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Ron Andrew Sassano

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THE RISE AND FALL OF PATENT REEXAMINATION UNDER THE AMERICA INVENTS ACT: THE BURDENS AND UNCONSTITUTIONAL ASPECTS OF CONGRESS'S LATEST ATTEMPT AT PATENT REFORM

Ron Andrew Sassano

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I. INTRODUCTION

In today's day and age, where technology is continually both changing and advancing, it is no wonder that patents have become the lifeblood of the inventive economy. With the increasing amount of patents filed year after year comes a proportionate increase in patent litigation. While patent disputes are traditionally heard by the judiciary, preservation of judicial resources has called for an increasing reliance upon administrative courts to fill this void. At the same time however, the increase in patent litigation and the shifting reliance on administrative courts in supplanting certain roles of the judiciary has also begun to result in a litany of patent-related problems.

Although the Leahy-Smith America Invents Act of 2011 (AIA)\(^1\) was intended to improve some of these issues, many of its provisions create additional problems and have even necessitated intervention by the U.S. Supreme Court, the patent docket of which has substantially increased within the last few terms.\(^2\)

Despite the Supreme Court's desire to help sort out the current mess, there is one significant issue that stands above them all, of which the Supreme Court has yet to hear. In delegating unbridled power to the United States Patent and Trademark Office (USPTO) under the AIA (specifically pertaining to ex parte patent reexamination procedures),\(^3\) Congress has effectively allowed for unconstitutional re-openings of finally adjudicated federal court decisions.

Since the number of patent reexaminations has steadily increased over the last eight years,\(^4\) and because the new provisions of the AIA are aimed, in part, at further expanding the availability and efficiency of these reexamination procedures,\(^5\) these problems are likely to multiply and compound the current

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\(^3\) See AIA, supra note 1, § 7(c)(1), 125 Stat. 314 (amending 35 U.S.C. § 141 (2006)) ("A patent owner who is dissatisfied with the final decision in an appeal of a reexamination to the [PTAB] ... may appeal the Board's decision only to the United States Court of Appeals for the Federal Circuit." (emphasis added)).


\(^5\) See H.R. REP. No. 112-98, pt. 1, at 45–46 & n.31 (June 1, 2011), reprinted in 2011 U.S.C.C.A.N. 67, 75–76 ("Reexamination will permit efficient resolution of questions about the validity of issued patents without recourse to expensive and lengthy infringement litigation .... The reexamination of issued patents could be conducted with a fraction of the time and cost of formal legal proceedings and would help restore confidence in the effectiveness
dissent among patent owners. Given such imminent and probable expansion, this Note argues that, even absent any congressional amendments to the patent reexamination provisions of the AIA, patent holders may nevertheless rejoice—a Supreme Court resolution may be just around the corner.

Part II of this Note discusses the history of the United States Patent System and its societal importance. In explaining some of the more subtle changes that the AIA makes to patent reexamination jurisdiction, Part III serves as background requisite to a complete understanding of the larger constitutional concerns discussed in Parts IV and V, which analyze the constitutionality of the USPTO’s abrogation of final judgments of the Court of Appeals for the Federal Circuit (CAFC). Finally, this Note concludes that should the Supreme Court choose to hear this issue, it will likely find the ex parte patent reexamination provisions of the AIA (as interpreted by the USPTO) to be unconstitutional encroachments on separation of powers principles.

II. BACKGROUND

A. BRIEF HISTORY OF OUR PATENT SYSTEM

In the spirit of “promot[ing] the Progress of Science and useful Arts and sciences,” the United States Constitution grants Congress the authority to enact laws providing inventors with a limited monopoly over their creations. In exercising this authority, Congress enacted the Patent Act of 1790, which grants a patent owner the ability to prevent others from making, using, or selling his particular invention in the United States for a twenty-year time period.

In order to receive a patent, an application must present, with particularity, a distinctive claim regarding the invention to be patented, and disclose the best mode of practicing the invention. This is precisely the stage at which the USPTO gets involved.


6 U.S. CONST. art. I, § 8, cl. 8 (granting Congress the power “[t]o 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”).


9 The AIA eliminated the so-called “best mode defense” as a method of invalidating U.S. patent claims. See AIA, supra note 1, § 15 (amending 35 U.S.C. § 282 to state “that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be... held
B. THE USPTO AND ITS EXECUTIVE NATURE

The USPTO10 is the executive agency charged with carrying out the patent laws enacted by Congress,11 and is responsible for examining each patent application to determine whether a patent should be issued.12 As an administrative agency of the federal government, it is subject to the Administrative Procedure Act (APA),13 enacted in 1946, which sets forth a system for judicial review of administrative agencies to ensure that the agency is acting in accordance with the Constitution and Congress's statutory commands.14 Judicial review under the APA is an important check on executive power, ensuring compliance with the constitutionally-rooted doctrine of separation of powers.15

C. THE RISE OF PATENT REEXAMINATION

Patent reexamination comes into play after a patent has been issued; it is a statutory process by which a patent holder or a third party can have the patent reexamined by the USPTO to determine whether the subject matter is still patentable, usually in light of a prior art.16 Fundamental to this decision is the question of whether the prior art raises a “substantial new question of patentability” on at least one claim.17 The purpose of the substantial new question requirement is two-fold: to prevent the patent owner from being subjected to multiple reexaminations based on the same references, and to

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10 The U.S. Patent and Trademark Office, an administrative agency within the Department of Commerce, is under the political direction of the Secretary of Commerce. 35 U.S.C. § 1(a). The Director of the Patent and Trademark Office is “appointed by the President, by and with the advice and consent of the Senate.” Id. § 3(a)(1). The Commissioner of Patents is appointed by the Secretary of Commerce and is charged with overseeing the Operations of the “office relating to patents.”


14 Id.


17 Id. § 304; see also U.S. PATENT & TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE § 2216 (8th ed. Rev. 9, Aug. 2012) [hereinafter MPEP].
prevent harassment of the patent owner. A third party, claiming a particular patent is invalid, may seek a patent’s reexamination in order to invalidate a patent holder’s claim to the patent. A patent owner may also request a reexamination in order to verify that his patent claims are still valid in light of any prior new art.

One purpose of patent reexamination, as established by Congress, is to “strengthen investor confidence in the certainty of patent rights by creating a system of administrative reexamination of doubtful patents.” It allows a patent owner to validate, or a party challenging the patent to invalidate, the patent without resorting to lengthy and expensive court procedures.

