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A BALANCED CONSIDERATION OF THE FEDERAL CIRCUIT'S CHOICE-OF-LAW RULE

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Abstract

The Federal Circuit's jurisdiction is unique. Unlike the jurisdiction of all other U.S. courts of appeals, the Federal Circuit's jurisdiction is defined not by its geographical boundaries, but rather by the subject matter of the original claims and compulsory counterclaims. The court has appellate jurisdiction over final decisions from all U.S. district courts if a plaintiff's claim or a party's counterclaim arises under the patent laws. From this unusual jurisdictional grant, the Federal Circuit has concluded that, as a policy matter, it should apply and develop its own law only if the legal issue pertains to patent law. For all other legal issues, the Federal Circuit defers to the law of the court of appeals in which the case originated—i.e., it applies the procedural law and the non-patent substantive law of the regional circuits.

This Article undertakes a thorough evaluation of the Federal Circuit's choice-of-law rule. It examines how the rule compares against the congressional objectives reflected in the court's enabling statute as well as against possible alternative rules. In addition, it considers how the court's rule causes the court to depart from the trans-substantivity principle of procedural law and a related principle of equity in a non-transparent manner, and, in doing so, engage in substantive lawmaking that may be beyond the court's authority. Finally, this Article contemplates solutions beyond a mere change in the court's choice-of-law rule.

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I. INTRODUCTION

In a 2014 decision, *In re Barnes & Noble, Inc.*,[1] the Federal Circuit reviewed a district court's decision denying the defendant's motion to transfer.[2] The defendant petitioned the Federal Circuit for a writ of mandamus, ordering the U.S. District Court for the Western District of Tennessee to vacate its order denying the defendant's motion to transfer the case to the U.S. District Court for the Northern District of California, and ordering the court to transfer the case.[3] Ultimately, the Federal Circuit denied the defendant's writ, causing the case to remain in the Western District of Tennessee.[4]

The Federal Circuit's decision is short. But it yielded a dissent.[5] At first blush, the disagreement between the majority and the dissent appears to be about what law should apply: the law of the Fifth Circuit or the law of the Sixth Circuit.[6] This disagreement, alone, is a bit peculiar. After all, federal appellate courts typically apply their own law or the law of the court that directly reviews their decisions—that is, the law of the Supreme Court.

The Federal Circuit, however, applies an unusual choice-of-law rule. Pursuant to the rule, the court considers not which of two or more *states' or nations'* laws it should apply by doing a comparative analysis of the sovereigns' laws and interests.[7] Rather, the court considers which *court of appeals'* law to apply—its own law or the law of the regional circuit court in which the case originated. Pursuant to this rule, the Federal Circuit applies and develops its own law only if the legal issue pertains to patent law.[8] For all other legal issues, the Federal Circuit defers to the law of the court of appeals that embraces the district court in which the case first arose. Thus, the Federal Circuit "review[s] procedural matters, that are not unique to patent issues, under the law of the particular regional circuit court where appeals from the district court would normally lie."[9] And it reviews non-patent, substantive law issues under the law of the regional circuit court in which the case originated.[10] For

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[1] 743 F.3d 1381 (Fed. Cir. 2014).

[2] *Id.* at 1382.

[3] *Id.*

[4] *Id.* at 1384.

[5] *Id.* at 1384–85.

[6] *Id.* at 1384–85.

[7] *See* RESTATEMENT (SECOND) OF CONFLICTS OF LAW § 2 (AM. LAW. INST. 1971); *id.* § 6 (discussing choice-of-law analysis).

[8] *See* Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1573 (Fed. Cir. 1984) (per curiam) ("The requirement to obey the law of its circuit causes practitioners and district judges, in general, to follow the substantive patent law as set forth by this court in 'patent' cases and to follow the 'general' laws as set forth by their regional circuit court in non-patent cases.").

[9] *Id.* at 1574–75.

[10] *See* Atari, Inc. v. JS & A Group, Inc., 747 F.2d 1422, 1439 (Fed. Cir. 1984) ("The freedom of the district courts to follow the guidance of their particular circuits in all but the substantive law fields assigned exclusively to this court is recognized in the foregoing

example, when the Federal Circuit reviews a district court's decision to grant or deny a motion to transfer pursuant to 28 U.S.C. § 1404(a), it will apply the precedent of the regional court of appeals in which the case originated.[11] Thus, if a case originated in the U.S. District Court for the Eastern District of Texas, but was transferred to the Northern District of California, a plaintiff's petition for writ of mandamus to the Federal Circuit challenging the transfer would be reviewed under the law of the Fifth Circuit, where the Eastern District of Texas is located.

The court's rule derives from the court's unique jurisdictional grant. Unlike the jurisdiction of all other U.S. courts of appeals, the Federal Circuit's jurisdiction is defined not by its geographical boundaries, but rather by the subject matter of the original claims and compulsory counterclaims. The Federal Circuit has appellate jurisdiction over final decisions from all U.S. district courts if at least one of the plaintiff's claims or a party's compulsory counterclaim "aris[es] under" the patent laws.[12] As a result of this jurisdictional grant, the Federal Circuit can review decisions from all ninety-four federal district courts, situated within all twelve of the regional circuits. Appeals from cases that do not—and never did[13]—contain issues of patent law, however, are appealed to the regional circuit court embracing the district court.[14] Thus, following the Federal Circuit's creation, some of the cases decided by district courts are appealable to the regional circuit courts, while others are appealable to the Federal Circuit. Mindful of the challenge these dual appellate paths present to the district courts, especially when deciding procedural issues, the Federal Circuit adopted its choice-of-law rule "as a matter of policy."[15]

The Federal Circuit's choice-of-law rule has prompted criticism from scholars and commentators, particularly as the rule relates to procedural law. Most have noted the incoherence, inconsistent application, and unworkability of the rule.[16] The

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opinions and in this case.").

[11] *See Barnes & Noble*, 743 F.3d at 1383.

[12] *See* 28 U.S.C. § 1295(a)(1) (2018).

[13] *See infra* note 264.

[14] *See* 28 U.S.C. § 1294(1) (2018).

[15] Panduit Corp v. All States Plastic Mfg. Co., 744 F.2d 1564, 1574–75 (Fed. Cir. 1984) (per curiam).

[16] *See, e.g.*, Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 40 (1989) [hereinafter Dreyfuss, *A Case Study*] ("The indeterminacy of the [Federal Circuit's] line drawing has led different panels to reach inconsistent conclusions on whether regional law or Federal Circuit law applies to given procedural issues."); *id.* at 59 ("The rule requiring the [Federal Circuit] to defer to regional law in nonpatent substantive areas does not work well . . . ."); *see also* Kimberly A. Moore, *Juries, Patent Cases, & a Lack of Transparency*, 39 HOUS. L. REV. 779, 800 (2002) ("While seemingly straight-forward, the current choice of law rule, requiring the court to apply regional circuit law on a procedural issue unless it is 'unique to' patent law, has proven elusive in practice."); *see generally* Peter J. Karol, *Who's at the Helm? The Federal Circuit's Rule of Deference and the Systematic Absence of Controlling Precedent in Matters of Patent Litigation Procedure*, 37 AIPLA Q. J. 1 (2009) (noting the rule's "mutability and uncertain usage"); Ted L. Field, *Improving the Federal Circuit's Choice of Law for Procedural*

disagreement between the majority and the dissent in *Barnes & Noble* over the appropriate precedent suggests there is something to these critiques. Most commentators have accordingly proposed that the Federal Circuit discard its choice-of-law rule and, instead, develop and apply its own procedural law.[17] Some have proposed a systematic approach for determining whether a case raises a procedural issue pertinent to patent law.[18] Yet others have simply implored the Federal Circuit for more guidance.[19]

This Article takes a more cautious approach. First, it undertakes a more thorough evaluation of the Federal Circuit's choice-of-law rule, including how the rule fits the congressional objectives reflected in the court's enabling statute and how it compares to alternative rules. One of those objectives was to develop patent law in a more uniform manner; an insight of this Article's evaluation is that the court's rule undermines its efforts to unify patent law. Second, this Article considers how the rule causes the court to depart from the trans-substantivity principle of procedural law and a related principle of equity. One understanding of that principle of equity requires judges to treat substantively similar cases in a procedurally *similar*

Matters in Patent Cases, 16 GEO. MASON L. REV. 643, 664–65 (2009) (noting the Federal Circuit's many articulations and inconsistent applications its choice-of-law rule); Roni A. Elias, *Towards Solving the Problem of a Substantive-Law Circuit in a Regional Appellate System: How to Reform the Jurisdictional and Choice-of-Law Rules for the Federal Circuit to Promote Uniformity and Predictability in Patent Law*, 98 J. PAT. & TRADEMARK OFF. SOC'Y 40, 65 (2016) ("Because these [choice-of-law] rules are complex and interdependent, it is not always clear during litigation in the district court which rules of law should apply.").

[17] *See, e.g.*, Dreyfuss, *A Case Study*, *supra* note 16, at 44–45 (suggesting that the Federal Circuit permit parties to sever issues "far removed from patent law," try them separately, and appeal them to the regional circuits, and that the Federal Circuit apply its own law to all other issues appealed to it "in the same way that every other federal appellate court is permitted to construe open issues of federal law"); *see also* Moore, *supra* note 16, at 800 (considering the Federal Circuit's choice-of-law rule and its effects on the court's ability to control the form of jury verdicts and proposing the court "apply its own law to all procedural issues arising in patent cases"); Karol, *supra* note 16, at 3 (suggesting the Federal Circuit apply its own law to procedural issues); Field, *supra* note 16, at 692–98 (suggesting the Federal Circuit "apply its own law to all procedural issues"). *But see* Joan E. Schaffner, *Federal Circuit "Choice of Law":* Erie *Through the Looking Glass*, 81 IOWA L. REV. 1173, 1178–79 (1996) (proposing the Federal Circuit adopt a new choice-of-law rule, pursuant to which the court would defer to the regional circuit law on "procedural issues that have little or no impact on patent policy").

[18] *See* Sean M. McEldowney, Comment, *The "Essential Relationship" Spectrum: A Framework for Addressing Choice of Procedural Law in the Federal Circuit*, 153 U. PA. L. REV. 1639, 1673–76 (2005) (describing a "spectrum" of relationships between procedural and substantive patent law issues and suggesting the Federal Circuit contextualize issues along the spectrum).

[19] Adam E. Miller, Note, *The Choice of Law Rules and the Use of Precedent in the Federal Circuit: A Unique and Evolving System*, 31 OKLA. CITY U. L. REV. 301, 328 (2006) (reviewing the Federal Circuit's choice-of-law case law and arguing for "clear guidance on what law to apply and when").

manner in an effort to constrain judicial lawmaking. This Article therefore considers whether the court's rule causes the court to treat substantively similar cases in a procedurally *different*—and non-transparent—manner and, in doing so, to engage in lawmaking that may be beyond the limits of its authority. Third, this Article contemplates solutions beyond a mere change in the court's choice-of-law rule.

This Article proceeds in four parts. Part II describes the background that gave birth to the Federal Circuit's choice-of-law rule. It recounts the history of the Federal Circuit, explains the contours of the court's unique jurisdiction, and describes the principle cases in which the court adopted and refined its rule. Part III undertakes a balanced consideration of the court's rule, examining both its positive and negative attributes. But this evaluation, alone, does not reveal the rule's relative worth. Part IV, therefore, examines the virtues and flaws of alternative choice-of-law rules. Finally, Part V concludes by considering structural solutions that could obviate the need for a choice-of-law rule altogether.

II. THE BIRTH OF THE FEDERAL CIRCUIT'S CHOICE-OF-LAW RULE

A. The History of the Federal Circuit

The Federal Circuit was established by the Federal Courts Improvement Act ("FCIA") of 1982.[20] Congress created the court in response to the findings of the Hruska Commission,[21] which undertook to study the federal judiciary.[22] Congress rejected the Commission's primary recommendation of creating a National Court of Appeals, but it responded to a secondary finding that patent law presented a special problem.[23] The Commission's report noted that uniformity of patent law was a primary concern of practicing patent attorneys.[24] The biggest perceived problem was intra- and inter-circuit conflicts that arose from differences in the application of the

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[20] Federal Courts Improvement Act (FCIA) of 1982, Pub. L. No. 97-164, 96 Stat. 25 (1982).

[21] The Commission's formal name was the Commission on Revision of the Federal Court Appellate System, but it became known as the Hruska Commission because Senator Roman L. Hruska served as the Commission's chairman. *See* COMMISSION ON REVISION OF THE FEDERAL COURT APPELLATE SYSTEM, STRUCTURE AND INTERNAL PROCEDURES: RECOMMENDATIONS FOR CHANGE, *as reprinted in* 67 F.R.D. 195, 196 (1975) [hereinafter RECOMMENDATIONS FOR CHANGE]; *see also* Jack B. Owens, Commentary, *The Hruska Commission's Proposed National Court of Appeals*, 23 UCLA L. REV. 580, 580 (1976) (noting that the Commission was "undoubtedly to be known as the Hruska Commission").

[22] *See* RECOMMENDATIONS FOR CHANGE, *supra* note 21, at 207–08.

[23] *See id.* at 369–71 (noting that problems existed with patent adjudication).

