusive right to make, use and vend." It remained grossly misleading.

Throughout the 162 years between 1790 and 1952, the bar and the courts have had to cope with the uncertainty of what is meant by "exclusive right," though many no doubt naively thought it clear. It has been especially hard on teachers of patent law. My solution, when I was teaching, was a sort of arithmetical logic device. You look at what the inventor gets from his patent, namely the exclusive right to make, use, and vend, and you subtract from it what rights he would have in his invention if there were no patent system, namely the right to make, use and vend, and the difference is what the patent grant gave him, to wit, "the exclusive." And what is that but the right to exclude others. That and that alone is what patents have really given the inventor throughout time. The Supreme Court so held exactly a century before the 1952 Patent Act, and that is what the 1952 Act says and has been saying for the last 41 years. Still, some confusion persists. I'll give you an example.

EXHAUSTION OF PATENT RIGHT--"FIRST SALE" DOCTRINE

The ambiguity in the Constitutional words, "exclusive right", has had one consequence that lingers with us today and has not yet been cleared up. It is said to be the law that the first sale of a patented invention by the patentee "exhausts" the patent right in the invention so that the patentee no longer has any control over it. But I ask you: Did the patent ever give the inventor any rights in his invention, that is, to make it, use it, or sell it? Or is this just one of those confused bits of thinking caused by confusing laws? Would the inventor not have those rights if there were no patent system?

*4 I submit that the patent grant, which has been in the same words since 1952--"the right to exclude others"--is not a right in a thing, i.e., an article or a process but, in reality, is a right over persons, natural or corporate. Is it not a right of control over "others" that concerns what they may not do with respect to the subject matter claimed in the patent? Isn't it a right merely to prevent them from making, using, or selling, and perhaps importing, the thing patented, the purpose of which right is to give the patentee a potential monopoly so that as a maker and seller he is without competition and may therefore enjoy monopoly profits?

When the patentee himself makes and sells, he is not exercising his patent rights; in selling, he is, therefore, not exhausting them. It is not a question of control over the thing sold but of control, if any, over the purchaser and others. Having once enjoyed the potential benefit of having made a sale of property without competition, does the statute give the patentee any right whatever to control the purchaser with respect to the property he bought? My answer is "No" and the courts have generally so held, at least for the last

half century. They have rationalized the results, however, on the "exhaustion" theory, which is, in my view, logically unjustifiable.

MONOPOLY POWER IS THE STEAM IN THE PATENT SYSTEM BOILER

The patent system is an incentive system. Psychologically, it appeals to man's greed and to the natural desire to reap what you have sown. In economic terms, it holds out a prospect of enhanced profits by making it possible to curb competition or to permit it on a controlled basis for a price, called a license fee or royalty. The ability to prevent or control competition, to have the sole power of selling something, is recognized as monopoly power--as anticompetitive. For a century we have also had in this country anti-monopoly laws on the theory that competition is in the public interest. But for a century longer, we have had patent laws. This seeming contradiction has posed a riddle: How can the public good be served at the same time by laws creating monopoly and laws forbidding it? Why aren't they inconsistent?

The answer has for a long time been, to me, a simple one. It resides in the status of the thing monopolized. If that thing was something of which the public had possession before the patent monopoly was created, then the monopoly is contrary to the public interest and bad. The patent is invalid. If, however, the monopoly power is used so as to serve as an incentive to bring to the public something which it did not have before, then it serves the public interest and is good. That is what monopoly does in fueling the patent system--as President Lincoln succinctly put *5 it, "The patent system adds the fuel of interest to the fire of genius." Monopoly, per se, is neither good nor bad. It is simply a power. It can be put to either good or bad uses.

These elementary facts have created much debate in the courts over the years, with the result that many times opinions have declared that patents are not, or do not create, monopolies, in order to reconcile them with an unjustifiable conception that the law prohibits all monopoly. Even my own court was guilty of thus fantasizing during a period of years, in order to overcome what it knew to be prejudice against patents in the courts because of their monopolistic aspects. This political prejudice seems to have faded away during the past decade. We can now be honest again. The fuel of the patent system is monopoly power.

PATENT INFRINGEMENT

I will conclude this part of my talk about favorite thoughts by trying out on you some latest thoughts that came to me only a few days ago. It has to do with the accurate use of words, and in that respect resembles the "patent exhaustion" doctrine I was discussing.

My thought is that there is no such thing as "patent infringement." That expression is a misnomer. Though until a few days ago I used the expression as does everyone else in

this business, I now believe it is misleading because it conceals the reality of the situation.