Before the AIA was signed into law, two different types of reexaminations were available: (1) inter partes reexamination, and (2) ex parte reexamination. Inter partes reexaminations are requested by members of the public, who then continue to take part in the reexamination proceeding before the USPTO. Ex parte reexaminations, which were statutorily enacted under the Patent and Trademark Law Amendments Act of 1980 (Bay-Dole Act), do not involve the requesting party in the proceeding once reexamination is initiated. Rather, ex parte reexaminations involve only the USPTO examiner and the patent owner.
To order a reexamination proceeding, the patent examiner or Director of the USPTO (Director) is to determine if "a substantial new question of patentability" exists regarding the claim(s) to the patent. Particularly for ex parte patent reexaminations, the reexamination request must include "[a] statement pointing out each substantial new question of patentability based on prior patents and printed publications." A reexamination request will be granted if the examiner determines that such a substantial new question of patentability exists.

If a party in an ex parte reexamination proceeding is adversely affected by the decision of the USPTO examiner, that party can appeal either to the Patent Trial and Appeal Board (PTAB) or to the Director. Following an unfavorable appeal, the statute, prior to amendment by the AIA, explicitly provided the patent holder with two routes of judicial review: (1) a civil suit against the Director in the U.S. District Court for the District of Columbia, or (2) a direct appeal to the Court of Appeals for the Federal Circuit.

The ability to choose from these dual routes of judicial review from USPTO administrative decisions has been a central part of the U.S. patent system since "long before the inception of ex parte reexamination in 1980." This is because the USPTO is an administrative agency, established under the Executive Branch of the federal government. As governed by the APA, final decisions must necessarily be subject to review by an Article II judicial court. The PTAB also issues administrative decisions, which, because the PTAB is within the USPTO, must also be subject to judicial review. This is necessary to properly effectuate our national system of checks and balances, as

31 Id. § 1.525(a).
33 Id. § 134(b). "A patent owner in a reexamination may appeal from the final rejection of any claim by the primary examiner to the Patent Trial and Appeal Board, having once paid the fee for such appeal." A third party, however, may only appeal to the Director and does not have the option of going to the PTAB. 37 C.F.R. §§ 1.525, 1.181 (2012).
35 See id. § 306 (stating what avenues of appeal are available to one adversely affected by a decision).
36 Miller & Archibald, supra note 24, at 507–08.
37 Id. at 507.
38 An Article III court is one created by the Constitution as part of the judicial branch, as opposed to one formed by Congress under Article II or by the Executive Branch under Article I. See generally U.S. Const. art. III.
39 Id.
40 See Miller & Archibald, supra note 24, at 507.
judicial review serves as a crucial check on the PTAB and ensures fairness in our patent system.41

III. BACKGROUND: BASIC CHANGES MADE BY THE AIA

The AIA, which came into effect on September 16, 2012,42 changed the availability of these dual routes of judicial review for ex parte and inter partes proceedings. The AIA amended 35 U.S.C. § 30643 to state:

The patent owner involved in a reexamination proceeding under this chapter may appeal under the provisions of section 134, and may seek court review under the provisions of sections 141 to 144, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent.44

Thus, the AIA explicitly amends the statute to exclude the option under 35 U.S.C. § 145 to file a civil suit against the Director of the USPTO in district court. Furthermore, it amends 35 U.S.C. § 141(b)45 to provide that “[a] patent owner who is dissatisfied with the final decision in an appeal of reexamination to the [PTAB] under section 134(b) may appeal the Board’s decision only to the United States Court of Appeals for the Federal Circuit.”46 Rather than permitting the party to appeal an adverse final decision of the PTAB to the U.S. District Court for the District of Columbia, as previously allowed, the only post-AIA recourse for adversely affected parties is through an appeal directly to the CAFC.47

41 Charles E. Miller & Daniel P. Archibald, Beware the Suppression of District-Court Jurisdiction of Administrative Decisions... 95 J. PAT. & TRADEMARK OFF. SOC’Y 124, 164 (2013); see id. at 534 (concluding that rendering district court review of USPTO administrative decisions would “make the [PTAB]... tantamount to the status of an Article III court”).
47 Id.
A. DISTRICT AND APPELLATE COURT REVIEW DISTINGUISHED

To understand the greater importance of this subtle change and why it has sparked anger amongst patent owners, it is important to understand more closely the differences between district and appellate court review. District court review is typically an open-record proceeding, meaning that parties are allowed to admit new evidence that may not have been available during the previous reexamination proceeding.48 A direct appeal to the CAFC, on the other hand, is primarily decided on a closed-fact record49—even if new and useful evidence or testimony becomes available, it will not be admissible. Rather, the CAFC will only look to the evidentiary record adduced during the prior USPTO proceedings.50 Furthermore, whereas a district court judge has the power to compel production of evidence and subpoena necessary witnesses to the action,51 the USPTO typically has no such authority. As a result, it is possible that important evidence may go un-entered.52 Finally, the district court enables a de novo trial proceeding,53 meaning all evidence is evaluated anew, without any deference from the previous decisions of the USPTO, including PTAB determinations.54 The CAFC, on the other hand, does not evaluate the decision anew.55 Instead, it substantially defers to the fact-finding and decision-making of the PTAB when rendering its opinion, and will reverse the decision only under a “no substantial evidence” test—in other words, when the record contains no substantial evidence to support the decision.56

B. THE FIRST STAB AT UNCONSTITUTIONALITY

The disadvantages patent owners faced as a result of the AIA’s restrictions on appellate review jurisdiction resulted in the first attack against the AIA on constitutionality grounds.

48 Miller & Archibald, supra note 24, at 514, 516, 532.
49 Id. at 532.
50 Id. at 516.
51 Miller & Archibald, supra note 41, at 143–44.
52 Id. at 144.
53 Miller & Archibald, supra note 24, at 516.
54 Id.
55 Id.
56 Dickinson v. Zurko, 527 U.S. 150, 152–53, 162–65 (holding that the CAFC must apply the “substantial evidence” standard, as prescribed by the APA in 5 U.S.C. § 706, when reviewing USPTO decisions).
The APA, as previously mentioned, governs the ways and methods by which federal administrative agencies may establish regulations. Specifically, a party facing an adverse decision by an administrative agency has standing to seek judicial review by an Article III court under a “three-part test (pure question of law, finality, and immediate hardship)” in order to satisfy the ripeness and case or controversy standing requirements. Because an ex parte reexamination proceeding is considered to be a case or controversy when at least two parties are involved (the patent owner and the USPTO), critics argued that under the APA and Article III, Section 2, Clause 1, an appeal from a final decision of the PTAB in an ex parte reexamination proceeding necessitates judicial review by an Article III district court. By amending the availability of traditional district court review to provide only for a more narrow, deferred review by the CAFC, critics argued this new AIA provision was unconstitutional, as the PTAB would not properly be considered an administrative court.

Whether this argument has merit is not the subject of this Note. Rather, it is significant in that the touchstones of this argument helped set the stage for a much greater attack on the AIA’s new reexamination regime.