[24] *See id.* at 370 (noting that patent consultants, Professor James B. Gambrell and Donald R. Dunner, indicated that their "collective experience" led them to believe that "the lack of uniformity in decisions on patent-related issues has been a widespread and continuing fact of life" and that the study "merely confirm[ed]" their judgment).

law.[25] In addition, the report noted forum shopping was a concern.[26] Moreover, what was ultimately lacking, the report suggested, was "guidance and monitoring by a single court whose judgments are nationally binding."[27] The Supreme Court had failed to fill this role, so the report recommended the "creation of a national court."[28]

The legislative history of FCIA reflects these concerns. It reveals that a primary purpose of creating the Federal Circuit was to create uniformity in the field of patent law. The Senate Judiciary Committee explained that one of the primary purposes of FCIA was to address a congressionally-determined need for uniformity.[29] The Committee traced a lack of uniformity to the inability of the decisions of any one court of appeals to be binding on the others.[30] The creation of the Federal Circuit was meant to address this problem: "The establishment of the Court of Appeals for the Federal Circuit [ ] provides a forum that will increase doctrinal stability in the field of patent law."[31] A House Judiciary Committee Report similarly explained that "the central purpose [of the FCIA] is to reduce the widespread lack of uniformity and uncertainty of legal doctrine in the administration of patent law."[32] The Committee noted that patent litigation was characterized by "unsettling

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[25] *See id.* (reporting that forty-eight percent of respondents to a survey indicated that inter-circuit conflicts "was a cause of considerable impact on disputes involving patent-related issues"); *id.* ("Analysis of the data suggested that 'most of the problem lies in the intra- and inter-circuit conflicts which arise by virtue of the differences in applying the law to the facts in particular cases before the court.'").

[26] *See id.* at 220 ("[T]he perceived disparity in results in different circuits leads to widespread forum shopping."); *id.* at 370 ("'[D]irectly attributable' to differences in the interpretation of and application of the law are 'forum disputes and the extensive forum shopping that goes on.'").

[27] *Id.* at 371.

[28] *Id.*

[29] S. REP. NO. 97-275, at 2 (1981), *as reprinted in* 1982 U.S.C.C.A.N. 11, 12; *see also* S. REP. NO. 97-275, at 4 (1981), *as reprinted in* 1982 U.S.C.C.A.N. 11, 14 ("The creation of the Court of Appeals for the Federal Circuit provides such a forum for appeals from throughout the country in areas of the law where Congress determines that there is special need for national uniformity.").

[30] S. REP. NO. 97-275, at 3 (1981), *as reprinted in* 1982 U.S.C.C.A.N. 11, 13. The report explains,

> A decision in any one of the twelve regional circuits is not binding on any of the others. . . . Consequently, there are areas of the law in which the appellate courts reach inconsistent decision [sic] on the same issue, or in which—although the rule of law may be fairly clear—courts apply the law unevenly when faced with the facts of individual cases. The difficulty here is structural. Since the Supreme Court's capacity to review cases cannot be enlarged significantly, the remedy lies in some reorganization at the intermediate appellate level . . . .

Id.

[31] S. REP. NO. 97-275, at 5 (1981), *as reprinted in* 1982 U.S.C.C.A.N. 11, 15.

[32] H.R. REP. NO. 97-312, at 23 (1981).

inconsistency in adjudications."[33] Conflicting decisions, both the Senate and the House Judiciary Committees noted, created uncertainty.[34] In addition, both the Senate and the House Judiciary Committees noted that the creation of the Federal Circuit was meant to address the "acute" problem of forum shopping.[35]

Finally, although lawmakers intended for the Federal Circuit to unify matters of patent law, Congress indicated that it did not intend to create a "specialized court,"[36] as such. One of the reasons offered in support of the creation of the Federal Circuit was that deciding issue after issue of patent law would enable the judges of the Federal Circuit to hone their skills as patent law jurists and become efficient at deciding patent law issues. During a hearing related to the creation of the Federal Circuit, Howard Markey, who would later become the first Chief Judge of the Federal Circuit, explained, "[I]f I am doing brain surgery every day, day in and day out, chances are very good that I will do your brain surgery much quicker, or a number of them, than someone who does brain surgery once every couple of years."[37] However, as discussed in the next Section, Congress gave the Federal Circuit jurisdiction over a number of other types of disputes to prevent the costs of

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[33] H.R. REP. NO. 97-312, at 20 (1981). The legislative history also suggests lawmakers were concerned with uniformity in the "administration" of the law. *See* H.R. REP. NO. 97-312 (1981) ("Even in circumstances in which there is no conflict as to the actual rule of law, the courts take such a great variety of approaches and attitudes toward the patent system that the application of the law to the facts of an individual case produces unevenness in the administration of the patent law."); *see also* S. REP. NO. 97-275, at 3 (1981), *as reprinted in* 1982 U.S.C.C.A.N. 11, 13 ("The creation of a new Court of Appeals for the Federal Circuit . . . addresses these structural problems. . . . It improves the administration of the system by reducing the number of decision-making entities within the federal appellate system."). Ultimately, however, uniformity in the administration of the law appears at bottom to be a concern about doctrinal uniformity.

Congress did not find the "unsettling inconsistency in adjudication" of patent litigation any more troubling than other inconsistencies among circuits found in other areas of law. Hence, it is questionable whether the creation of the Federal Circuit is well justified. However, consideration of that issue is beyond the scope of this Article.

[34] S. REP. NO. 97-275, at 5 (1981), *as reprinted in* 1982 U.S.C.C.A.N. 11, 15 ("[I]n a Commission survey of practitioners, the patent bar indicated that uncertainty created by the lack of national law precedent was a significant problem."); H.R. REP. NO. 97-312, at 21 (1981) ("[T]he primary problem in this area is uncertainty which results from inconsistent application of the law to the facts of an individual case.").

[35] S. REP. NO. 97-275, at 5 (1981), *as reprinted in* 1982 U.S.C.C.A.N. 11, 15 ("[T]he Commission singled out patent law as an area in which widespread forum-shopping is particularly acute."); H.R. REP. NO. 97-312, at 20–21 (1981) ("[T]he Commission found patent law to be an area in which widespread forum-shopping was particularly acute.").

[36] H.R. REP. NO. 97-312, at 19 (1981) ("The proposed new court is not a 'specialized court.'").

[37] *U.S. Court of Appeals for the Federal Circuit and U.S. Claims Court, 1981: Hearing on H.R. 2405 Before the H. Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary*, 97th Cong. 42–43 (1981) (statement of the Honorable Howard T. Markey, Chief Judge, Court of Customs and Patent Appeals).

specialization, such as capture by industry, a lack of cross-pollination among legal theories, and the prevention of the percolation of ideas.[38] Thus, in creating the Federal Circuit, Congress intended to yield the benefits of specialized tribunals without the costs.[39]

B. The Federal Circuit's Jurisdiction

The Federal Circuit's unique jurisdiction reflects these congressional objectives. Under 28 U.S.C. § 1295, the Federal Circuit has appellate jurisdiction over final decisions from a number of specialized courts, such as the United States Court of Federal Claims[40] and the United States Court of International Trade,[41] as well as appeals relating to patent claims, so long as the patent claims satisfy the well-pleaded complaint rule or are included in a compulsory counterclaim.[42] Thus,

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[38] *See* Rochelle Cooper Dreyfuss, *Specialized Adjudication*, 1990 BYU L. REV. 377, 379–80 [hereinafter Dreyfuss, *Specialized Adjudication*] (describing the costs of specialization).

[39] *Id.* at 404 ("Congress decided to create a new kind of specialized tribunal; one with the exclusivity necessary to achieve uniformity of patent law, the concentration of patent cases needed to develop expertise, and enough other business to prevent the court from succumbing to the dangers fostered by specialization.").

[40] 28 U.S.C. § 1295(a)(3) (2018).

[41] *Id.* § 1295(a)(5).

[42] *Id.* § 1295(a)(1). Section 1295(a)(1) specifically provides, "The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction of an appeal from a final decision of a district court of the United States . . . in any civil action arising under, or in any civil action in which a party has asserted a compulsory counterclaim arising under, any Act of Congress relating to patents."

The Federal Circuit did not initially have jurisdiction over counterclaims pertaining to patent law. The first enacted version of the Federal Circuit's jurisdictional statute, 28 U.S.C. § 1295 (1982), provided the Federal Circuit with jurisdiction over appeals from final decisions of the district courts if the district court's jurisdiction was based on 28 U.S.C. § 1338. *See* Federal Courts Improvement Act (FCIA) of 1982, Pub. L. No. 97-164, § 127(a), 96 Stat. 25, 37 (1982). Section 1338, in turn, provided that "the district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents." 28 U.S.C. § 1338 (1982). Consistent with Supreme Court cases construing the "arising under" language of the federal question jurisdictional statute, 28 U.S.C. § 1331, *see* Franchise Tax Bd. v. Constr. Laborers Vacation Tr., 463 U.S. 1, 27–28 (1983), the Supreme Court construed the "arising under" language in §1338 to mean the Federal Circuit only had jurisdiction over patent claims on the face of the complaint; it did not, however, have appellate jurisdiction over compulsory counterclaims pertaining to patent law, Christianson v. Colt Indus. Operating Corp., 486 U.S. 800, 814–15 (1988).

The Federal Circuit's jurisdictional statute was eventually amended by the America Invents Act. Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 19(b), 125 Stat. 284, 331–32 (2011) (codified at 28 U.S.C. §1295(a) (2018)). The amended version of 28 U.S.C. § 1295(a)(1) untethered the statute from § 1338—*i.e.*, from the district court's jurisdiction—but incorporated the same "arising under" language. *Compare* 28 U.S.C. § 1295(a)(1)

because a patent claim can be brought in any of the United States federal district courts, with respect to decisions relating to patent law, the Federal Circuit can hear appeals from as many as ninety-four district courts.

Importantly, in *Atari, Inc. v. JSA Group, Inc.*,[43] the Federal Circuit interpreted its jurisdictional grant as extending to an entire case, not just to the "patent issues."[44] *Atari* raised challenging questions of the breadth of the Federal Circuit's appellate jurisdiction that are worth considering because of their implications for the Federal Circuit's choice-of-law rule. The plaintiff, Atari, filed suit in the Northern District of Illinois, alleging contributory copyright infringement, patent infringement, and five non-patent claims.[45] The plaintiff's claims stemmed from the defendant's advertising and sale of blank cartridges and a device designed to copy Atari games.[46] A few weeks after Atari filed suit, the district court granted Atari a preliminary injunction, enjoining the defendant from selling its blank cartridges; the purpose of the injunction was to protect Atari's rights under the Copyright Act.[47] The blank cartridges were also the subject of the patent infringement claims, so the injunction effectively enjoined some acts of patent infringement as well.[48]

After the injunction was granted, Atari moved to separate the patent claim pursuant to Rule 42(b), which permits a court to order separate trials for one or more issues. The sole purpose of separating the patent claim was to attempt to direct the appeal of the copyright issue to the Seventh Circuit, rather than to the Federal Circuit

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(1982), *with* 28 U.S.C. § 1295(a)(1) (2018). Commentators and scholars have consequently construed the amended version of § 1295(a)(1) as incorporating the jurisdictional requirement that the patent-related action be on the face of a well-pleaded complaint. *See, e.g.*, Christopher A. Cotropia, *Counterclaims, the Well-Pleaded Complaint, and Federal Jurisdiction*, 33 HOFSTRA L. REV. 1, 12–13 (2004).

In addition, under the amended version of § 1295(a)(1), the court now has jurisdiction over compulsory counterclaims "arising under" the patent laws, which likely also must comply with the well-pleaded complaint rule, or, as the Federal Circuit described in a case that pre-dated the amendment to its jurisdictional statute, the "well-pleaded counterclaim" rule. *See* Aerojet-General Corp. v. Machine Tool Works, Oerlikon-Buehrle Ltd., 895 F.2d 736, 742 (Fed. Cir. 1990). Thus, the court does not have jurisdiction over cases or counterclaims where patent law neither creates the cause of action or the compulsory counterclaim nor is a necessary element to the plaintiff's well-pleaded claims or the defendant's well-pleaded counterclaims.

[43] 747 F.2d 1422 (Fed. Cir. 1984).

[44] *Id.* at 1433–35 (describing "issue jurisdiction" and concluding that Congress rejected "issue jurisdiction" for the Federal Circuit); *id.* at 1436 ("Congress specifically rejected Atari's present suggestion that this court should have only 'issue' jurisdiction and that appeals involving patent and non-patent issues should be bifurcated.").

[45] Plaintiff's other claims included a claim for unfair competition, deceptive trade practices, fraud, unfair competition under Illinois law, and misappropriation. *Id.* at 1424.

[46] *See id.*; Atari, Inc. v. JS & A Group, Inc., 597 F. Supp. 5, 7 (N.D. Ill. 1983).

[47] *Atari*, 597 F. Supp. at 10.

[48] *Id.* at 7.

along with the patent claims.[49] The defendant appealed the preliminary injunction to the Federal Circuit, and Atari filed a motion to transfer the appeal to the Seventh Circuit,[50] claiming the Federal Circuit lacked jurisdiction.[51]

The question before the Federal Circuit was the effect of the order separating the claims on the court's jurisdiction.[52] The Federal Circuit concluded that it had jurisdiction over the appeal. Section 1295, the court reasoned, grants the Federal Circuit exclusive appellate jurisdiction over appeals when the basis for the district court's jurisdiction is that the case arises under patent law.[53] In addition, because § 1295 granted the Federal Circuit "arising under" jurisdiction, it granted the court jurisdiction over "cases," not "issues."[54] The district court's separation order did not affect the district court's jurisdiction over the case and, therefore, did not affect the Federal Circuit's appellate jurisdiction.[55] Thus, if, as in *Atari*, a suit brought before a federal district court included both a claim of copyright infringement and a claim of patent infringement, the Federal Circuit would have appellate jurisdiction over both claims.[56] Likewise, even if a suit brought in federal court asserted claims both under *state* law—*e.g.*, tort law—and federal patent law, the Federal Circuit would have appellate jurisdiction.[57]

Yet, as will be discussed in the next section, despite determining that it had jurisdiction over entire "cases" and not merely "patent issues," the Federal Circuit surprisingly concluded that it should apply the regional circuit's precedent in some instances.