What is a patent? It is a paper document issued by the Government to an inventor or his assignee granting, as we have seen earlier, the right to exclude others. I submit that what is infringed or trespassed upon is the patent owner's right to exclude others from making, using, or selling without his permission. It is only that right which is infringed, not the patent which grants him the right to exclude. What difference does it make? Well, I think seeing things for what they really are is in general a good idea and it just might help to clear up some confusion about what constitutes infringement.

At best, "patent infringement" is shorthand for infringement of the patent owner's right to exclude. We should rename it "patent right infringement," which would focus attention on the right that is infringed, instead of on the document that grants the right, which document is not infringed.

I give you the analogy of a deed to land, which has been used before in patent law. If I deed a piece of land to you and a third party trespasses on it, is he trespassing on the land or on the deed? A patent corresponds to a deed, the rights in the land correspond to the right to exclude. Infringement is a synonym of trespass and both are torts in the law. It may be too late to change habits of speech, but it is never too late *6 to think about what we are saying.

Now I will change the subject and tell you something about my court and how it works.

COURT OF APPEALS FOR THE FEDERAL CIRCUIT

One of my favorite things is, of course, the Court of Appeals for the Federal Circuit, otherwise I would not still be there. I would like to give you a feel for what it really is as seen from the inside. Let's call it the "CAFC."

Those who created the CAFC sometimes referred to it as an interesting "experiment." At the inauguration of the CAFC eleven years ago, Chief Justice Burger said, "We'll be keeping an eye on you." Being something new in the Federal court system, the CAFC has been a favorite topic for authors of articles in law reviews, bar journals, and legal newspapers. Business magazines have run articles about it. But they never tell you what it is. They speak of it simply as an institution--an entity--like talking about "The Zoo." I want to tell you about the animals.

The original proposal was to give the CAFC exclusive appellate review in the whole field of intellectual property--patents, trademarks, and copyrights. This was promptly objected to by the trademark and copyright bars and we ended up with only patents which, I may say, was a good thing. We still review the decisions of the Boards of the Patent and Trademark Office in both patent and trademark cases, of course, and we may occasionally have to consider trademark or copyright issues in patent suits, but that is as

far as it goes. Pure trademark and copyright litigation, unconnected with patent suits, goes to the regional circuits as before. So, in the intellectual property field, only patent law is our exclusive province.

Ever since that book about the Supreme Court called "The Brethren" came out, [n.2] I have been saying what a great teaching tool it could be to give law students more imagination about courts. As a judge on a multiple-judge appellate court for many years, the book rang true to me, except for the obviously fictional passages. My approach to telling you something about the CAFC is in a similar vein. I want you to see the CAFC for what it is, not as a faceless institution but as an aggregation of human beings trying to do a job, possessing different personalities, backgrounds, experience, and therefore attitudes.

What is the court? How is it organized? How does it do its work?

Imagine a small office building with 16 one-man law firms in it. Each *7 office has a permanent secretary. Eleven of them have three young law clerks and five of them have one, who stay one or two years. The latter five offices are those of the senior, semi-retired lawyers (there should be one more full-time office but it is empty because the President hasn't gotten around to filling it). These lawyers, of course, are called judges.

For all of these independent offices there are the following small service organizations, which are shared:

1. A Clerk's Office of fifteen people that receives the legal work to be processed, keeps the records on it, sends it to the lawyer/judges to process, and sends out the finished work. It does some small jobs on its own.

2. An Administrative Services Office (ASO) that handles supplies, office equipment and its servicing, payroll, and printing. This office totals seven people.

3. A general law library operated by six librarians.

4. A Senior Technical Advisor with three assistants whose job it is to see that the law offices don't turn out opinions contrary to precedent. They may also help law clerks in finding precedents.

5. A Motions Attorney with a secretary and three assistants who helps the lawyers handle something like 2,000 miscellaneous motions per year, drafting the orders to dispose of them, which get signed by a motions panel of judges, usually by the senior member.

6. A Messengers Office that delivers papers of all kinds, including mail, from one office to another. The messengers also serve in courtrooms during hearings as bailiffs, setting up the courtrooms for hearing and seeing to it that the judges' robes and files get to the

same courtrooms as the judges, who are continually shifted around, and that they have water, paper, and pencils on the bench, etc.