IV. CAFC vs. PTAB: WHOSE DECISION IS IT ANYWAY?

A. PATENT REEXAMINATION: REVISITED

Ex parte patent reexamination was established in 1980. At the time, patent infringement litigation was conducted through proceedings in federal district court. Congress was concerned, however, with the burden this process placed on patent owners who wanted to test the validity of their patents in light of

58 Id. § 702 (“A person suffering legal wrong because of agency action, or adversely affected or aggrieved by agency action within the meaning of a relevant statute, is entitled to judicial review thereof.”).
59 Miller & Archibald, supra note 24, at 507.
60 Id. at 507–08.
61 Id. at 512–20; see also Miller & Archibald, supra note 41, at 164–65.
62 Miller & Archibald, supra note 24.
63 See, e.g., id. at 532 (arguing against the Senate’s proposed “Manager’s Amendment of 5.515” that pre-dated the AIA).
65 See Miller & Archibald, supra note 41, at 150.
prior art. Specifically, Congress believed that limiting this process to district courts was a slow and expensive procedure. Thus, Congress established an alternative system of patent reexamination in order to streamline the process and reduce the costs of patent litigation. Instead of suing in district court, a third party could request the USPTO to conduct an ex parte reexamination. A third party reexamination request asks the USPTO to reexamine the validity of a specific patent in light of prior art.

B. A CONTRADICTORY PROBLEM OF POWER

Imagine a situation in which a party, challenging the validity of a patent, sues the patent owner in federal district court and loses, as the court upholds the validity of the patent. Frustrated, the patent challenger appeals the district court’s decision to the CAFC, but the CAFC affirms the district court’s holding of validity.

The patent owner, upon receiving a final and favorable ruling by an Article III court from which no further appeal is possible, should feel secure in the finality of the judgment. However, under the current law, the same party who lost on appeal can take a second bite of the apple by requesting an ex parte reexamination before the USPTO. If the USPTO believes, contrary to the CAFC, that the patent should be invalid, is the USPTO constitutionally free to disregard a finally adjudicated judicial decision? Although separation of powers principles strongly suggest otherwise, the current law allows the USPTO to do just that.

C. A BACKGROUND IN FEDERAL COURT PRECEDENCE

The body of federal case law that currently upholds the USPTO’s ability to disregard and abrogate an Article III court’s final adjudication of patent validity emerged from the CAFC’s holding in In re Swanson. The procedural history leading up to the dispute in this case is as follows: Abbott Laboratories (Abbott)

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67 Id.
68 Id.
69 Id. at 3.
73 In re Swanson, 540 F.3d at 1368.
sued Syntron Bioresearch, Inc. (Syntron) for patent infringement in federal district court. Syntron counterclaimed that the patent was invalid in light of prior art. On the former issue, the jury found that the patent was not infringed; while on the latter issue, the jury found that the prior art did not invalidate the patent. On appeal, the CAFC "affirmed the judgment of validity on all asserted claims of the . . . patent." Syntron, despite having lost an appeal to the highest judicial appellate court, did not cease its efforts. Syntron, but went through the Executive Branch by requesting an ex parte reexamination of the patent before the USPTO, once again claiming that Abbott's patent was invalid in light of prior art.

The prior art references Syntron presented in its request for reexamination included one reference, presented and relied upon by both the district court in upholding and the CAFC in affirming the patent's validity. Surprisingly, the USPTO examiner granted the reexamination hearing and, contrary to the CAFC, declared the patent invalid. Abbot appealed, but the Board of Patent Appeals and Interferences (BPAI) deferred to the examiner's ruling.

Surmodics, Inc. (Surmodics), the company that had licensed the patent to Abbott, was surprised by the CAFC's and the USPTO's conflicting rulings. Having already received a favorable ruling by the CAFC prior to the adverse BPAI decision, Surmodics appealed the decision to the CAFC. In its appeal, Surmodics argued that "the district court litigation precludes a finding of a new question of patentability for the purposes of the reexamination, and . . . to find otherwise would raise substantial questions regarding the constitutionality of [35 U.S.C. § 303]." In essence, Surmodics argued that a substantial new question of patentability could not exist before the USPTO since the issue had been finally adjudicated and affirmed by the CAFC.

The court did not fully address this argument. Instead, it affirmed the USPTO's decision that the patent was invalid, despite the fact that the court

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74 *Id.* at 1373; see also *Abbott Labs. v. Syntron Bioresearch, Inc.*, 334 F.3d 1343 (Fed. Cir. 2003).
75 *In re Swanson*, 540 F.3d at 1373.
76 *Id.*
77 *Id.*
78 *Id.*
79 *Id.*
80 *Id.*
81 *Id.* at 1373–74. Since this case was decided prior to the AIA, the BPAI, not the PTAB, decided the administrative appeal.
82 *Id.* at 1374.
83 *Id.* Specifically, § 303(a) requires the existence of "a substantial new question of patentability" before a reexamination can be granted. 35 U.S.C. § 303(a) (2006).
84 *In re Swanson*, 540 F.3d at 1374.
itself had previously upheld the validity of the patent based upon the same claims subsequently before the USPTO.\textsuperscript{85} Although the court recognized the anomaly, it nevertheless concluded that "the statutory language, legislative history, and different purposes underlying reexamination and federal court proceedings suggest that the determination of a substantial new question is unaffected by these court decisions."\textsuperscript{86} Largely dismissing the appellant's constitutional arguments, the court attributed the contradictory outcomes to the differing standards of proof required to show a patent's invalidity in civil litigation—"clear and convincing evidence"—and USPTO reexaminations—"a preponderance of the evidence"—with the latter being a lower burden.\textsuperscript{87}

It was not long before a similar controversy arose in \textit{In re Construction Equipment Co.}\textsuperscript{88} Despite a prior and final CAFC decision affirming the district court's decision upholding the validity of a patent, the BPAI, upon a patent reexamination requested by the losing party from the prior litigation, decided the patent was invalid.\textsuperscript{89} The patent holder appealed the BPAI's decision to the CAFC.\textsuperscript{90} The court, however, once again upheld the decision of the BPAI and disregarded its prior, contradictory ruling.\textsuperscript{91} In the majority's brief response, it scantily addressed the argument that the court's decision unconstitutionally allows the USPTO to disregard a final adjudication by an Article III court.\textsuperscript{92} As in \textit{Swanson}, it did not appear that the majority believed the appellant's constitutional arguments warranted much consideration.