C. The Federal Circuit's Adoption of Its Choice-of-Law Rule

In the early days of the Federal Circuit's existence, the court was confronted with determining which law it should apply, both because of its recent creation and because of its unique jurisdictional grant. Initially, the court concluded that it should adopt, as binding precedent, the law of its predecessors, the Court of Claims and the

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[49] *Atari*, 747 F.2d at 1425.

[50] Atari apparently sought to transfer the appeal pursuant to 28 U.S.C. § 1631. *See id.* at 1427.

[51] *Id.*

[52] *Id.* at 1426.

[53] *Id.* at 1429–30.

[54] *Id.* at 1429–31; *id.* at 1433 ("In creating this court's jurisdiction, Congress had presented to it two choices: (a) granting this court appellate jurisdiction over only the patent issues in a case ('issue jurisdiction'); or (b) granting this court appellate jurisdiction over the entire case ('arising under' jurisdiction). Congress specifically and unequivocally rejected the former and chose the latter." (internal footnote omitted)); *id.* at 1435 (discussing "issue jurisdiction").

[55] *Id.* at 1430.

[56] *See id.*

[57] *See* Abbott Labs. v. Brennan, 952 F.2d 1346, 1349 (Fed. Cir. 1991) (concluding the court had appellate jurisdiction over a case that no longer contained an issue of patent law but contained an issue of state tort law).

Court of Customs and Patent Appeals.[58] However, in later decisions, the court considered or applied the law of the regional circuit in which the case originated.[59] The rationale for this practice, however, was not always clear.[60] But, in at least one case, the court expressed a concern regarding issues the court described as "purely procedural" and the challenge that would arguably be presented to the various district courts if they had to apply regional circuit procedural law to the bulk of their cases but Federal Circuit procedural precedent to patent cases.[61]

1. Procedural Law

Despite this occasional preoccupation with the appropriate precedent to apply, the Federal Circuit did not extensively consider the issue until its 1984 decision in *Panduit Corp. v. All States Plastic Manufacturing Co.*[62] The issue presented in *Panduit* was whether to disqualify a party's counsel.[63] Before addressing the substance of the issue, the court noted that it had to decide the "choice of law question."[64] The choice-of-law issue the court had in mind was not the typical choice-of-law issue—*i.e.*, a horizontal choice among two or more states or nations as to which sovereign's law should be applied, which is generally resolved by conducting a comparative analysis of the sovereigns' laws and weighing the interests

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[58] *See* South Corp. v. United States, 690 F.2d 1368, 1370–71 (Fed. Cir. 1982) (en banc).

[59] *See, e.g.*, American Hoist & Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 1366–67 (Fed. Cir. 1984) (applying Ninth Circuit law); W.L. Gore & Assocs., Inc. v. Int'l Med. Prosthetics Research Assocs., Inc., 745 F.2d 1463, 1465–67 (Fed. Cir. 1984) (applying Ninth Circuit law); *In re* Int'l Med. Prosthetics Research Assocs., Inc., 739 F.2d 618, 620 (Fed. Cir. 1984) (applying Ninth Circuit law).

[60] *See American Hoist*, 725 F.2d at 1366–67 (Fed. Cir. 1984) (considering, without explanation, the contours of the law of the Ninth Circuit, in which the case originated, in deciding issue of antitrust law).

[61] *Int'l Med. Prosthetics Research Assocs.*, 739 F.2d at 620 ("Dealing daily with such procedural questions in all types of cases, a district court cannot and should not be asked to answer them one way when the appeal on the merits will go to the regional circuit in which the district court is located and in a different way when the appeal will come to this circuit.").

[62] 744 F.2d 1564 (Fed. Cir. 1984) (per curiam).

[63] *Id.* at 1567–71. A preliminary issue presented to the Federal Circuit was whether the district court's order disqualifying defendant's counsel was appealable—and therefore whether the Federal Circuit has jurisdiction over the appeal—in the first place. *Id.* at 1571. The Federal Circuit has exclusive appellate jurisdiction over final decisions of the district court, 28 U.S.C. § 1295(a)(1) (2018), and interlocutory orders that are appealable as of right, *id.* § 1292(a), (c). A decision disqualifying counsel, however, is not one of the enumerated interlocutory orders that are appealable as of right. Nonetheless, the Federal Circuit noted that one of its predecessors, the Court of Customs and Patent Appeals, had concluded that an order granting a motion to disqualify counsel is an immediately appealable decision and concluded that such orders would similarly be immediately appealable to it. Panduit Corp v. All States Plastic Mfg. Co., 744 F.2d 1564,1571–72 (Fed. Cir. 1984) (per curiam).

[64] *Panduit*, 744 F.2d at 1572–73.

of each in applying their own law and adjudicating the claims at issue.[65] Rather, the choice-of-law issue, as the Federal Circuit described it (and continues to describe it), is a choice between the law of the regional circuit court in which the case originated and the law of the Federal Circuit.[66]

The purported "choice" arose, the Federal Circuit reasoned, from the court's unique jurisdictional grant. Unlike the jurisdiction of the other twelve U.S. Courts of Appeals, the Federal Circuit's jurisdiction is defined substantively, rather than geographically.[67] This unique jurisdictional grant, the Federal Circuit reasoned, creates a special challenge for practitioners and district courts.[68] District courts presiding over patent cases are "bound by the substantive patent law" of the Federal Circuit.[69] But when a case raises non-patent issues, "[t]he requirement to obey the law of its circuit causes practitioners and judges, in general, . . . to follow the 'general' laws as set forth by their regional circuit court."[70] This "obedience" created a problem "possibly unforeseen by Congress."[71] Specifically, "[t]hat problem is which law must a district court apply in matters that are *procedural* in nature such as the attorney disqualification question."[72] If the case did not raise patent issues, the district court would be bound to apply the procedural law of the regional circuit

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[65] *See* Allstate Ins. v. Hague, 449 U.S. 302, 307–08 (1981) (recognizing "that a set of facts giving rise to a lawsuit, or a particular issue within a lawsuit, may justify, in constitutional terms, application of the law of more than one jurisdiction" and, as a result, "the forum State may have to select one law from among the laws of several jurisdictions having some contact with the controversy" (citing Watson v. Emp'rs Liab. Assurance Corp., 348 U.S. 66, 72–73 (1954))).

[66] *Panduit*, 744 F.2d at 1573.

[67] *See* 28 U.S.C. § 1291 (2018) ("The courts of appeals (other than the United States Court of Appeals for the Federal Circuit) shall have jurisdiction of appeals from all final decisions of the district courts of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, and the District Court of the Virgin Islands, except where a direct review may be had in the Supreme Court."); *see also id.* § 1294(1) ("Except as provided in sections 1292(c) [Federal Circuit jurisdiction over interlocutory appeals from patent cases in the federal district courts], 1292(d) [Federal Circuit jurisdiction over interlocutory appeals from the International Trade Commission], and 1295 [exclusive Federal Court appellate jurisdiction], appeals from reviewable decisions of the district and territorial courts shall be taken to the courts of appeals as follows: (1) From a district court of the United States to the court of appeals for the circuit embracing the district.").

[68] *Panduit*, 744 F.2d at 1573.

[69] *Id.* ("Since a district court is bound by the law of its circuit, a district court exercising jurisdiction pursuant to 28 U.S.C. § 1338 is bound by the substantive patent law of this circuit. The requirement to obey the law of its circuit causes practitioners and district judges, in general, to follow the substantive patent law as set forth by this court in 'patent' cases . . . .").

[70] *Id.*

[71] *Id.*

[72] *Id.* (emphasis added).

court.[73] But where the case also raises issues of patent law, the case is instead appealable to the Federal Circuit, and the district court would be bound to apply the procedural law of the Federal Circuit.[74] The court explained that "[s]uch bifurcated decision-making"—presumably with respect to procedural law—"is not only contrary to the spirit of our enabling legislation but also the goal of the federal judicial system to minimize confusion and conflicts."[75]

The Federal Circuit's enabling statute did not provide the court with any guidance with respect to this "choice" of law issue. However, the court considered the legislative history of that statute. Congress's interest in creating uniformity in patent law,[76] together with "Congress's abhorrence of conflicts and confusion in the judicial system"[77] and the practical challenge posed to practitioners and district court judges,[78] lead the Federal Circuit to "rule, *as a matter of policy*, that the Federal Circuit shall review *procedural matters*, that are not unique to patent issues, under the law of the particular regional circuit court where appeals from the district court would normally lie."[79] Moreover, in instances in which the relevant regional circuit has not addressed the particular procedural issue before the Federal Circuit, the court seeks to "predict how that regional circuit would have decided the issue in light of the decisions of that circuit's various district courts, [and] public policy"[80]—a process that, as other commentators have noted,[81] strikingly resembles the methodology federal courts undertake to interpret and apply state substantive law consistent with *Erie Railroad Co. v. Tompkins*[82] and its progeny. In subsequent cases, the Federal Circuit has described its practice as a "rule of deference."[83]

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[73] *See id.*

[74] *See id.*

[75] *Id.* (internal citations omitted).

[76] *Id.* at 1573–74.

[77] *Id.* at 1574.

[78] *See id.* ("[P]ractitioners within the jurisdiction of a particular regional circuit court should not be required to practice law and to counsel clients in light of two different sets of law for an identical issue due to the different routes of appeal. An equal, if not more important, consideration is that district judges also should not be required to decide cases in this fashion.").

[79] *Id.* at 1574–75 (emphasis added).

[80] *Id.* at 1575; *see also* Badalamenti v. Dunham's, Inc., 896 F.2d 1359, 1362 (Fed. Cir. 1990) ("When the regional circuit court has spoken on a legal issue, we must apply the law as stated; if the regional circuit court has not spoken, we must predict how that court would decide the issue in light of such criteria as the decisions of that circuit's district courts, other circuits' decisions, and public policy." (citing *Panduit*, 744 F.2d at 1574–75)).

[81] *See generally* Schaffner, *supra* note 17; *see also* Karol, *supra* note 16, at 4 (describing it as a "'reverse' *Erie* analysis").

[82] 304 U.S. 64 (1938).

[83] Eolas Techs., Inc. v. Microsoft Corp., 457 F.3d 1279, 1282 (Fed. Cir. 2006); Biodex Corp. v. Loredan Biomedical, Inc., 946 F.2d 850, 856 (Fed. Cir. 1991); *cf.* Beverly Hills Fan Co. v. Royal Sovereign Corp., 21 F.3d 1558, 1565 (Fed. Cir. 1994) (concluding with respect to issue of personal jurisdiction that the Federal Circuit "owe[s] no special deference to

2. Substantive Law

A little more than six weeks after *Panduit*, the Federal Circuit adopted a similar policy with respect to non-patent substantive law issues in *Atari, Inc. v. JS & A Group, Inc.*[84] Recall that, in *Atari*, the Federal Circuit concluded that its appellate jurisdiction extended to entire "cases," not just "patent issues."[85] And therefore, the court concluded, it had appellate jurisdiction over a preliminary injunction pertaining to the plaintiff's copyright claim that was joined with its patent claim.[86]

Nonetheless, the court concluded that it should apply Seventh Circuit law in reviewing the district court's injunctive order.[87] The court reviewed a number of its earlier decisions, including *Panduit*, and concluded, "The freedom of the district courts to follow the guidance of their particular circuits in *all but the substantive law fields assigned exclusively to this court* is recognized in the foregoing opinions and in this case."[88] It explained, "It would be at best unfair to hold in this case that the district court, at risk of error, should have 'served two masters', or that it should have looked, Janus-like, in two directions in its conduct of that judicial process."[89] The court was concerned that, if it required the district court to apply the law of more than one court of appeals, it would be saddling the district courts with a sort of duality, like Janus, the Roman god with two faces, one looking to the past, the other to the future (however inaccurate the analogy).

Atari, therefore, gave birth to the second prong of the Federal Circuit's policy[90]—*i.e.*, that, in general, the Federal Circuit will defer to the law of the court of appeals from which a case originated on non-patent substantive issues. *Panduit* and *Atari* together, then, established the Federal Circuit's choice-of-law rule.[91]

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regional circuit law" (citing *Biodex*, 946 F.2d at 855–59)).

[84] 747 F.2d 1422 (Fed. Cir. 1984).

[85] *Id.* at 1430, 1433–36; *see also supra* notes 46–56, and accompanying text.

[86] *Id.* at 1429–35.

[87] *Id.* at 1438–40.

[88] *Id.* at 1439 (emphasis added).

[89] *Id.*

[90] The Federal Circuit's choice-of-law rule as it relates to non-patent substantive law is beyond the scope of this Article.