One of the law offices is operated by a person called the Chief Judge, who has overall administrative responsibility for all of the foregoing, in consequence of which he has an extra secretary or two and takes a lesser case load. The Chief Judge, by virtue of the office, also has to represent the court on the Judicial Conference of the United States, which runs thecourt system, makes speeches and do many things the others do not do. One of the many things the Chief Judge does is to combine the lawyers from all the offices into panels, mostly of three, to work together on the cases the Clerk's Office will send them. These panels are constantly reshuffled so everyone works with everyone else and on all kinds of cases, regardless of background or experience. Today, panels are created by computer. All of these lawyers are deemed created equal. You wouldn't run a law office or business on that basis, but no matter; *8 Congress, having a phobia about "specialist courts," decreed that it should be that way.

As the proprietor of one of these independent law offices, I will now tell you how the operation proceeds.

First, let me say that the work load of the court is such that it never takes a recess. Each judge may select two months in which he chooses not to sit. Some people assume that to be a vacation but in fact the work never stops, it just lets up a little.

In a typical month, usually at the beginning, there is a week of hearings during which a judge sits a minimum of four days, with seven cases assigned per day, four to be argued and three submitted on briefs. Often one or two of the cases initially calendared for argument will later be submitted on briefs, but that is a saving in work of at most a half hour per case. On the other hand, without argument, more than that half hour will be spent in study because no lawyer was present to answer questions. Except when the appellant is crazy, as they sometimes are, I like arguments because they really are time-saving. So, one month may give a judge responsibility for voting on as many as 28 appeals.

Let me here point out something lawyers never seem to think about. They seem to think that courts are just there to handle their cases. The rules limit main briefs for each party to 50 pages and a reply brief to 25. If lawyers use the limit as they usually do, that is 125 pages per case. Let us ignore the 12 submitted cases and multiply the 16 argued cases by 125. That is an even 2,000 pages I am expected to read in about three weeks, during which time I am also getting petitions for rehearing in decided cases from lawyers insisting our decisions were dead wrong, other judges' opinions to review, and legal literature I am supposed to keep up with. And lawyers frequently have the nerve to ask permission to file 10 or 20 extra pages in their briefs because their cases are "complicated"! What do they think judges' lives are? If you file a short brief, you get brownie points.

After hearing its cases, a panel retires to a conference room where the judges exchange views on how each case should be decided, if possible, whether an opinion should be written, whether it shall be published or "precedential", as we now call it, and who should write it. These are deemed "straw votes" and not binding. They may take from 10 to 30 minutes. That is usually the extent of the face-to-face panel conferring. Each judge then returns to his office, or chambers, knowing his responsibilities and goes about deciding how, with the help of his clerks, they will be discharged. He or she reverts to being a one-man or one-woman law office.

Many of the law clerks have attended the oral arguments as part of *9 the audience and the arguments in each case are separately tape-recorded, each on its own cassette. They are frequently replayed during opinion preparation. They may even be quoted in opinions.

I cannot, and I would not try to, generalize on just how these other law offices than mine do their work. It is a highly individual matter. I can and will tell you that a lot of judges take a lot of work home to do nights and weekends and that with the caseloads as they are, judges have little or no free time. It should be obvious to anyone that we would not have three law clerks if we did not need them and that they must do a lot of work.Even so, I wish to expand on that subject as it relates to how we manage to handle the technical subject matter of many patent cases, without having, for the most part, technically educated or experienced judges.

Right now there are about 35 law clerks, or assistant technical advisors as we used to call them, on the CAFC. Most of them have aspirations to work in patent law and many of them have, which means they have had some kind of technical education, experience, or both. Presently, I have a chemical engineer, a biotechnologist and an electrical engineer, 2 women and 1 man. They are a gregarious group of young people and get to know one another quickly. They have a softball team. One year they organized a "bar-review" course; each Friday night they went out and investigated a different bar. When a law clerk is working on a case involving a technology he does not know, the chances are good that another clerk will help him out. For the most part, they freely visit back and forth.

It helps the judges enormously to have these young, fresh-from-school people to assist us, who have learned all sorts of technical things that did not even exist when we judges went to school. Some of these clerks have their own personal computers at home.

Most clerks stay two years and we get to know their abilities and where help can be found. Our library has also accumulated a considerable collection of technical reference books, even in genetic engineering. The Senior Technical Advisor and his assistants, who are permanent, are also educated in various technologies. No other federal court I know of has this asset. I believe it is unique.

Unknowledgeable people are constantly imagining courts or panels of courts conferring in a spirit of collegiality on the decision of cases and the writing of opinions. For example, the Senate Report on the bill that created the CAFC naively says:

"It is important for the judges of the court to have adequate time for thorough discussion and deliberation."