This time, however, the gravity of the issue did not go unnoticed. In fact, long-standing and well-respected Federal Circuit Judge Pauline Newman issued a vigorous dissent.\textsuperscript{93} In her opinion, she noted that the majority's holding illuminated a "fundamental question—is a final adjudication [upholding a patent's validity], after trial and decision in the district court, and appeal and final judgment in the Federal Circuit, truly final? Or is it an inconsequential detour along the administrative path to a contrary result?"\textsuperscript{94}

\begin{itemize}
\item \textsuperscript{85} \textit{Id.} at 1374, 1376.
\item \textsuperscript{86} \textit{Id.} at 1376.
\item \textsuperscript{87} \textit{Id.} at 1377 (citing 35 U.S.C. § 282 (2006); \textit{In re Cavengy}, 761 F.2d 671, 674 (Fed. Cir. 1985)).
\item \textsuperscript{88} 665 F.3d 1254 (Fed. Cir. 2011).
\item \textsuperscript{89} \textit{Id.} at 1255; \textit{id.} at 1257 (Newman, J., dissenting).
\item \textsuperscript{90} \textit{Id.} at 1255 (majority opinion).
\item \textsuperscript{91} \textit{Id.} at 1256; \textit{see also Constr. Equip Co. v. Powerscreen of Am., Inc.,} 243 F.3d 559 (Fed. Cir. 2000) (affirming the district court's ruling of invalidity prior to the reexamination proceeding).
\item \textsuperscript{92} \textit{In re Constr. Equip.,} 665 F.3d at 1256 n.3.
\item \textsuperscript{93} \textit{Id.} at 1257–63 (Newman, J., dissenting).
\item \textsuperscript{94} \textit{Id.} at 1257.
\end{itemize}
Less than six months later, in *In re Baxter*, the USPTO once again invalidated a patent which had been previously ruled valid by both the federal district court and the CAFC on appeal. Baxter International, Inc., and Baxter Healthcare Corporation (collectively, “Baxter”) held patents relating to a hemodialysis machine—a device capable of functioning in place of a patient’s kidney by cleansing toxins from the blood using a solution called a dialysate. In 2003, Fresenius USA, Inc. and Fresenius Medical Care Holdings, Inc. (collectively, “Fresenius”), competitors of Baxter, “filed a declaratory judgment action in the United States District Court for the Northern District of California, seeking... a declaration that the patent’s claims were invalid.” Baxter counterclaimed for infringement. Upon a jury determination of invalidity, the district court granted Baxter’s motion for judgment as a matter of law. The court held that Fresenius failed to show the patent’s invalidity by clear and convincing evidence, and the court awarded Baxter damages totaling approximately $14 million. On appeal in 2009, the CAFC affirmed the district court’s judgment, “conclud[ing] that Fresenius failed to present any evidence—let alone substantial evidence—that the [patent claims were invalid in light of] the prior art.” As to the other patents at issue, however, the CAFC reversed, vacating and remanding the damage award for further consideration.

Meanwhile, the district court litigation was still ongoing, Fresenius, in 2006, requested an ex parte reexamination of the Baxter patents by the USPTO. The patent examiner found that many of the prior art references, including those submitted before the district court during the ongoing litigation, rendered many of Baxter’s patent claims obvious and declared the claims invalid. Baxter subsequently appealed the examiner’s decision to the BPAI, which affirmed the examiner’s determination of invalidity. Although ordered to consider the CAFC’s opinion and recognize that the claims were not proven invalid in court, the BPAI held that because the USPTO applies

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95 *In re Baxter Int’l, Inc.*, 678 F.3d 1357 (Fed. Cir. 2012).
96 Id. at 1358.
97 Id.
98 Id. at 1360.
100 *In re Baxter*, 678 F.3d at 1360.
101 *Fresenius USA, Inc. v. Baxter Int’l Inc.*, 582 F.3d 1288, 1304 (Fed. Cir. 2009).
102 *In re Baxter*, 678 F.3d 1357, 1360.
103 Id.
104 Id.
105 The BPAI did not issue its decision on the examiner’s rejections until after the CAFC affirmed the district court’s ruling, although the Director ordered the Board to consider the CAFC’s opinion. Id.
"a lower standard of proof and the broadest reasonable interpretation standard of claim construction... the agency is not bound by the court's determination."106

On appeal, the CAFC upheld the decision of the BPAI.107 The majority again cited the rationale in Swanson as grounds for allowing this conflicting result.108 Judge Newman once again forcefully dissented, scolding the majority for failing to recognize the constitutional issue, that "[n]o authority, no theory, no law or history, permits administrative nullification of a final judicial decision. No concept of government authorizes an administrative agency to override or disregard the final judgment of a court. Judicial rulings are not advisory; they are obligatory."109

The majority, responding to Judge Newman's criticism, shied away from the constitutional issue and once again defended its holding based primarily on the same standard of proof distinction proffered in Swanson.110 However, this time the court curiously conceded that

[When a party who has lost in a court proceeding challenging a patent, from which no additional appeal is possible, provokes a reexamination in the [US]PTO, using the same presentations and arguments, even with a more lenient standard of proof, the [US]PTO ideally should not arrive at a different conclusion.111

106 Id. at 1360–61 (quoting Ex Parte Baxter Int'l, Inc., No. 2009-006493, 2010 WL 1048980 (B.P.A.I. Mar. 18, 2010)) (internal quotation marks omitted).
107 Id. at 1366.
108 Id. at 1364 ("[T]he PTO in reexamination proceedings and the court system in patent infringement actions 'take different approaches in determining validity and on the same evidence could quite correctly come to different conclusions.' " (quoting In re Swanson, 540 F.3d 1368, 1377 (Fed. Cir. 2008))).
109 In re Constr. Equip., 665 F.3d at 1366 (Newman, J., dissenting). Judge Newman also explained the policy rationale behind this by citing to the U.S. Supreme Court's language S. Pac. R.R. Co. v. United States, 168 U.S. 1, 49 (1897) ("This general rule is demanded by the very object for which civil courts have been established, which is to secure the peace and repose of society by the settlement of matters capable of judicial determination. Its enforcement is essential to the maintenance of social order; for the aid of judicial tribunals would not be invoked for the vindication of rights of person and property if, as between parties and their privies, conclusiveness did not attend the judgments of such tribunals in respect of all matters properly put in issue, and actually determined by them.").
110 Id. at 1364–65 (majority opinion).
111 Id. at 1365 (emphasis added).
Thus, despite its holding to the contrary, the majority seemed to agree that the court should not "elevat[e] a decision by the [US]PTO over a decision by a federal district court, which [] has been affirmed by th[e] [CAFC] . . . ."\textsuperscript{112}

Despite such acquiescence, the majority allowed this very questionable result to occur. Why?