[91] The Federal Circuit does not only have exclusive appellate jurisdiction over patent cases. The Federal Circuit additionally has exclusive appellate jurisdiction over claims arising under the "Little Tucker Act," 28 U.S.C. § 1346, which waives United States sovereign immunity and creates causes of action against the United States for various types of harms. *See* 28 U.S.C. § 1295(a)(2). The Little Tucker Act specifically creates a cause of action for any claim against the United States that does not exceed $10,000. *See* 28 U.S.C. § 1346 (2018) (providing for concurrent jurisdiction in federal district courts and United States Court of Federal Claims for claims not exceeding $10,000).

As with patent claims, Little Tucker Act claims can originate in any federal district court because the Federal Circuit's jurisdiction is based on subject matter, not geography. Little Tucker Act claims may also originate in the United States Court of Federal Claims, with which the federal district courts have concurrent jurisdiction. *See id.*

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Since *Panduit* and *Atari*, the Federal Circuit has referred to its choice-of-law rule in dozens of cases.[92] In many cases, the Federal Circuit has simply restated its choice-of-law rule without any further explication as to how it was discerning the line between "procedure" on the one hand, and "substance" on the other.[93] In at least a couple of cases, the court acknowledged the challenge and attempted to articulate a rule that embodied the complexity of the relationship between substance and procedure.[94] But the choice-of-law rule that emerged from these cases is incoherent and practically unworkable.

For example, in *Biodex Corp. v. Loredan Biomedical, Inc.*,[95] a case decided in 1991, the Federal Circuit acknowledged that the *Panduit* "test" had been inconsistently articulated in the short six years since *Panduit* was decided.[96] The

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The Federal Circuit initially adopted its choice-of-law rule only with respect to cases arising under the patent laws. *See Panduit*, 744 F.2d at 1575 n.15 ("This ruling may be applicable to our review of district court decisions which do not involve patent claims. For example, cases involving the 'Little Tucker Act.' We need not and do not decide this question." (internal citations omitted)). Subsequently, the court adopted the same rule with respect to cases arising under the Little Tucker Act. *See* Russell v. United States, 661 F.3d 1371, 1376 (Fed. Cir. 2011) ("The question regarding whether and under what circumstances Mr. Russell can continue to represent putative class members even after his personal claim has become moot is a procedural question that is not unique to cases arising under the Little Tucker Act, 28 U.S.C. § 1346(a)(2). We therefore apply the law of the regional circuit—in this case the Ninth Circuit—to that question."). A full consideration of the Federal Circuit's choice-of-law rule with respect to the Little Tucker Act claims is beyond the scope of this Article.

[92] *See, e.g.*, Abbvie Deutschland GmbH & Co. v. Janssen Biotech, Inc., 759 F.3d 1285, 1295 (Fed. Cir. 2014); Monsanto Co. v. E.I. Du Pont de Nemours & Co., 748 F.3d 1189, 1196 (Fed. Cir. 2014); Sulzer Textil A.G. v. Picanol N.V., 358 F.3d 1356, 1363 (Fed. Cir. 2004); Manildra Milling Corp. v. Ogilvie Mills, Inc., 76 F.3d 1178, 1181 (Fed. Cir. 1996).

[93] *See, e.g.*, *Abbvie Deutschland GmbH*, 759 F.3d at 1295; *Monsanto*, 748 F.3d at 1196; *Sulzer Textil*, 358 F.3d at 1363; *Manildra Milling Corp.*, 76 F.3d at 1181.

[94] *See*, *e.g.*, *Manildra Milling Corp.*, 76 F.3d at 1181–82 (explaining that deference to circuit law is inappropriate when interpreting the Federal Rules of Civil Procedure); Biodex Corp. v. Loredan Biomedical, Inc., 946 F.2d 850, 855–59 (Fed. Cir. 1991) (explained *infra*).

[95] 946 F.2d 850 (Fed. Cir. 1991).

[96] *Id.* at 854–55 ("[O]ur case law has not been clear on whether we should or must defer to the law of the regional circuit on this kind of issue."); *id.* at 856 ("This test has been variously and inconstantly phrased."). The court then reviewed some of its earlier articulations of the test:

> The court has recently stated the relevant test as whether the issue concerns a 'subject which is not unique to patent law,' or which is 'not specific to our statutory jurisdiction,' in which event we have deferred. Alternatively, we have looked to whether the procedural issue may be 'related' to 'substantive matters unique to the Federal Circuit' and thus committed to our law. Furthermore, no

court additionally noted that language in *Panduit* "phrased the relevant line of demarcation in fluid language, noting that the resolution of the issue of deference in particular cases would depend on whether the procedural matter should 'pertain to' or be 'related to patent issues [such that] they have a direct bearing on the outcome.'"[97]

Biodex did not take this as an invitation to draw the line more clearly. Nor did the court attempt to outline a more workable approach. Instead, it described what amounts to a commitment to resolve patent controversies on a case-by-case basis: "*Panduit* did not engrave a fixed meaning to the terms 'unique to,' 'related to,' or 'pertain[ing] to,' our exclusive statutory subject matter jurisdiction, but instead recognized that each case must be decided by reference to the core policy of not creating unnecessary conflicts and confusion in procedural matters."[98] *Biodex*, notably, does not consider the court's mandate to create uniformity in patent law and how its decision would (or would not) further that goal.

The impracticality and incoherence of the Federal Circuit's choice-of-law rule would again become apparent in the court's 1996 decision, *Manildra Milling Corp. v. Ogilvie Mills, Inc.*[99] The *Manildra* court explained that it considers "several factors," including whether there is a consensus among the regional circuits, the need to promote uniformity in patent law, and the "nature of the legal issue involved."[100] In general, when there is uniformity among the regional circuits, the Federal Circuit has "conformed" its law to that of the other circuit courts.[101] In addition, the court explained that, generally, where the "nature" of the "issue involves an interpretation of the Federal Rules of Civil Procedure," it defers to the regional circuit.[102] The reason offered was "that such rules are integral to the routine conduct of trials, and

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> matter how phrased, this particular test has not always ended our inquiry. We have considered, secondarily, whether 'most cases involving the issue will come on appeal to this court,' thereby putting us in a 'good position to create a uniform body of federal law' on the issue.

Id. at 856 (citations omitted).

[97] *Id.* at 857 (quoting *Panduit*, 744 F.2d at 1575 n.14 (alteration in original)). The *Panduit* footnote states in full:

> This policy is not inconsistent with our prior decisions in which procedural matters that do pertain to patent issues, such as whether proof of non-experimental use is necessary to establish a prima facie defense of an on-sale bar, must conform to Federal Circuit law. Since those procedural matters are related to patent issues, they have a direct bearing on the outcome of those determinations.

Panduit, 744 F.2d at 1575 n.14 (citations omitted).

[98] *Biodex*, 946 F.2d at 857.

[99] 76 F.3d 1178 (Fed. Cir. 1996).

[100] *Id.* at 1181.

[101] *Id.*

[102] *Id.* at 1181–82.

that practitioners and judges should be free to conduct litigation according to the rules that ordinarily apply to them."[103]

So, after *Manildra*, what is there? A multi-factored balancing test, that favors, but is not bounded by, uniformity with the regional circuits, especially where interpretation of a Federal Rule is involved, but that is also mindful of uniformity in patent trials and whether the procedural issue "relates to" or "pertains to" patent law, as well as the particular circumstances of the case at hand. How are district court judges, who must decide these sorts of issues in the first instance, supposed to apply this test? Unlike the court's opinions in *Panduit* and *Atari*, which were concerned with the ease with which a district court could administer the law in the first instance, *Manildra* does not appear at all concerned with the administrability of the law.

III. A BALANCED CONSIDERATION OF THE FEDERAL CIRCUIT'S CHOICE-OF-LAW RULE

In adopting its choice-of-law rule, the Federal Circuit considered a number of policy objectives reflected in the legislative history of the court's enabling statute.[104] Those policy objectives include developing patent law in a uniform manner, discouraging forum shopping between the Federal Circuit and the regional circuit courts, and avoiding specialization of the Federal Circuit.[105] In addition, the court was concerned with the rule's administrability by the district courts.[106] But the court's analysis neither thoroughly considered the choice-of-law rule's effects on those objectives nor fully appreciated the problems the rule might present.

This Part aims to correct for these oversights by undertaking a thorough and balanced consideration of the court's choice-of-law rule. Because the rule is articulated in terms of, and relies on, the substance-procedure dichotomy, the discussion begins by considering how the dichotomy affects the court's application of its choice-of-law rule. The discussion then considers how the rule affects the court's ability to develop and apply patent law in a uniform manner. These two concepts—the substance-procedure dichotomy and the uniformity of law—dovetail to suggest a third manner in which to evaluate the Federal Circuit's choice-of-law rule: the extent to which the rule enables the court to treat substantively similar cases procedurally differently, and to do so in a non-transparent manner. The discussion then evaluates the court's rule for its effects on forum shopping, the specialization of the Federal Circuit, and, finally, the administrability of the chosen rule.

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[103] *Id.* at 1182. Despite the Federal Circuit's choice-of-law rule, the court ultimately declined to follow the law of the regional circuit, *i.e.*, the Tenth Circuit. *See id.*

[104] The Federal Circuit's enabling statute is the Federal Courts Improvement Act (FCIA) of 1982, Pub. L. No. 97-164, 96 Stat. 25 (1982).

[105] *See supra* Section II.A.

[106] *See supra* Section II.C(1), (2) (discussing the court's rationale in *Panduit* and *Atari*).

A. The Substance-Procedure Dichotomy

The court's choice-of-law rule requires the court to defer to the regional circuit courts on issues of procedural law but not on issues of substantive patent law. Thus, the court's rule necessarily draws a line between "procedural law," on the one hand, and "substantive law," on the other. But as *Biodex* and *Manildra* reveal, drawing that line is not a simple task. Drawing such a line importantly presumes that there is a distinction between the two and is therefore dependent on the dichotomy between substance and procedure. But as scholars, commentators,[107] and the Supreme Court[108] have noted, the line between procedure and substance is a difficult one to draw.

Nonetheless, one common way of drawing the line between law that is procedural versus law that is substantive is by identifying the type of conduct it regulates. Procedural law regulates litigation conduct and is "designed to make the process of litigation a fair and efficient mechanism for the resolution of disputes."[109] Substantive law, in contrast, regulates primary conduct.[110]

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[107] *See, e.g.*, Jenny S. Martinez, *Process and Substance in the "War on Terror,"* 108 COLUM. L. REV. 1013, 1018–20 (2008); John Hart Ely, *The Irrepressible Myth of Erie*, 87 HARV. L. REV. 693, 724 (1974) ("We were all brought up on sophisticated talk about the fluidity of the line between substance and procedure. But the realization that the terms carry no monolithic meaning at once appropriate to all contexts in which courts have seen fit to employ them need not imply that they can have no meaning at all." (internal footnotes omitted)); Tobias Barrington Wolff, *Managerial Judging and Substantive Law*, 90 WASH. U. L. REV. 1027, 1028 (2013) ("When a federal judge engages in heavy-handed case management or makes decisions about the proper bounds of a complex proceeding, it is not just the norms of judging but also the applicable liability policies that must guide her in that endeavor."); Stephen B. Burbank & Tobias Barrington Wolff, *Redeeming the Missed Opportunities of* Shady Grove, 159 U. PA. L. REV. 17, 51 (2010) ("Even Congress has learned the power of procedure and knows how to pursue or mask substantive aims in procedural dress."); Robert M. Cover, *For James Wm. Moore: Some Reflections on a Reading of the Rules*, 84 YALE L.J. 718 *passim* (1975) (discussing the complex relationship between substance and procedure).

[108] Because the *Erie* doctrine importantly relies on the substance-procedure dichotomy, it is perhaps not surprising that the Supreme Court has noted the difficulty in drawing the line between the two in cases articulating and construing that doctrine. *See, e.g.*, Hanna v. Plumer, 380 U.S. 460, 471 (1965) ("The line between 'substance' and 'procedure' shifts as the legal context changes."); Erie R.R. Co. v. Tompkins, 304 U.S. 64, 92 (1938) (Reed, J., concurring) ("The line between procedural and substantive law is hazy . . . ." (citing Wayman v. Southard, 23 U.S. 1 (1825))).

[109] Ely, *supra* note 107, at 724 (internal footnotes omitted); *cf.* Martinez, *supra* note 107, at 1021 ("By 'process' or 'procedure,' I mean not only questions of procedure within courts and court like tribunals, but also broader questions about how to allocate the authority to make and apply law among different government actors, including judges, legislators, and executive officials.").

[110] *See* Ely, *supra* note 107, at 725 (noting that "in attempting to give content to the notion of substance, the literature has focused on those rules of law which characteristically

These definitions roughly track those offered by the Federal Circuit in its *Panduit* decision. The court described procedure as "the judicial process for enforcing rights and duties recognized by substantive law and for justly administering remedy and redress for disregard or infraction of them."[111] And it defined substantive law as "relat[ing] to rights and duties which give rise to a cause of action."[112]

But in actuality, there is a sort of "fluidity of the line between substance and procedure."[113] "Far from being distinct, substance and procedure are deeply intertwined."[114] Some procedural rules and doctrines are aimed at advancing substantive ends.[115] But even some that are arguably "procedural," because they regulate litigation conduct and are aimed at the accurate and efficient application of the antecedent legal regime, necessitate, or at least permit, application in a manner that reflects the objectives of the substantive law. These sorts of issues are essentially compound; they are composed of both a procedural element and a substantive element.