*10 How quaint! Believe me, that is not how opinions are produced. I will tell you how it is done. I also recommend that you read "THE BRETHREN."

After the hearing or submission of an appeal and the short discussion I have described, the judges go off to their little law offices and get to work producing opinions, perhaps on cases from previous months, because everyone develops a backlog. What you have in reality is a group of 4-person law offices working simultaneously on opinion production, the judges being the senior partners in charge.

When an opinion is finished to the judge's satisfaction, however it was produced, it is sent to the other panel members with a vote sheet having a large blank space on it for comments and several form statements that can be checked, such as "join," "concur in result," "dissent," etc. The happy day is when two vote sheets come back marked "join" with no comments. The more usual event, however, is that some corrections or revisions are suggested and some changes are made. If a vote is "concur" or "dissent" and "will write opinion," the author sits back and waits; when the opinion is received may be the time when some conferring may take place, usually one-to-one. Every kind of opinion goes through the same voting procedure. If another judge joins a dissent, of course the author has lost the case, and a new majority opinion is written by the dissenter, the original author usually writing a dissent.

When the panelists are finally finished, precedential opinions are then circulated to the entire court for 10 days (14 in the summer), every judge having a chance to criticize. Then is when the Senior Technical Advisor gets into the act, commenting on any suspected departure from precedent or suggesting additional citations.

In its very first case, [n.3] the CAFC made a point of acting in banc and adopting as binding precedents the decisions of its two predecessor courts, the Court of Customs and Patent Appeals (CCPA) and the Court of Claims. It is agreed that those precedents, and all subsequent precedential panel decisions too, are binding and cannot be overruled by any panel but only by the court in banc, which has been done a few times.

After any final revisions are made following full court circulation, the opinion is then sent to the Administrative Services Office (ASO) for reproduction, after which it goes to the Clerk for handing down.

I have described to you the CAFC's mechanism for stablizing the patent law. Now, if we have a stable law and there is only one appellate court to which litigants can go, short of the Supreme Court, it is *11 necessarily going to be uniform throughout the country. That was the purpose in creating the CAFC. If the procedures I have described can't keep

it uniform, nothing can. The only danger I can see is that the court, through attrition, could run out of enough patent lawyer judges to keep an adequate check on the court's output. It is not an easy job for the three now there and, as you might expect, they do not always agree. Patent lawyers never have. There is safety in numbers.

I suggest one caveat. A distinction must be made between uniformity in the law and uniformity in application of the law. There are aspects of patent law that require subjective judgment, ideally, judgment that is mature and based on long experience. The principle one is the determination of non-obviousness of inventions--"the ultimate condition of patentability," which is the commonest point of attack on the validity of a patent. There is no gainsaying that its determination is largely subjective, and therefore, on the same facts with the same rule of law, reasonable men may differ about it.

From my description of the way panels are made up and the way cases are assigned to the panels, it should be apparent that what the world calls the CAFC is not a single court but a very large number of constantly changing 3- judge courts having unpredictable mixes of background and personality which will inevitably produce differing subjective opinions in close cases.

Like any other specialized field of knowledge, patent law comprehension is largely a matter of having the vocabulary--understanding the jargon or nomenclature of it. We think mostly in terms of words or verbal images and depend on them for communication with others. A court that deals with the subject for the first time or infrequently can do a pathetically bungling job of it, whereas one that deals with it all the time, whose judges and staff are knowledgeable in the nomenclature, is in a superior position both to communicate internally and to make its rulings clear to the outside world. Above all, law should be clear, and it is to that end that the internal checks of the CAFC contribute.

I think Congress made no mistake in creating one court to hear all patent appeals. I believe that the "experiment" is working well. The only mistake Congress made was to give the CAFC too many other things to do and in such distracting volume that the judges do not have time for any one thing without neglecting something else. I don't blame Congress for that. The legislative history shows it intended the contrary result. Those in charge just lacked imagination and an inside knowledge of what life at court is really like.

I thank you very much--from the bottom of my heart--for this wonderful day.

May Franklin Pierce Law Center have a great future.

[n.1]. These remarks were given by Judge Rich on November 12, 1993 at Franklin Pierce Law Center, Concord, N.H., on the occasion of dedicating a new lecture hall named in his honor.

[n.2]. The Brethren--Inside the Supreme Court, by Bob Woodward and Scott Armstrong, Simon & Schuster, 1979.

[n.3]. South Corporation v. United States, 690 F.2d 1368, 215 U.S.P.Q. 657 (Fed.Cir.1982).