The majority's primary rationale, as mentioned earlier, was that a uniform decision, although ideal, is not constitutionally compelled since federal courts and the USPTO apply differing standards of proof when determining the issue of patent validity.\textsuperscript{113} Second, while the court conceded that the USPTO should not arrive at a different conclusion than that reached by the CAFC in a prior civil proceeding (at least where the same presentations and arguments are considered), the court claimed that the USPTO was, in fact, presented with new arguments.\textsuperscript{114} In addition to the claims and references examined by the CAFC, the court found that the USPTO "relied on new prior art" references not previously considered by the CAFC.\textsuperscript{115}

Perhaps cognizant of the constitutional iceberg looming below the surface of its decision, or perhaps due to the infirmity of its own reasoning, the majority made clear that "this case is not about the relative primacy of the courts and the [US]PTO, about which there can be no dispute."\textsuperscript{116} Rather, the court continued, "we could not conclude that the [US]PTO was barred from conducting the reexamination of the []patent because of the final judgment . . . without overruling . . . Swanson, which we cannot do."\textsuperscript{117}

Perhaps, however, it is time for \textit{Swanson} to be overruled. With the AIA provisions aimed at making patent reexamination more accessible, the issue, if left unresolved, will likely intensify. If so, it may soon catch the eye of the United States Supreme Court. In fact, although on Nov. 5, 2013 an \textit{en banc} review of the \textit{Baxter} decision was denied, this time, Judge Newman was not alone in her dissenting opinion.\textsuperscript{118} Rather, the twelve-member Federal Circuit

\begin{flushright}
\textsuperscript{112} Id.
\textsuperscript{113} Id.
\textsuperscript{114} Id.
\textsuperscript{115} Id. Judge Newman highly doubted the veracity of this claim, believing it to be partly motivated by the majority's desire to avoid confronting the constitutional issue altogether. \textit{See id.} at 1369–70 (Newman, J., dissenting).
\textsuperscript{116} Id. at 1365 (majority opinion).
\textsuperscript{117} Id. Interestingly, the court offered no further explanation for its inability to overrule \textit{Swanson}, stating only that it "[is] bound to follow [its] own precedent as set forth by prior panels." \textit{Id.} (quoting Hometown Fin., Inc. v. United States, 409 F.3d 1360, 1365 (Fed. Cir. 2005) (internal quotation marks omitted)).
\textsuperscript{118} Fresenius USA, Inc. v. Baxter Intl Inc., 733 F.3d 1369, 1372 (Fed. Cir. 2013) (O'Malley, J., dissenting).
\end{flushright}
split 6–4 on the issue, with Judge Kathleen O'Malley opining\textsuperscript{119} that the "panel majority's decision in this case goes a long way toward rendering district courts meaningless in the resolution of patent infringement disputes."\textsuperscript{120}

If the Supreme Court's historical stance on the issue is any indication of how it might rule on this issue, the Court is less likely to rely on precarious principles of stare decisis, especially while a constitutional mammoth lurks in the forefront. Instead, based on the reasoning presented below, the Court may very likely overrule \textit{Swanson} and find the current practice of abrogating an Article III court's final decisions to be an unconstitutional encroachment upon the historic principles of separation of powers.

D. THE USPTO'S CURRENT STANDING AND THE ISSUE'S IMPENDING CONFLATION

The USPTO, although cognizant of these constitutional objections prior to the AIA's official enactment, maintains that "[t]he issuance of a final federal court decision upholding validity during an \textit{ex parte} reexamination . . . will have no binding effect on the examination of the reexamination."\textsuperscript{121} The USPTO bases its policy on the same rationale offered in \textit{Baxter}, \textit{Swanson}, and \textit{In re Construction Co.}, stating that:

\begin{quote}
[D]istrict courts and the Office use different standards of proof in determining invalidity, and thus, on the same evidence, could quite correctly come to different conclusions. Specifically, invalidity in a district court must be shown by "clear and convincing" evidence, whereas in the Office, it is sufficient to show nonpatentability by a "preponderance of evidence."\textsuperscript{122}
\end{quote}

Given the public's vast and increasing reliance upon patent reexamination in recent years, these new changes and provisions of the AIA are likely to amplify the current dissent among patent owners. The number of patent reexaminations has steadily risen in the last eight years,\textsuperscript{123} and because the new provisions of the AIA are aimed at further expanding the availability of

\footnotesize\textsuperscript{119} Although Judge O'Malley's opinion was laid out in a dissent separate from Judge Newman's, O'Malley stated, "I do agree with the panel dissent . . . that the panel majority's decision has constitutional implications arising from principles dating back to \textit{Marbury v. Madison}.
\textsuperscript{120} Id. at 1372, n.1.
\textsuperscript{121} Id. at 1372.
\textsuperscript{122} MPEP, \textit{supra} note 17, \S 2286(IV).
\textsuperscript{123} Id. (citing Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1427–28 (Fed. Cir. 1988)).
\textsuperscript{124} See Gardella & Berger, \textit{supra} note 4, at 381.
reexamination,124 this number is likely to increase even further. The natural result of this expansion, combined with the unsettled constitutional issue illuminated by Judge Newman,125 will logically lead to more contradictory, seemingly schizophrenic dissonance between the judicial and executive branches.

E. THE SUPREME COURT’S DEEPLY ROOTED VIEW OF SEPARATION OF POWERS

The Supreme Court has, throughout its history, consistently defended the constitutional doctrine of separation of powers.126 If the Supreme Court decides to hear the issue, its decision will likely parallel the rationale from its own holding in Plaut v. Spendthrift Farm, Inc.127

In Plaut, petitioner, Plaut, sued Spendthrift Farm, Inc. (Spendthrift) under § 10(b) of the Securities Exchange Act of 1934 (the Exchange Act).128 While this action was pending, the Supreme Court, in an unrelated case, ruled that any actions brought under the Exchange Act “must be commenced within one year after the discovery of the facts constituting the violation and within three years after [the] violation.”129 Since Plaut’s claim was not brought within the statute of limitations period, the district court dismissed the action.130

In direct response to the Supreme Court’s ruling, Congress enacted the Federal Deposit Insurance Corporation Improvement Act (FDICIA), which expressly allowed cases brought before, and dismissed because of, the Supreme Court’s ruling, to be reinstated by the courts.131 Pursuant to the FDICIA, Plaut motioned the district court to reinstate his action.132 The district court denied the motion, however, on grounds that the FDICIA unconstitutionally commanded the federal courts to reopen cases that had been finally adjudicated.133 Plaut appealed the district court’s decision all the way to the Supreme Court, which granted certiorari.134

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124 Id.
125 See supra notes 110, 116 and accompanying text.
126 See, e.g., So. Pac. R. Co. v. United States, 168 U.S. 1, 49 (1897) (holding that the Court could not rehear evidence that was finally adjudicated in former suits between the same parties).
130 Id. at 214.
132 Plaut, 514 U.S. at 215.
133 Id.
134 Id.
According to the Court, the question was whether Congress could require Article III courts to reopen cases on which the courts had already passed judgments. The Court answered in the negative, holding (on grounds eerily applicable to the AIA) that the FDICIA violated the constitutional doctrine of separation of powers. Justice Scalia, writing for the majority, explained:

[Power is the object of the separation-of-powers prohibition. The prohibition is violated when an individual final judgment is legislatively rescinded for even the very best of reasons, such as the legislature’s genuine conviction (supported by all the law professors in the land) that the judgment was wrong; and it is violated 40 times over when 40 final judgments are legislatively dissolved.]