Consider, for example, the law regulating a transfer of venue. Under 28 U.S.C. § 1404, the district court may transfer a case from a proper venue[116] to "any other

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and reasonably affect people's conduct at the state of primary private activity," but adding "the fostering and protection of certain states of mind" and "immunizing laws" to the definition of "substantive" as well (internal quotation marks omitted)); *see also* Cover, *supra* note 107, at 721–22 ("The distinction [between procedure and substance] I have in mind is the familiar one between that which controls the conduct of litigation and that which controls social conduct outside the courtroom."); Martinez, *supra* note 107, at 1020–21 ("[B]y 'substance' I mean rules that control the primary conduct of human beings outside the litigation or lawmaking process.").

[111] Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1574 n.12 (Fed. Cir. 1984) (per curiam). The Federal Circuit quoted *Sibbach v. Wilson & Co.*, 312 U.S. 1, 14 (1941) for this definition. But as Professor Rochelle Dreyfuss has pointed out in her criticism of the Federal Circuit's choice-of-law rule, *Sibbach*—and along with it, *Erie Railroad Co. v. Tompkins*, 304 U.S. 64 (1938), and its progeny—are aimed at serving different ends than the Federal Circuit's choice-of-law rule. *See* Dreyfuss, *A Case Study*, *supra* note 16, at 39. Both the Federal Circuit's choice-of-law rule and the *Erie* doctrine are concerned with "developing rules that prevent forum shopping." *Id.* But the *Erie* doctrine is additionally concerned with limiting the federal government's ability to intrude on the prerogatives of the states. *See id.* And, consequently, the *Erie* doctrine has attempted to draw the line between substance and procedure in a manner that reflects these objectives. *See id.* The methodology that *Sibbach* and the *Erie* doctrine gave birth to are therefore not necessarily relevant. *See id.* That said, since its decision in *Panduit*, the Federal Circuit has cited to neither *Sibbach* nor *Panduit* for this same proposition.

[112] *Panduit*, 744 F.2d at 1574 n.12.

[113] Ely, *supra* note 107, at 724.

[114] Martinez, *supra* note 107, at 1019.

[115] *See, e.g.*, *id.*

[116] If venue is improper, then 28 U.S.C. § 1406 controls, and a district court must dismiss the case or transfer it to a district or division where the case could have been brought in the first place.

district or division where it might have been brought" if doing so is convenient for the parties and non-party witnesses and is "in the interest of justice." Section 1404 may be characterized as "procedural" in that it, together with the main venue statute, 28 U.S.C. § 1391, is meant to control the conduct of litigation. Specifically, together they control the venue in which a case may be brought and to which it may be transferred.

Courts considering a motion for transfer generally engage in a two-step analysis. First, consistent with § 1404(a), they consider whether the venue to which the moving party wants to transfer the action is one in which the action could have been brought in the first instance—*i.e.*, courts consider whether the transferee court has personal jurisdiction over the defendant and subject matter jurisdiction over the action, as well as whether venue would have been proper.[117] Second, they engage in a multi-factor balancing test that ultimately aims to consider whether transferring is convenient for the parties and non-party witnesses, as well as whether transferring serves the public interest.[118]

This analysis might seem like a fairly straight-forward balancing test that is divorced from issues of patent law, or any substantive law for that matter. But judgments about substantive law issues underlie the analysis.[119] In determining whether transferring is inconvenient for non-party witnesses, courts will consider whether transferring the action will result in a witness being outside the subpoena power of the court, thereby effectively rendering the witness unavailable for trial.[120] But considering the convenience (or inconvenience, as the case may be) to a non-party witness necessarily raises the issue of whether the proposed witness is relevant to the claims at issue in the first place, or whether, alternatively, she was cherry-picked merely for her relative distance to the transferee courthouse.

For example, consider a case in which a plaintiff brings suit in Delaware for patent infringement. Early in the case, the defendant, relying on § 1404, seeks to transfer the case to the Northern District of California.[121] In support of its motion to transfer, the defendant claims that the transferee venue would be more convenient

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[117] *See* 28 U.S.C. § 1404(a) (2018).

[118] 15 CHARLES ALAN WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 3847 (4th ed. 2019).

[119] *Cf.* Martinez, *supra* note 107, at 1041 n.144 (noting that procedural rules, such as those relating to choice of venue, can have substantive effects or be motivated by substantive concerns).

[120] *See* FED. R. CIV. P. 45(c) (providing in part that a subpoena can command a non-party to attend trial if the trial is within 100 miles from where the non-party resides, is employed, or regularly transacts business).

[121] Even though plaintiffs make the initial decision regarding in which forum to file their actions, both plaintiffs and defendants are permitted to move to transfer venue pursuant to section 1404(a). *See generally* Ferens v. John Deere Co., 494 U.S. 516 (1990) (considering whether to apply law of the state of transferor court or transferee court where plaintiff, rather than defendant, moved for transfer). Nonetheless, for ease of discussion, it is assumed unless otherwise noted that the defendant is the moving party.

because the defendant's proposed non-party witnesses reside in the Northern District of California. The non-party witnesses identified by the defendant are inventors of prior arts that arguably establish that the patent-in-suit was anticipated or is obvious. The weight a court should accord the inconvenience to these proposed witnesses should almost certainly turn on the court's assessment of the relevancy of the prior art to the defendant's patent invalidity defense. Otherwise, this part of the transfer analysis would be highly vulnerable to manipulation and effectively useless. All the defendant would need to do is propose inventors outside the court's subpoena power as witnesses.

And yet, in reviewing district court decisions to grant or deny motions to transfer, the Federal Circuit elides the substantive patent law issue, having already characterized it as a "procedural" issue. Consider *In re Apple Inc.*,[122] in which the Federal Circuit accepted, without further examination or consideration, defendant Apple's argument that the transferee forum was more convenient to its potential third-party witnesses.[123] The defendant, Apple, sought to transfer the plaintiff's patent infringement suit from the Eastern District of Texas to the Northern District of California, where "several prospective non-party witnesses" resided, including witnesses that had "relevant and material information."[124] The district court denied Apple's motion to transfer.[125] With respect to the convenience of the witnesses, the district court noted that neither Apple nor the plaintiff "provide[d] significant detail as to the information possessed by the identified witnesses, and neither suggest[ed] that they would require all the witnesses identified to actually attend trial."[126] Apple petitioned the Federal Circuit for a writ of mandamus.[127] The Federal Circuit granted

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[122] *In re* Apple, Inc., 581 Fed. Appx. 886 (Fed. Cir. 2014).

[123] *Id.* at 889.

[124] *Id.* at 887.

[125] *Id.*

[126] *Id.*

[127] *Id.* at 886. A defendant whose motion to transfer pursuant to § 1404(a) has been denied has a few choices with respect to having the district court's decision reviewed. A defendant can either wait for a final judgment and appeal the district court's transfer decision with any other appealable issues to the appropriate appellate court or seek interlocutory appellate review. *See* WRIGHT & MILLER, *supra* note 118, at § 3855. The most popular method of interlocutory review is for the defendant to seek a writ of mandamus or of prohibition from the appropriate appellate court, directing the district court to vacate its initial order and enter a new order transferring the case. *See id.*

Where the case does not raise issues of patent law, the appellate court can be different depending on the district court's determination and the route taken by the defendant. Where the district court grants the motion to transfer, if the defendant waits for a final judgment, the issue is appealed to the circuit court that embraces the transferee court. *See id.* § 3901. But if the defendant instead seeks a writ of mandamus or prohibition (or any other form of interlocutory review), defendant must petition the appellate court that embraces the transferor court. *See id.* § 3855; *see also id.* § 3935 n.14. In contrast, where the district court denies the motion to transfer, the appellate court is the same, regardless of whether defendant waits for a final judgment or seeks a writ of mandamus. *See id.* § 3855.

the petition, concluding that the district court erred for a variety of reasons, including because "the district court failed to give proper weight to the convenience of the witnesses factor."[128] Judge Bryson, however, dissented, in part, because Apple failed to establish how its third-party witnesses "would be important to the issues at trial."[129]

The crux of the disagreement between the majority and the dissent is the extent to which the court should do a searching analysis of the relevancy of the parties' witnesses. The majority confined its analysis to a review of the balancing of some evidence against other evidence.[130] But the majority took at face value the relative weight each piece of evidence should be accorded.[131] In doing so, the majority declined to make an independent judgment about the evidence's importance to the underlying patent issue.[132] The dissent, in contrast, reviewed both the balancing and relative weight of the evidence.[133] Ultimately, the majority's approach reveals a missed opportunity for the Federal Circuit to speak on an issue of substantive patent law clearly before it.[134]

But the disagreement between the majority and the dissent also reveals the tenuousness of the substance-procedure dichotomy. A law like the venue transfer statute is articulated in terms that make no reference to the substantive law. It is therefore seemingly "procedural." Nonetheless, a determination of whether to grant a party's motion to transfer under the statute implicates considerations of the antecedent substantive law—in the case of *Apple*, specifically, patent law. It is therefore difficult to fully divorce the procedural issues from the substantive ones.

Moreover, the majority and dissent's disagreement reveals one of the dangers of the substance-procedure dichotomy. Rather than engaging in a first-order debate about the underlying substantive issue, decisionmakers will instead fix their attention on largely procedural debates. Thus, in *Apple*, the majority's decision to

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But when a case raises an issue of patent law, the appellate court is the same, regardless of whether the motion is granted or denied and regardless of whether the party waits for a final judgment or seeks a writ of mandamus. In all instances, the district court's decision will be reviewed by the Federal Circuit. *See* 28 U.S.C. §1295(a)(1) (2018) (providing for Federal Circuit jurisdiction over final judgments involving issues of patent law); WRIGHT & MILLER, *supra* note 118, at § 3903.1 & n.106.

[128] *Apple*, 581 Fed. Appx. at 888.

[129] *Id.* at 891 (Bryson, J., dissenting).

[130] *Id.* at 887–88.

[131] *Id.* at 888–89.

[132] *Id.* at 893 (Bryson, J., dissenting).

[133] *Id.* at 890–93 (Bryson, J., dissenting).

[134] One explanation for the majority's approach might be that, as discussed *infra* notes 222–224, and accompanying text, the court was primarily concerned with correcting for the systemic problem created by the fact that the Fifth Circuit and Eastern District of Texas, in particular, were venues that were hospitable to non-practicing entity patent plaintiffs. Eager to transfer cases out of the Fifth Circuit, the majority may have therefore been uninterested in doing a careful inquiry into whether the Eastern District of Texas's denial of the motion to transfer was justified.

grant the writ is seemingly a simple one regarding the weight of the evidence,[135] but the dissent hints at the decision's underlying substantive content, although it does not fully expose it.[136]

To be sure, the danger of substantive law judgments disguised as procedural ones runs through all legal determinations with a procedural component. But the Federal Circuit's choice-of-law rule amplifies this risk. It adds a layer of complexity to the procedural issue, which can further obscure the substantive law determination.

In re Barnes & Noble, Inc.,[137] discussed in the Introduction, is illustrative. *Barnes & Noble* also concerned a defendant's petition for writ of mandamus directing transfer of venue.[138] The plaintiff, a patentholder, brought suit against Barnes & Noble in the Western District of Tennessee, where the plaintiff's Chief Executive Officer and inventor resided, claiming Barnes & Noble's popular Nook device infringed the plaintiff's patent.[139] The plaintiff, importantly, was a non-practicing entity or, pejoratively, a patent "troll"—*i.e.*, a patentholder that did not practice its own patents, but merely asserted them against others who arguably did.[140] Barnes & Noble moved to transfer the action from the Western District of Tennessee to the Northern District of California, "where most of its activities related to the Nook® take place."[141] But the district court denied Barnes & Noble's motion.[142] Ultimately, the Federal Circuit denied Barnes & Noble's petition, concluding that the district court did not abuse its discretion in denying its motion for transfer.[143]

The court's decision, however, was not unanimous. The disagreement between the majority and the dissent was over what precedent to apply. The majority felt bound to apply the Federal Circuit's precedent pertaining to the Sixth Circuit, where the case originated.[144]

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[135] Of course, the same opportunity to make substantive law judgments in the guise of procedural law determinations exists in the first instance before the district court. The trial court could have decided that the plaintiff's infringement claims were relatively strong and that Apple's defense, without more evidence, was relatively weak. Not only would such a determination support a denial of Apple's motion to transfer, but importantly it would have enabled the district court to maintain jurisdiction over the case and rule substantively on the claims at a later time. *Cf.* Brian J. Love & James Yoon, *Predictably Expensive: A Critical Look at Patent Litigation in the Eastern District of Texas*, 20 STAN. TECH. L. REV. 1, 16 (2017) (noting that the Eastern District of Texas is less likely to grant motions to transfer).

[136] A related, subsidiary issue is that, by making a seemingly neutral "procedural" determination, judges can obscure value judgments about the underlying substantive legal issue.

[137] 743 F.3d 1381 (Fed. Cir. 2014).

[138] *Id.* at 1383.

[139] *Id.* at 1382.

[140] *Id.* at 1384.

[141] *Id*. at 1382.

[142] *Id.*

[143] *Id.* at 1383.

[144] *See id.* at 1383–84.

In contrast, Judge Newman, dissenting, would have applied Federal Circuit precedent, which in turn had arguably applied the law of the Fifth Circuit.[145] The law of the Sixth Circuit and Fifth Circuit differed in the quantum of showing the defendant had to make in order to overcome the plaintiff's initial choice of venue.[146] The Fifth Circuit standard was an easier standard to meet; it simply required that the balance of factors outweigh plaintiff's initial choice of venue.[147] The Sixth Circuit, in contrast, required that the balance of factors "substantially" outweigh the plaintiff's choice of venue.[148] But the difference in the precedent was not merely in the quantum of showing. In Judge Newman's view, there was a difference in how much weight to accord the plaintiff's initial choice of venue that was tethered to a substantive issue of patent law but *untethered* to the particular balancing test of the relevant circuit court.[149] The Federal Circuit's application of Fifth Circuit precedent, Judge Newman noted, accorded the plaintiff's choice of venue "minimal deference" when the plaintiff importantly was a non-practicing entity.[150] In contrast, no Sixth Circuit precedent had considered how a non-practicing-entity plaintiff affected the balancing test to be applied under a § 1404(a) transfer analysis.[151] But in Judge Newman's opinion, the same "minimal deference" given to the plaintiff's choice of forum in the prior cases appealed from the Fifth Circuit was justified in a case appealed from the Sixth Circuit.[152] And thus, regardless of whether the defendant's showing had to merely outweigh (Fifth Circuit) or rather "substantially" outweigh (Sixth Circuit) plaintiff's choice of venue, the defendant had made the necessary showing because of how little deference the plaintiff's choice should be accorded.[153]

On the surface—at least as the majority describes it—the disagreement between the majority and the dissent appears to be simply about what precedent is controlling. But there may be a number of fundamental disagreements driving the majority's and dissent's positions.

One possibility is that the underlying disagreement is ultimately about substantive patent law—specifically, about whether the rights and remedies of non-practicing entities are, or ought to be, less extensive than those of practicing patentholders and whether patent law doctrines and remedies should accordingly be calibrated to reflect those differences.[154] The dissent's opinion suggests that such a

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[145] *See id.* at 1385 (Newman, J., dissenting); *see also id.* at 1383–84.

[146] *Id.* at 1385.

[147] *Id*.

[148] *See id.* at 1384 ("Unlike the Sixth Circuit, . . . the Fifth Circuit has expressly held that . . . district courts err when they require that § 1404(a) factors 'must *substantially outweigh* the plaintiff's choice of venue.'" (quoting *In re* Volkswagen of America, Inc., 545 F.3d 304, 314 (5th Cir. 2008) (en banc))).

[149] *Id.* at 1385.

[150] *Id*.

[151] *See id.* at 1384.

[152] *See id.* at 1385.

[153] *See id.*

[154] *See, e.g.*, John M. Golden, *Patent Privateers: Private Enforcement's Historical*

calibration is warranted, whereas the majority's opinion is consistent with a view that the rights and remedies of the two types of patentholders are on par with each other.

Another possibility is that they disagree about whether it is justified to treat cases from the Fifth and Sixth Circuits differently, and if so, the justification for that disparate treatment. The majority's opinion suggests that it appears to believe the disparate treatment is justified by the choice-of-law rule.[155] In contrast, the dissent's opinion suggests that it believes the disparate treatment is not justified because the patent-specific application of the venue transfer statute should be the same, regardless of the court of appeals in which the case originated.[156]

It is also possible that the disagreement between the majority and the dissent extends to the very nature of the disagreement itself. They disagree about what they disagree about. The majority may view the disagreement as about the applicability of the choice-of-law rule, while the dissent may view the disagreement as about the appropriateness of crafting patent-specific procedural law.

The reality is that it is hard to precisely pin down their respective positions. (Indeed, I suggest in Section III.C, below, that the majority may have an entirely different motivation for its disparate treatment of cases from the Fifth and Sixth Circuits that is not at all apparent from the opinion.) Rather than directly and transparently consider how the rights and remedies afforded non-practicing entities supports or undermines the overarching objectives of the patent laws, the majority and dissent instead focus their discussion on the relevant precedent and controlling standard of an arguably procedural law. Thus, the Federal Circuit's choice-of-law rule ensnares the court in the substance-procedure dichotomy's difficult, if not unachievable, task of parsing substance from procedure. And, perhaps more importantly, it creates the same danger of obscuring substantive law determinations.

Survivors, 26 HARV. J. L. & TECH. 545, 592 (2013) (contending that patent policy debate benefits from considering non-practicing entities as private enforcers, rather than vilified "patent trolls," because such a characterization reveals nature of patent law as private enforcement regime); Oskar Liivak & Eduardo M. Peñalver, *The Right Not to Use in Property and Patent Law*, 98 CORNELL L. REV. 1437, 1481–83 (2013) (arguing that enforcing unused patents against independent inventors introduces a variety of harms "while generating few apparent offsetting benefits"); Robert P. Merges, *The Trouble with Trolls: Innovation, Rent-Seeking, and Patent Law*, 24 BERKELEY TECH. L.J. 1583, 1609–14 (2009) (arguing that courts curtail rent-seeking by "non-innovating patent owners"); Henry E. Smith, *Institutions and Indirectness in Intellectual Property*, 157 U. PA. L. REV. 2083, 2125–27 (2009) (warning of risks to practicing entities posed by curtailing the right of non-practicing entities to get injunctions); *cf.* eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 396–97 (2006) (Kennedy, J., concurring) (suggesting that whether a patentholder should be awarded a permanent injunction could turn on whether it is a non-practicing entity).

[155] *Barnes & Noble*, 743 F.3d at 1383–84.

[156] *Id.* at 1384–85 (Newman, J., dissenting).

B. Uniformity of Patent Law

The shortcomings of the substance-procedure dichotomy—translated into risks and weaknesses of the Federal Circuit's choice-of-law rule—have effects on the uniformity of patent law. Recall that one of the factors the Federal Circuit considered in adopting its choice-of-law rule was the rule's effect on the court's ability to develop substantive patent law in a uniform manner, consistent with congressional intent.[157] The Federal Circuit's jurisdictional statute, however, is completely silent with respect to what law the Federal Circuit should apply,[158] as is the legislative history.[159]

Consistent with the legislative history of the Federal Circuit's enabling statute, the Federal Circuit's choice-of-law rule sought to achieve national (*i.e.*, inter-circuit) uniformity of substantive patent law, as applied. But given the Federal Circuit's choice-of-law rule's deference to the regional circuits on issues of "procedural" law, "substantive" uniformity is closely tied up with the soundness of the substance-procedure dichotomy. If legal issues, as well as the law relied upon to resolve those issues, lend themselves to easy characterization as "procedural" versus "substantive," then uniformity can reasonably be aspired to. But if the distinction between the two is illusory, then the characterization of an issue as procedural, when, in fact, it is constituted of both procedural and substantive components, leads the court down the path of relying on the precedent of the regional circuit courts. When the procedural laws of those courts are, themselves, in disagreement, that procedural disuniformity can be translated into substantive disuniformity within the Federal Circuit. The end result may be that substantive patent law develops in circuit-specific, disparate ways.[160]

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[157] *See* Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1574 (Fed. Cir. 1984) (per curiam) ("This court was created, as contemplated by the Congress, to achieve uniformity and to reduce uncertainties in [patent law]. This court, thus, has a mandate to achieve uniformity in patent matters. . . . The possibility of different [procedural] requirements should be minimized especially where a dispute is totally unrelated to patent issues and the resolution of that dispute does not impinge on the goal of patent law uniformity.").

[158] In this respect, the Federal Circuit's jurisdictional statute is consistent with other jurisdictional statutes. *Compare* 28 U.S. § 1295 (2018) (Federal Circuit jurisdiction), *with* 28 U.S.C. §§ 1330–1389 (jurisdiction of U.S. district courts).

[159] *See* S. REP. NO. 97-275 (1981), *as reprinted in* 1982 U.S.C.C.A.N. 11; H.R. REP. NO. 97-312 (1981); *cf.* David Marcus, *Trans-Substantivity and the Processes of American Law*, 2013 BYU L. REV. 1191, 1225 & n.138 (2013) [hereinafter Marcus, *Processes of American Law*] (noting that Congress "hardly ever specifies whether or how a bill's legislative history can be used in interpretation" and providing the Civil Rights Act of 1991 as the only example in which Congress has specified what documents a court may consider).

[160] *See* TechSearch, L.L.C. v. Intel Corp., 286 F.3d 1360, 1376–81 (Fed. Cir. 2002) (applying regional circuit law to the issue of whether the district court may appoint a technical advisor, even though the use of a technical advisor can affect the substantive determination insofar as the technical advisor may ultimately be making impermissible

Barnes & Noble illustrates this very concern. The disagreement between the majority and the dissent reveals that the application of regional circuit law yields different outcomes, depending on which circuit law is applied. More importantly, it reveals that the Federal Circuit's venue jurisprudence is developing in separate, regional-circuit-specific silos with no concern for consistency across regional circuits. The *Panduit* court recognized that such inconsistencies were a possibility, noting that the choice-of-law rule it was adopting "could on occasion require this court to reach disparate results in procedural matters in light of disparate viewpoints from the regional circuit courts."[161] And in her *Barnes & Noble* dissent, Judge Newman criticized the majority's decision for this very reason. She noted the reasons for transferring were just as compelling as they had been in the court's earlier precedent, and she expressed concern over the internal inconsistency emerging in the court's venue cases: "Consistency of judicial ruling is no less important in procedural and discretionary matters than in questions of substantive law."[162]

But what the *Panduit* court did not recognize is that these are not merely disparate results in *procedural* matters. These are, at the same time, disparate results in *substantive* patent law.[163] The Federal Circuit's precedents reviewing cases from

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factual determinations and such erroneous determinations are difficult for appellate courts to detect); *id.* at 1381–82 (Dyk, J., concurring) (noting the risk a technical advisor may make impermissible factual determinations and the risk the appellate court will not detect such errors) ("I am concerned that district court judges may have a tendency to rely on technical advisors in summary judgment situations to resolve disputed issues of fact. Since we review the grant of summary judgment without deference, it can be argued that such excessive reliance would be harmless error. But appellate review is not always perfect, and, as a practical matter, 'common sense dictates that the trial judge's view will carry weight' even where our review is de novo."); *see also* TechSearch, L.L.C. v. Intel Corp., No. 02-262, 2002 WL 32134118, at 1, 8, 14–20 (Fed. Cir. Aug. 14, 2002), *petition for cert. filed* (seeking certiorari, in part, because appointment of technical advisor is not permitted in other courts of appeals, namely, the Seventh, First, Third, and D.C. Circuits, and will lead to different results in different circuits) ("The Federal Circuit's holding directly conflicts . . . with the purpose for which the Federal Circuit was created: to increase doctrinal stability in the field of patent law."); *cf.* Field, *supra* note 16, at 663 (noting that the regional circuit courts have different standards for deciding motions for judgment as a matter of law—some applying a "liberal standard" and others applying a "strict standard"—which may be outcome determinative).

[161] *Panduit,* 744 F.2d at 1575.

[162] *In re* Barnes & Noble, Inc., 743 F.3d 1381, 1385 (Fed. Cir. 2014) (Newman, J., dissenting).

[163] Indeed, following *Barnes & Noble*, petitioner, Barnes & Noble, sought rehearing en banc, and a number of amici filed a brief in support of Barnes & Noble's petition, arguing that the Federal Circuit should develop and apply its own law to the issue of venue transfer to accommodate the specific needs of patent law and to promote uniformity. *See* Petition for Rehearing En Banc: Brief of Amici Curiae in Support of Petitioner at 3–7, *In re* Apple Inc., 562 Fed. Appx. 983 (Fed. Cir. 2014) (No. 13-0156), 2014 WL 1668975, at *3–7. Amici noted:

the Fifth and the Sixth Circuits relating to venue transfer treat non-practicing-entity plaintiffs differently. Precedents reviewing cases from the Fifth Circuit discount the initial choice of venue of such plaintiffs, whereas precedents reviewing cases from the Sixth Circuit do not. The decision to treat such plaintiffs one way or another is ultimately a substantive law determination about the rights and remedies of non-practicing entities, and that determination differs, depending on where a case is initially brought. These disparate substantive law determinations then stand, to be applied in other cases and other patent-law contexts or, at the very least, to further enable these sorts of disagreements about an underlying issue of substantive law to go unresolved. For example, since the Federal Circuit has decided *Barnes & Noble*, the court has indicated in at least a few opinions that non-practicing entities are not prevented from enforcing their patent rights simply because they do not practice them.[164] At the same time, other opinions suggest that at least some judges on the Federal Circuit believe the remedies available to a patentholder may turn on the patentholder's status as a non-practicing entity.[165] The court's views on the ability of non-practicing entities to enforce their patent rights, on the one hand, and the remedies afforded to such entities once they do enforce their rights, on the other, are not necessarily irreconcilable. But reconciling these views does necessitate a

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> Because the regional circuits lack appellate jurisdiction in patent cases, their jurisprudence has not and cannot evolve to take into account the venue challenges of patent litigation. . . . These regional circuits have adopted a series of legal principles—such as a presumption in favor of the plaintiff's choice of forum—that may make sense in the type of civil cases the regional circuits hear, but make little sense in a patent case brought by a holding company with no meaningful connection to the forum. A uniform and nationwide body of Federal Circuit law will allow this Court to tailor "the conveniences of parties and witnesses" and the "interest of justice" to the specific needs of patent infringement cases.

Id. at 7, 2014 WL 1668975, at *7; *see also* Petition for Writ of Certiorari at 17, Emerson Elec. Co. v. E.D. Tex., 135 S. Ct. 339 (2014) (No. 14–44), 2014 WL 3492060, at *17 ("The divergent circuit law is driving divergent outcomes in patent cases.").