When confronted with this reasoning, one argument that opponents assert in defense of the AIA is that Plaut is simply inapplicable. According to this view, the court in Swanson explicitly considered the Supreme Court’s holding in Plaut and nevertheless determined that the reasoning did not apply to the case. The justification for this holding anchors on the fact that two different standards of review apply in each proceeding. Specifically, the argument asserts that a finally adjudicated decision of patent validity and a subsequent USPTO decision of invalidity are not inconsistent, since both require different standards of proof. Thus, a subsequent USPTO decision that is contrary to the federal court’s holding is not actually reopening a final judgment, as was the

135 Id. at 213.
136 Id. at 217–18, 240.
137 Id. at 228.
139 Id.
140 Interestingly, the court seemed to recognize that “[t]he Supreme Court has repeatedly held that ‘Congress cannot vest review of the decisions of Article III courts in officials of the Executive Branch.’” In re Swanson, 540 F.3d at 1378 (quoting Plaut, 514 U.S. at 219 (internal quotation marks omitted)). In fact, the court even added, “ ‘[i]t has... been the firm and unvarying practice of Constitutional Courts to render no judgments not binding and conclusive on the parties and none that are subject to later review or alteration by administrative action.’” Id. at 1378–79 (quoting Chi. & S. Air Lines, Inc. v. Waterman S.S. Corp., 333 U.S. 103, 113–14 (1948)). Despite this recognition, the court nevertheless concluded that “the court’s final judgment and the examiner’s rejection are not duplicative—they are differing proceedings with different evidentiary standards for validity.” Id. at 1379.
141 Id. at 51 (citing In re Swanson, 540 F.3d 1368, 1378 (Fed. Cir. 2008)).
case in *Plant*, since the USPTO utilizes a different method in reaching its conclusion.

As sound as this argument may seem, it is doubtful the Supreme Court would agree. Justice Scalia, in the very same case, opined that such reasoning would:

> [L]ead to the conclusion that final judgments rendered on the basis of a stringent (or, alternatively, liberal) rule of pleading or proof may be set aside for retrial under a new liberal (or, alternatively, stringent) rule of pleading or proof. This alone provides massive scope for undoing final judgments and would substantially subvert the doctrine of separation of powers.\(^{142}\)

Furthermore, to the extent this argument is advanced to fend off a similar conclusion on collateral estoppel grounds, it is not so persuasive. Collateral estoppel, more commonly known as issue preclusion, is the common law estoppel doctrine preventing a party from relitigating an issue already litigated in a prior proceeding.\(^{143}\) In the Supreme Court's words, "once a court has decided an issue of fact or law necessary to its judgment, that decision ... preclude[s] relitigation of the issue in a suit on a different cause of action involving a party to the first case."\(^{144}\) An exception exists, however, for differing evidential standards—where the "party against whom preclusion is sought had a significantly heavier burden of persuasion with respect to the issue in the initial action than in the subsequent action."\(^{145}\) The rationale is that a party who was unable to sufficiently establish a fact by clear and convincing evidence, for example, may be able to establish the same fact under a more lenient standard, such as by a preponderance of the evidence. Given this exception, and the differing standards of proof involved in deciding questions of nonobviousness, any argument based on issue preclusion appears untenable. However, this exception relates only to methods of factual determination, not determinations of law. A differing standard of proof should have no bearing on the judge's ultimate pronouncement of the law, as evidence and proof do not determine the law itself. Insofar as the exception is based on such determinations of nonobviousness, it is inapplicable. In fact, the Supreme Court has itself stated that the "ultimate judgment of obviousness is a legal determination,"\(^{146}\) and that

\(^{142}\) *Plant*, 514 U.S. at 229.
\(^{143}\) See *In re Commitment to Sorenson*, 248 Wis. 2d 237, 243 (2001).
\(^{145}\) *RESTATEMENT (SECOND) OF JUDGMENTS* § 28(4) (2013).
"[w]here the ultimate question of patent validity turns on the correct answer to legal questions—what these subsidiary legal standards mean or how they apply to the facts as given—today's strict standard of proof has no application."147

What truly distinguishes Plaut from Baxter, Swanson, and In re Construction Co., and what truly motivates the Court's opinion, as Scalia's words reveal, has less to do with classifications of standards of proof or principles of stare decisis, and more to do with the deeper concept of separation of powers and its profound constitutional role in our political system. The Framers of the Constitution would not have assented to an executive adoption of a differing standard of proof as a means to circumvent the separation of powers prohibition.148 To hold otherwise invites the notion that the Constitution provides absolutely no protection to one branch of government if another finds a "legal" loophole to divest it of original power.149 This would render futile not only the separation of powers principles embodied in the Constitution, but the Framers' intentions in creating them.150

Opponents also argue that the line of cases including Swanson and Baxter are distinguishable from Plaut in that the power to enact patent laws, unlike statutes of limitations, is specifically granted to Congress in the Constitution.151 Given such explicit, broad constitutional control over patent legislation, it is argued that separation-of-powers issues should not be of such concern as they were in Plaut.152 Justice Scalia, however, acknowledged in Plaut that

[T]he length and indeed even the very existence of a statute of limitations upon a federal cause of action is entirely subject to congressional control. But virtually all of the reasons why a final judgment on the merits is rendered on a federal claim are subject to congressional control. Congress can eliminate, for example, a particular element of a cause of action that plaintiffs have found

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147 Microsoft Corp. v. i4i Ltd., 131 S. Ct. 2238, 2253 (2011) (Breyer, J., concurring).
148 See In re Constr. Equip. Co., 665 F.3d 1254, 1258–59 (Fed. Cir. 2011) ("Article III, § 1 safeguards the role of the Judicial Branch in our tripartite system by barring congressional attempts to transfer jurisdiction... thereby preventing 'the encroachment... of one branch at the expense of another.'") (quoting Commodity Futures Trading Comm'n v. Schor, 478 U.S. 833, 850 (1986) (internal quotation marks omitted)).
149 See Cooper & Colatriano, supra note 138, at 51.
150 See Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1429 (Fed. Cir. 1988).
151 See 157 CONG. REC. S5, 374 (daily ed. Sept. 7, 2011) (statement of Michael W. McConnell); see also U.S. CONST. art. 1, § 8, cl. 8 (granting Congress the power "[t]o 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.").
152 157 CONG. REC. S5, 374.
it difficult to establish; or an evidentiary rule that has often excluded essential testimony; or a rule of offsetting wrong (such as contributory negligence) that has often prevented recovery. *To distinguish statutes of limitations on the ground that they are mere creatures of Congress is to distinguish them not at all.*153

Thus, Justice Scalia explicitly rejected this distinction. Rather, the underlying rationale of the decision in *Plaut* is based more on the Supreme Court’s “prophylactic” role in upholding separation-of-powers principles—when Congress instructs courts to reopen a final judgment, it may be impossible to discern any encroachment into the judiciary’s sphere of authority. Nevertheless, “the doctrine of separation of powers is a structural safeguard rather than a remedy to be applied only when specific harm, or risk of specific harm, can be identified.”154 Furthermore, conspicuously absent from the rationales supporting the holdings of *Baxter, Swanson,* and *In re Construction Co.* is an analysis of the constitutional basis and purposes of the separation-of-powers principles embedded in the Constitution. This is particularly worrisome given the fact that a very similar analysis served as the framework for the Court’s holding that Congress encroached on separation of powers in *Plaut.*155 Again, the CAFC in *Swanson, Baxter,* and *In re Construction Co.* seemed to ignore the primary basis behind the Court’s holding, preferring to focus instead on subtle distinctions of standards of proof.