[164] *See* Thermolife Int'l LLC v. GNC Corp., 922 F.3d 1347, 1363 (Fed. Cir. 2019) ("[T]he patent statute does not restrict enforceable patent rights to those who practice the patent."); Lexmark Intern., Inc. v. Impression Products, Inc., 816 F.3d 721, 743 (Fed. Cir. 2016) ("There is no good reason that a patentee that makes and sells the articles itself should be denied the ability that is guaranteed to a non-practicing-entity patentee."); DDR Holdings, LLC v. Hotels.com, L.P., 773 F.3d 1245, 1263 (Fed. Cir. 2014) ("NLG cites no case law suggesting that prevailing non-practicing entities are *not* entitled to pre-judgment interest.").

[165] *See* Apple Inc. v. Samsung Electronics Co., 801 F.3d 1352, 1368 (Fed. Cir. 2015) (Reyna, J., concurring) (noting that the "traditional model" of granting injunctive relief "does not always apply, particularly when the patentee is a non-practicing entity"); *see also* I/P Engine, Inc. v. AOL Inc., 576 Fed. Appx. 982, 985 (Fed. Cir. 2014) (noting that the district court applied doctrine of laches to non-practicing entity that had acquired patents and then sought to enforce them).

normative theory of substantive law regarding the proper treatment of non-practicing entities. The Federal Circuit's choice-of-law rule further enables the court to avoid resolving these sorts of normative issues of patent law, which is at odds with Congress's intent in creating the Federal Circuit in the first place.

At the same time, the Federal Circuit's choice-of-law rule seeks to maintain intra-circuit uniformity of procedural law within each of the regional circuits. By deferring to the regional circuits on issues that do not pertain to patent law, the Federal Circuit's choice-of-law rule may avoid creating intra-district-court "procedural" conflicts and prevent any confusion that might ensue from these conflicting decisions. A procedural issue will be decided similarly, regardless of whether it is appealed to the Federal Circuit or the regional circuit. The end result is consistency, both from one decision to another decided by the same district court and from one decision to another across district courts, within a given regional circuit. Concern for this sort of intra-circuit procedural consistency might explain the majority's position in *Barnes & Noble*. The majority sought to apply Sixth Circuit precedent because the case originated in the Western District of Tennessee, located within the Sixth Circuit.[166] The dissent, in contrast, was concerned with avoiding *inter*-circuit conflict because the issue, in Judge Newman's view, was not merely one of procedural law; it implicated substantive patent law.[167] *Barnes & Noble* thus illustrates that, at least in some instances, it is difficult for the Federal Circuit to preserve *intra*-circuit *procedural* uniformity without sacrificing *inter*-circuit *substantive* patent law uniformity.

Moreover, the Federal Circuit's choice-of-law rule cannot avoid creating at least some intra-circuit procedural inconsistency within the regional circuit courts. The court's decisions outlining its choice-of-law rule recognize that some procedural issues "pertain to," are "unique to," or are "related to" patent law and justify the court deciding the issue under the Federal Circuit's precedent, rather than the regional circuit's precedent.[168] Insofar as the precedent of the Federal Circuit and the precedent of the regional circuits are inconsistent with each other and yield

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[166] *See Barnes & Noble*, 743 F.3d at 1383.

[167] *Id.* at 1385 (Newman, J., dissenting).

[168] *See* Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1574–75 (Fed. 1984) (per curiam) ("We, therefore, rule, as a matter of policy, that the Federal Circuit shall review procedural matters, that are not *unique to* patent issues, under the law of the particular regional circuit court where appeals from the district court would normally lie." (emphasis added)); *see also* Biodex Corp. v. Loredan Biomedical, Inc., 946 F.2d 850, 857 (Fed. Cir. 1991) ("The *Panduit* court itself further phrased the relevant line of demarcation in fluid language, noting that the resolution of the issue of deference in particular cases would depend on whether the procedural matter should 'pertain to' or be 'related to patent issues, [such that] they have a direct bearing on the outcome.'" (quoting *Panduit*, 744 F.2d at 1575 n.14)); *id.* ("In sum, *Panduit* did not engrave a fixed meaning to the terms 'unique to,' 'related to,' or 'pertain[ing] to,' our exclusive statutory subject matter jurisdiction, but instead recognized that each case must be decided by reference to the core policy of not creating unnecessary conflicts and confusion in procedural matters.").

different results, cases raising issues of patent law and appealed to the Federal Circuit will be decided inconsistently with those not raising issues of patent law and appealed to the regional circuit court.

For example, in *Chrysler Motors Corp. v. Auto Body Panels of Ohio, Inc.*,[169] the Federal Circuit reviewed a trial court's denial of the plaintiff's motion for a preliminary injunction. The case originated in the Southern District of Ohio, located in the Sixth Circuit.[170] The court noted that the "generally recognized rule" requires application of a four-factor test[171]; however, there was not "uniform agreement on how the factors are applied in a given case."[172] The court treated "the application of the factors—that is, the determination of whether a preliminary injunction should be granted or denied—as a procedural issue."[173] And because the issue "involve[ed] substantive matters *unique to* the Federal Circuit," the court applied its own law, which required the trial court to "weigh and measure each of the four factors against the other factors and against the magnitude of the relief requested."[174] This standard is different from the standard the Sixth Circuit typically applies.[175] *Chrysler Motor Corp.* is accordingly inconsistent with other, non-patent cases originating in the Sixth Circuit.

As this Article discusses further below, these differences should be justified on grounds of substantive law. But there will be differences all the same.

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[169] Chrysler Motors Corp. v. Auto Body Panels of Ohio, Inc., 908 F.2d 951 (Fed. Cir. 1990).

[170] *See id.* at 952.

[171] *Id.* In general, that four-factor test requires the party seeking the injunction to establish: (1) a reasonable likelihood of success on the merits, (2) irreparable harm, (3) the balance of hardships tips in favor of the party seeking the injunction, and (4) the issuance of an injunction is in the public's interest. *Id.*

[172] *Id.*

[173] *Id.* It is debatable whether the issue of whether to grant or deny a preliminary injunction is "procedural," rather than "remedial." *See* Marcus, *Processes of American Law*, *supra* note 159, at 1197 & n.19 (describing the law pertaining to injunctions as "remedies law"). But the proper (or improper, as the case may be), characterization of the issue as procedural is less important than the disparate intra-circuit treatment of procedural issues, once they are characterized as such.

[174] *Chrysler Motors Corp.*, 908 F.2d at 953.

[175] Under Sixth Circuit precedent, a district court considering a motion for a preliminary injunction must also consider four factors:

> (1) whether the movant has a strong likelihood of success on the merits;
> (2) whether the movant would suffer irreparable injury without the injunction;
> (3) whether issuance of the injunction would cause substantial harm to others; and
> (4) whether the public interest would be served by issuance of the injunction.

Chabad of S. Ohio & Congregation Lubavitch v. City of Cincinnati, 363 F.3d 427, 432 (6th Cir. 2004). But those factors are simply balanced against each other. *See id.*

C. The Trans-Substantivity Principle of Procedural Law and a Related Principle of Equity

A concept closely related to the substance-procedure dichotomy is the trans-substantivity principle of procedural law, which is the idea that a given procedural law should apply similarly across different substantive contexts. A related principle of equity suggests that substantively similar cases should be treated procedurally similarly. The Federal Circuit's choice-of-law rule enables the court to depart from both principles and to do so in a non-transparent manner.

Under the most common definition, a procedural law is "trans-substantive" if "in form and manner of application," it "does not vary from one substantive context to the next."[176] For example, 28 U.S.C. § 1391, the general venue statute, provides that "[a] civil action may be brought in a judicial district in which any defendant resides, if all defendants are residents of the State in which the district is located."[177] It is an example of a trans-substantive law; with the exception of claims for which there is a substance-specific venue transfer statute, the general venue statute is meant to apply in the same manner, regardless of the underlying claims that are brought. In contrast, 28 U.S.C. § 1400 provides, in part, "[a]ny civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business"[178]; it applies to patent claims and is therefore a substance-specific venue statute. Trans-substantivity, therefore, is importantly contingent on the substance-procedure dichotomy, as it "requires some analytical separation between substance and procedure."[179] As Professor David Marcus has described it, "[t]he substance-procedure dichotomy could fairly be described as trans-substantivity's jurisprudential prerequisite."[180]

A broad conception of trans-substantivity translates into treating cases procedurally alike, regardless of substantive or other practical differences.[181] One way of understanding this broad conception is that it would require a uniform

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[176] Marcus, *Processes of American Law*, *supra* note 159, at 1191; *see also* David Marcus, *The Past, Present, and Future of Trans-Substantivity in Federal Civil Procedure*, 59 DEPAUL L. REV. 371, 376 (2010) [hereinafter Marcus, *The Past, Present, and Future*] ("A procedural rule is trans-substantive if it applies equally to all cases regardless of substance."); Jay Tidmarsh, *Unattainable Justice: The Form of Complex Litigation and the Limits of Judicial Power*, 60 GEO. WASH. L. REV. 1683, 1746 (1992) ("'[T]rans-substantivism' requires that the same set of rules be applicable to all cases . . . ."); J. Maria Glover, *The Supreme Court's Non-"Transsubstantive" Class Action*, 165 U. PA. L. REV. 1625, 1654 (2017) ("'[T]ranssubstantive' [is] a term classically defined to mean that the same procedural rules should apply, in the same way, across different substantive contexts.").

[177] 28 U.S.C. § 1391(b)(1) (2018).

[178] *Id.* § 1400(b).

[179] Marcus, *The Past, Present, and Future*, *supra* note 176, at 380–81.

[180] *Id.* at 381.

[181] *See* Tidmarsh, *supra* note 176, at 1747.

application of a procedural law both within a substantive body of law *and* across multiple bodies of law. Thus, patent cases raising similar procedural issues would be treated similarly, as would patent cases and tort cases raising similar procedural issues.

One justification offered for the trans-substantivity principle is that it serves as a restraint on judicial lawmaking in the face of concerns regarding the "legitimacy, competency, and effectiveness" of judges as lawmakers.[182] Marcus argues that it prevents judges from "trespass[ing] on legislative terrain" by requiring that judges either develop procedural law uniformly or, alternatively, refrain from doing so and leave the legislature to address the issue.[183] In addition, he suggests that judges are not competent to craft particularized procedural law because they lack the ability to discern problems at a systemic level, do not have the necessary expertise, and suffer from biases that are exacerbated by the litigation process.[184] Furthermore, Marcus argues that courts suffer from a coordination problem that undermines their ability to effectively craft particularized procedural law: The multiplicity of decisionmakers (*i.e.*, judges) at the trial court level make it difficult "to devise a single approach" and can give rise to intra-circuit inconsistencies, and, at the appellate court level, numerous decisionmakers give rise to circuit splits.[185]

Others, however, have justified deviation from the trans-substantivity principle in a variety of contexts,[186] while Professor Bob Bone has argued that the whole idea

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[182] *See, e.g.*, Marcus, *Processes of American Law*, *supra* note 159, at 1220, 1228, 1236, 1248; Cover, *supra* note 107, at 735–36. Another justification offered is that trans-substantive procedural laws—rules in particular—are flexible enough to accommodate new claims and theories of liability and, with them, the shifting needs of litigants. For example, Professor Geoffrey Hazard explained:

> The Federal Rules have been an effective instrument of social justice because they reduce the barriers to the formulation and proof of claims against the existing systems of authority. Formulation of new theories of legal rights is simpler, virtually by definition, under a pleading system that is not construed in terms of old legal categories, as was code pleading and common law pleading. Proof of new theories of liability likewise is simpler with the aid of comprehensive discovery.

Geoffrey C. Hazard, Jr., *Discovery Vices and Trans-Substantive Virtues in the Federal Rules of Civil Procedure*, 137 U. PA. L. REV. 2237, 2246 (1989).

[183] *See* Marcus, *Processes of American Law*, *supra* note 159, at 1228–30.

[184] *Id.* at 1230–31.

[185] *Id.* at 1232–33.

[186] *See, e.g.*, Stephen N. Subrin, *Fudge Points and Thin Ice in Discovery Reform and the Case for Selective Substance-Specific Procedure*, 46 FLA. L. REV. 27, 45–56 (1994) (arguing for substance-specific discovery rules in products liability, antitrust, securities, § 1983, employment discrimination, and class action suits); Glover, *supra* note 176, at 1656–66 (contending that the Supreme Court's substance-driven class action jurisprudence does not exceed Rules Enabling Act); Cover, *supra* note 107, at 734–35 (suggesting that courts

that procedural rules are trans-substantive in the first place is an illusion.[187] No procedural rule, Bone argues, can be justified "exclusively by reference to procedural values";[188] instead, procedural rules must ultimately be justified by the substantive ends they serve, and because the substantive interests at stake vary from case to case, different procedural rules might consequently be called for.[189] Professor Maria Glover makes a similar point, arguing that a court's substance-specific—*i.e.*, non-trans-substantive—applications of procedural law are within the scope of a court's lawmaking authority, so long as they are justified on substantive grounds.[190] Glover points out that judges may legitimately engage in substantive, interstitial lawmaking: "[F]ederal courts are very much in the business of making, interpreting and providing content to *federal* rights."[191] But what courts may not do, she argues, is "interpret or apply *substantive* law differently from one procedural context to the next."[192] She calls this principle of judicial procedural lawmaking power the "principle of procedural symmetry."[193] She notes, "it is perfectly acceptable under the symmetry principle . . . for the same procedural rule to apply differently in different substantive contexts."[194] Thus, although procedural law need not create uniformity *across* substantive bodies of law, it can and should create uniformity *within* one substantive body of law. Two patent cases raising similar procedural issues would be treated similarly, and two tort cases raising similar procedural issues would be treated similarly, but it is not necessary for the patent cases to be treated like the tort cases. The suggestion of these scholars' arguments is that judges may

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may use Rule 23 to effectuate substantive ends); Tidmarsh, *supra* note 176, at 1791–1801, 1805–06, 1808 ("[A] formal analysis of complex litigation dictates that some relaxation of the trans-substantive ideal will need to occur in order to accommodate the peculiar problem of complex cases.").