Although the CAFC’s rigid stance seems less tenable in light of *Plaut,* prominent scholars have advanced a clever argument which purports to avoid any implication of separation of powers whatsoever. These scholars argue that when the CAFC affirms a PTAB decision that a patent is *invalid,* the CAFC is not overruling its prior holding that the patent was *not proven invalid.*156 In other words, the two outcomes are not technically contradictory, even if they appear to be, since in upholding a patent’s validity, the court is effectively stating only that the patent is *not invalid,* rather than affirmatively declaring it valid. Under such an analysis, the USPTO’s subsequent decision does not have the effect of forcefully reopening a finally adjudicated judgment of the CAFC. Instead it is

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153 *Plaut,* 514 U.S. at 228–29 (second emphasis added).
154 Id. at 239 (“In its major features (of which the conclusiveness of judicial judgments is assuredly one) it is a prophylactic device, establishing high walls and clear distinctions because low walls and vague distinctions will not be judicially defensible in the heat of interbranch conflict.”).
155 See *Plaut v. Spendthrift Farm, Inc.*, 514 U.S. 211, 220 (1995) (discussing the Framers’ rationale behind the separation-of-powers doctrine in finding that Congress had violated those principles).
argued that the USPTO’s decision merely has the effect of an advisory opinion. The other party can then use the decision to move the district court to set aside the prior adverse judgment pursuant to Federal Rule of Civil Procedure (FRCP) 60(b). This rule allows a court, upon motion, to

[R]elieve a party . . . from a final judgment, order, or proceeding for the following reasons: (1) mistake, inadvertence, surprise, or excusable neglect . . . (5) the judgment has been satisfied, released or discharged; it is based on an earlier judgment that has been reversed or vacated; or applying it prospectively is no longer equitable; or (6) any other reason that justifies relief.

Thus some argue that the USPTO’s decision neither negates nor invariably forces open a court’s final judgment, since the district court retains ultimate discretion on whether to alter its original judgment.

However theoretically sound this argument may seem, practical reality illuminates its weakness and compels a contrary conclusion. Since the USPTO would have invalidated the patent from which the original judgment was based, it is likely that a court will almost always find that FRCP 60(b) justifies a favorable ruling on the motion.

Additionally, to lend credence to this argument would be to assume that Congress, in elaborating and providing for expedient reexamination procedures, intended the USPTO’s decisions to have a mere advisory character. Such an assumption would plainly contravene Congress’s explicit purpose in establishing reexamination procedures in the first place. Rather than promoting efficiency and encouraging the preservation of judicial resources, a procedure that results in a mere advisory opinion would directly hinder these goals.

157 Id.; see also Fed. R. Civ. P. 60(b).
158 Because of the significant policy and constitutional arguments in support of final judgments, a court is to grant relief only under exceptional circumstances. See, e.g., R.C. ex rel. Ala. Disabilities Advocacy Program v. Nachman, 969 F. Supp. 682, 690 (M.D. Ala. 1997).
160 Cooper & Colatriano, supra note 138, at 52.
161 Id.
Perhaps the most compelling argument from the opposing side concerns the inherent nature of patents.\footnote{163 Cooper & Colatriano, supra note 138, at 51.} Since patents are inherently complex and dynamic in scope, it does not comport with their changing nature to treat the CAFC’s decisions on validity as perpetually binding. If the USPTO erred in granting a patent, for example, it is economically insensible to cement the error for eternity simply because the CAFC ruled on the issue before the USPTO had a chance to correct its mistake.\footnote{164 Letter from Michael W. McConnell, supra note 159.} If patent law can be finally decided by courts, why would Congress give the USPTO the executive authority to grant patents in the first place?

Prior to addressing this question, it is important to highlight a point that this argument raises but does not adequately address. If a CAFC decision upholding a patent’s validity stands despite a subsequent USPTO decision to the contrary, this does not permanently freeze the patent’s status as valid. Rather, this would only be the case with respect to a party who was previously subject to an adverse ruling by the CAFC.\footnote{165 See Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1429 (Fed. Cir. 1988) (“[W]here a patent has been declared invalid in a proceeding in which the patentee has had a full and fair chance to litigate the validity of his patent… the patentee is collaterally estopped from relitigating the validity of the patent.” (quoting Miss. Chem. Corp. v. Swift Agric. Chem. Corp., 717 F.2d 1374, 1376 (Fed. Cir. 1983) (quoting Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found., 402 U.S. 313, 333 (1971))]).} As to any other party, the CAFC’s decision would not be binding.\footnote{166 See id. (“[A] party charged with infringement may challenge ‘the validity of patent claims that were upheld in a prior infringement suit to which it was not a party.’” (quoting Allen Archery, Inc. v. Browning Mfg. Co., 819 F.2d 1087, 1091 (Fed. Cir. 1987))).} This affords the USPTO the flexibility it needs to regulate patents, while providing patent owners with the comfort and security of a final judgment. Thus, while the USPTO is free to correct mistakes in issuing patents when it feels necessary, it would be prohibited from reopening and altering finally adjudicated decisions in particular instances, much like the result in \textit{Plaut.}

However, the present law, as upheld by the CAFC, does not allow for such a sensible result. Instead, the USPTO, in reopening final judgments, and the CAFC, in affirming these decisions, are violating principles of separation of powers by nullifying the quintessential role of finality in judicial decisions. As the dissent stated in \textit{Baxter}, finality “predates the Republic. It ‘has found its way into every system of jurisprudence, not only from its obvious fitness and...
propriety, but because without it, an end could never be put to litigation."  

Finality is so critical to our system of law that the Supreme Court, in Southern Pacific Railroad Co. v. United States, deemed it elementary in maintaining the very social order that our judicial system is charged with protecting:

This general rule is demanded by the very object for which civil courts have been established, which is to secure the peace and repose of society by the settlement of matters capable of judicial determination. Its enforcement is essential to the maintenance of social order; for, the aid of judicial tribunals would not be invoked for the vindication of rights of person and property if, as between parties and their privies, conclusiveness did not attend the judgments of such tribunals in respect of all matters properly put in issue and actually determined by them.

This reasoning is not to be limited in particular instances. The finality of a judicial decision is to be binding on all departments of the government and "may not lawfully be revised, overturned or refused faith and credit by another Department of Government." Even considering the dynamic nature of patents, the USPTO's current stance goes too far. For an agency which strives to fulfill its mandate of assuring equal fairness and uniformity in patent administration, the USPTO startlingly allows for the utter disregard of federal court determinations of patent law disputes—especially without so much as deferring to the court's finding of fact or law.

V. PARADOXICAL ECONOMIC AND EFFICIENCY BURDENS OF THE AIA

Congress established ex parte reexamination as an alternative system to costly and time-consuming court proceedings. The purpose of ex parte


168 So. Pac. R. Co. v. United States, 168 U.S. 1, 49 (1897).


170 H.R. REP. NO. 96-1307, pt. 1, at 3–4 (1980), reprinted in 1980 U.S.C.C.A.N. 6462, 6463; see also Patent Reexamination: Hearing on S. 1679 Before the S. Comm. on the Judiciary, 96th Cong. 15–16 (1979) (statement of Sidney Diamond, Comm'r, U.S. Patent and Trademark Office) ("Reexamination would eliminate or simplify a significant amount of patent litigation. In some cases, the [US]PTO would conclude as a result of reexamination that a patent should not have issued. A certain amount of litigation over validity and infringement thus would be completely avoided.").
reexamination was to streamline the process and reduce costs. But ex parte reexamination was meant as an alternative to court litigation, not an additional route. By allowing an unsuccessful party in court a subsequent opportunity to succeed on the same claim through a reexamination proceeding, the underlying purposes and benefits of ex parte reexaminations are lost. Instead of reducing costs and streamlining the system, the system drains both time and money from patent owners and the judicial system as a whole.

On the other hand, respecting the finality of judicial decisions promotes the economic and efficiency rationales behind reexaminations. For example, in *Allen v. McCurry*, the Supreme Court stated that finality "relieve[s] parties of the cost and vexation of multiple lawsuits, conserve[s] judicial resources, and, by preventing inconsistent decisions, encourage[s] reliance on adjudication." Allowing the USPTO to undo the finality of a judicial court's decision between the same parties seldom serves these economic aims.

In fact, in creating the reexamination process, Patent Commissioner Sidney Diamond stressed the importance of "carefully protect[ing] patent owners from reexamination proceedings brought for harassment or spite." Relatedly, while the reexamination system was being created, a key consideration by commentators was the fact that

[A] party threatened with litigation has the opportunity to file reexamination requests on the patents concerned or, without doing anything, has the threat of such action to use in any negotiation which may be in progress. Likewise, a threatened party also has the opportunity of putting a number of patents into reexamination which are not even related to the subject matter of

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171 H.R. REP. NO. 96-1307, pt. 1, at 3–4 (1980); see also 126 CONG. REC. 30,364 (1980) (statement of Sen. Bayh) ("Reexamination will allow patent holders and challengers to avoid the present costs and delays of patent litigation.... Patent reexamination will also reduce the burden on our overworked courts by drawing on the expertise of the Patent and Trademark Office....").


173 See 126 CONG. REC. 29,901 (1980) (statement of Rep. Hollenbeck) ("As a result of the provision for reexamination, the potential conflict can be settled by the Patent Office itself in far shorter time and at far smaller expense to the challenger or to the patent holder than would be the case if the only recourse was through the court system.").

174 *Industrial Innovation and Patent and Copyright Law Amendments: Hearings on H.R. 6933, 6934, 3806, 2414 Before the Subcomm. on Courts, Civil Liberties and the Admin. of Justice of the H. Comm. on the Judiciary, 96th Cong. 594 (1980) (statement of Sidney Diamond, Comm'r, PTO) ("The possibility of harassing patent owners is a classic criticism of some foreign reexamination systems and we made sure it would not happen here.").
the threat. Thus, even where the party threatened with litigation is in a relatively weak position with respect to the asserted patents, he can very viably threaten to retaliate against the patent owner by counter-attacking where the patent owner is in a relatively weak position.175

Considering the public's increasing reliance on patents in the United States and the AIA's goals of increasing the availability of reexamination, it seems likely that we are going to see more of what the creators of reexamination sought to avoid.176 Judge Newman herself was one of the first initiators of the patent reexamination system.177 True to this argument, Judge Newman emphasized that she "support[s] the concept of reexamination as an efficient and economical alternative to litigation in appropriate cases," but was concerned about "the distortion of this purpose, which was designed to provide a path to relief not available through the existing examination process."178 Although Congress has the constitutional power to legislate in the area of patent law, and though the USPTO has full authority to act within its congressional mandate, the constitutional inquiry should not end here.

It appears that the Supreme Court agrees. In the words of the Court

Deciding whether a matter has in any measure been committed by the Constitution to another branch of government, or whether the action of that branch exceeds whatever authority has been committed, is itself a delicate exercise in constitutional interpretation, and is a responsibility of this Court as ultimate interpreter of the Constitution.179

Should the legislature forgo the opportunity to amend the AIA in light of its deficiencies, this constitutional iceberg will continue to resurface. Only this

176 See Fresenius USA, Inc. v. Baxter Int'l, Inc., 733 F.3d 1369, 1381 (Fed. Cir. 2013) (expressing concern that "even years of litigated decisions, which may be affirmed piecemeal, could be rendered meaningless by much later [US]PTO decisions. And, when trial courts come to understand the fragility of their judgments, stays in the face of reexaminations—which the [US]PTO grants over 92% of the time—will become inevitable.").
177 Id. at 1383 (Newman, J., dissenting) ("I was one of the initiators of the reexamination system, the product of the Carter Commission on which I served. My concern is its abuse.").
time, the Supreme Court will most likely take issue with the generation of powers issues CAFC so readily dismissed.

VI. CONCLUSION

A well-functioning patent system is quintessential to the United States’ economic and spiritual vitality. With the larger role and increasing necessity of patents in our society, it is essential for Congress to periodically update the system to keep pace with the rapid advances in technology and the world economy. Its most recent patent reform effort, the America Invents Act, though well-intended, will likely result in less protection and more vulnerability for patent holders. The AIA permits results that are inefficient and at odds with the reasons for establishing ex parte reexaminations in the first place. This Act makes substantive changes that impose significant burdens on patent holders and implicate profound constitutional uncertainties. The procedural changes, which are aimed at increasing the availability of reexaminations, will likely serve only to amplify the frequency of these burdens and further the harm to patent holders. Absent congressional amendments to the AIA, these issues may soon find their way to the Supreme Court, and with a favorable ruling for patent holders.