[187] *See* Robert G. Bone, *Securing the Normative Foundation of Litigation Reform*, 86 B.U. L. REV. 1155, 1160 (2006).

[188] *See id.*

[189] *See id.* at 1160–63, 1161 ("[T]he social benefit of procedure must always be measured in terms of the substantive values at stake.").

[190] *See* Glover, *supra* note 176, at 1655–57; *see also* Cover, *supra* note 107, at 735 ("The Rules Enabling Act might then be read to mean that the courts, in applying the Federal Rules of Civil Procedure or any subsequently enacted similar body of rules, may not forsake their responsibility to justify substantive impact in terms of substantive values. It would not be enough to point to Rule 23; one would have to justify invoking it."); Bone, *supra* note 187, at 1159 ("[Cover's] deeper point was that sometimes the justification for a procedural choice necessarily had to take account of substantive policies, and in such cases, judges should explain their choices publicly and make the connection to substantive policy explicit.").

[191] Glover, *supra* note 176, at 1656.

[192] *Id.* at 1657.

[193] *Id.*

[194] *Id.*

depart from the trans-substantivity principle as long as doing so is a *legitimate exercise of judicial lawmaking*.[195]

Application of the Federal Circuit's choice-of-law rule causes divergence from both the trans-substantivity principle and Glover's symmetry principle. But because of the Federal Circuit's unique jurisdictional grant, divergence from the trans-substantivity principle is justified, even on the terms offered by the principle's proponents. However, it is the transgression from Glover's symmetry principle that presents reason for concern.

The Federal Circuit's application of its choice-of-law rule explicitly contemplates a substance-specific application of some procedural rules or doctrines. Since the court first considered the choice-of-law issue in *Panduit*, it has recognized that there may be procedural matters that "pertain to" or are "related to" patent issues, and, in those cases, the court applies and develops its own law.[196] Although it need not have done so, the court has implemented this rule by applying and developing its own law in a patent-specific manner.

The balancing test the court applied in *Chrysler Motor Corp.* to determine whether to grant a preliminary injunction is one example of the court's application of a patent-specific rule.[197] Likewise, Judge Newman's dissent in *Barnes & Noble* reflects the judgment that the issue of venue transfer pursuant to section 1404 implicates issues of patent law and therefore justifies a departure from the regional-specific procedural law. Judge Newman's justification for according the plaintiff's choice of forum only minimal deference appropriately turns on rationale pertinent to patent law—*i.e.*, because the plaintiff was a non-practicing patentholder.

Both *Chrysler Motors Corp.* and Judge Newman's *Barnes & Noble* dissent procedurally treat cases differently because of issues of substantive law—*i.e.*, because of issues pertinent to patent law. But because of the Federal Circuit's unique jurisdiction, the court's substance-specific crafting of procedural law does not present many of the concerns raised by critics of substance-specific procedural law. First, these sorts of divergences derive from permissible judgments about patent law. As a federal court, the Federal Circuit may engage in interstitial lawmaking with respect to the interpretation of, and rights and remedies provided by, federal laws.[198] And the Federal Circuit was created for the very purpose of interpreting and applying

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[195] This insight raises important questions about the full breadth of the judiciary's lawmaking powers, an examination of which is beyond the scope of this Article, but which is worthy of further inquiry.

[196] Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1575 n.14 (Fed. Cir. 1984) (per curiam).

[197] Chrysler Motors Corp. v. Auto Body Panels of Ohio, Inc., 908 F.2d 951, 952–53 (Fed. Cir. 1990) (observing that application of factors in balancing test is a procedural issue and that Federal Circuit would apply its own law because question on appeal involved substantive patent matters).

[198] *Cf.* Glover, *supra* note 176, at 638–43 (discussing the Supreme Court's interstitial lawmaking as a legitimate exercise of the Court's authority and as an explanation for its non-transsubstantive class action decisions).

patent law in a uniform manner. The court therefore has a particular mandate to engage in interstitial lawmaking with respect to patent law. This mandate lends legitimacy to the court's creation of patent-specific procedural rules and law.[199]

Second, because the Federal Circuit hears virtually all appeals raising an issue of patent law,[200] it has a privileged vantage point. It can discern systemic, rather than merely unique, problems pertinent to patent law. In addition, this vantage point has enabled the court to acquire expertise pertaining to the way particularized rules may serve patent law's needs. And because many of the parties and lawyers before the Federal Circuit are repeat players,[201] they have an incentive to bring systemic issues to the court's attention, including the effects of particular procedural laws and doctrines.[202] The court, therefore, has the competency to craft patent-specific departures from otherwise trans-substantive procedural laws.[203]

And third, because of the Federal Circuit's exclusive jurisdiction over claims arising under the patent laws, the court does not face the same sort of coordination problems that typically afflict federal courts crafting particularized rules. Specifically, the Federal Circuit can devise a single, patent-specific approach to procedural problems that can be implemented uniformly at the appellate level.[204] Thus, in some instances, the Federal Circuit's decision to apply and develop its own patent-specific procedural law seems to be a legitimate exercise of the court's power.

But in other instances—where the court defers to the regional circuits on arguably procedural issues—the Federal Circuit's choice-of-law rule causes the court to treat substantively similar cases procedurally differently. And this divergence is not so easily justified.

Consider again *Barnes & Noble*. The majority's and dissent's opinions reveal that, in at least some instances, the regional circuit procedural law differs in important respects. Indeed, in the case of the Fifth and Sixth Circuits' venue-transfer precedents, they are actually inconsistent in two respects. It is useful to evaluate the

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[199] *Cf.* Marcus, *Processes of American Law*, *supra* note 159, at 1228 (arguing that judges lack "lawmaking legitimacy" and, therefore, one justification for trans-substantivity is that it constrains judges from "trespass[ing] on legislative terrain").

[200] *See supra* note 42.

[201] *See* Craig Allen Nard & John F. Duffy, *Rethinking Patent Law's Uniformity Principle*, 101 NW. U. L. REV. 1619, 1628 n.40 (2007) (noting that bias at the Federal Circuit is unlikely in part because parties that appear before court often "enjoy the advantages of repeat play" (quoting Rochelle Dreyfuss, *Pathological Patenting: The PTO as Cause or Cure*, 104 MICH. L. REV. 1559, 1569 (2006))).

[202] *Cf.* Marcus, *Processes of American Law*, *supra* note 159, at 1191 (arguing that judges lack the competency to create substance-specific process doctrine because they are biased and receive asymmetrical information from litigants).

[203] *Cf. id.* at 1230–31 (arguing that judges lack the competency to craft substance-specific process law and that trans-substantivity protects against "inexpert, biased decision-making").

[204] *Cf. id.* at 1232–33 (arguing that judges face a "coordination" problem in creating substance-specific process law because of the difficulties in "devis[ing] a single approach" to procedural problems and, among other things, the division among circuit courts of appeal).

two inconsistencies in isolation to identify the problem each presents and determine whether either can be justified.

First, the two circuits differ in the quantum of showing a defendant must make in order to overcome a plaintiff's initial choice of venue. This difference is, at least on its face, a difference that can be applied uniformly across all cases. In other words, the difference is seemingly trans-substantive. The Federal Circuit applies the same venue transfer standard to all claims—whether patent, tort, contract, or otherwise—that originate from the Fifth Circuit. And likewise, it applies the same venue transfer standard to all claims that originate from the Sixth Circuit.

But a comparison between cases originating from the Fifth and Sixth Circuits and within one substantive body of law reveals the non-trans-substantive effect. Because of the difference in the two circuits' standards, a case that includes patent claims originating in the Fifth Circuit is more likely to be transferred to another venue than a case that includes patent claims originating in the Sixth Circuit.[205] In other words, cases that are substantively similar—because they include patent claims—are being treated procedurally differently.

The question is whether this non-trans-substantive application of the venue transfer statute can be justified. Is the disparate application of the venue transfer statute a legitimate exercise of the Federal Circuit's authority to engage in lawmaking? Perhaps. The disparate treatment of cases from the Fifth and Sixth Circuits is not justified on grounds of patent law—*i.e.*, it is not an interpretation of patent law that yields this disparate treatment. Nor is it an interpretation of the Federal Circuit's jurisdictional statute that yields this different result.[206] Indeed, it is purportedly not an interpretation of *any statute at all*. Rather, it is a "policy" decision by the Federal Circuit that justifies this disparate application of the venue transfer

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[205] *Id.*

[206] Were the non-trans-substantive application of the venue transfer statute the result of the court's interpretation of its jurisdictional statute, 28 U.S.C. § 1295, the question would likely be an easier one. A jurisdictional statute is arguably "procedural." *See* Marcus, *The Processes of American Law*, *supra* note 159, at 1223 (noting that, through their opinions, judges make procedural law, which includes law pertaining to federal subject matter jurisdiction). Thus, the disparate application of the venue transfer statute would be justified not on substantive grounds, but rather on procedural grounds. However, the justification would be related to a procedural law (the jurisdictional statute) other than the one being inconsistently applied (the venue transfer statute). Nonetheless, the obligation of determining the scope of a federal court's jurisdiction has always been one given to the courts, themselves. *See, e.g.*, Local 377, RWDSU, UFCW v. 1864 Tenants Ass'n, 533 F.3d 98, 99 (2d Cir. 2008) ("The federal courts are under an independent obligation to examine their own jurisdiction." (quoting Lebron v. Nat'l R.R. Passenger Corp., 69 F.3d 650, 659 (2d Cir. 1995) (alteration omitted)); Micei Int'l. v. Dep't of Commerce, 613 F.3d 1147, 1151 (D.C. Cir. 2010) ("Federal courts are courts of limited subject-matter jurisdiction and 'every federal appellate court has a special obligation to satisfy itself . . . of its own jurisdiction . . . .'" (quoting Bender v. Williamsport Area Sch. Dist., 475 U.S. 534, 541 (1986))); *cf.* United States v. Ruiz, 536 U.S. 622, 628 (2002) ("[I]t is familiar law that a federal court always has jurisdiction to determine its own jurisdiction.").

statute.[207] This raises a question of whether the court was acting within its powers when it adopted its choice-of-law rule in the first place. Or, alternatively, whether the Federal Circuit's adoption of the rule was an instance in which the court was "trespass[ing] on legislative terrain."[208] Although a full inquiry into the Federal Circuit's lawmaking power is beyond the scope of this Article, as long as the court's choice-of-law rule was within the court's power, treating cases that originate from the Fifth and Sixth Circuits procedurally differently would be justified. What is important is that the court treats these cases differently in a transparent way that exposes the underlying policy determination that arguably justifies it. And, at least with respect to the disparate treatment resulting from the different quantum of showings, the Federal Circuit was transparent.

But the venue transfer precedent relating to cases that originated from the Fifth and Sixth Circuits differ in a second respect. Certain types of patent plaintiffs—specifically, non-practicing entities—are treated differently, depending on the circuit from which the case came. The Federal Circuit is less deferential to a plaintiff's initial choice of forum when the plaintiff is a non-practicing entity *and* the case originated in the Fifth Circuit, rather than in the Sixth Circuit.

This difference is, itself, actually composed of two discrete differences that can be disentangled from each other. The first is that non-practicing-entity-patent plaintiffs are treated differently than other types of plaintiffs. As discussed above, this difference can be justified on grounds of substantive patent law—*i.e.*, patent law should not accord the same rights and remedies to certain types of plaintiffs.[209] And it is therefore a permissible exercise of the Federal Circuit's substantive lawmaking powers.

The second difference is that non-practicing-entity-patent plaintiffs from the Fifth Circuit are treated differently than non-practicing-entity-patent plaintiffs from the Sixth Circuit. In other words, the Federal Circuit treats substantively similar cases (patent cases involving plaintiffs that are non-practicing entities) procedurally differently.[210] It is this second difference that is difficult to justify. It is not justified on grounds of patent law. There is no reason, under patent law, to treat certain patent plaintiffs who file suit in the Fifth Circuit differently from those same types of patent plaintiffs who file suit in the Sixth Circuit.

But perhaps it is justified on grounds of the court's broader lawmaking authority. This authority would have arguably empowered the court to adopt its choice-of-law rule. And this choice-of-law rule, in turn, would have enabled the court to apply the disparate law of the regional circuits. But an examination of the Fifth, Sixth, and Federal Circuits' precedents suggests that the court's disparate

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[207] *See* Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1574–75 (Fed. Cir. 1984) (per curiam).

[208] Marcus, *The Processes of American Law*, *supra* note 159, at 1228.

[209] *See supra* Section III.B.

[210] *See In re* Barnes & Noble, Inc., 743 F.3d 1381, 1383–84 (Fed. Cir. 2014).

treatment is not so justified. It is not the Fifth Circuit that treats non-practicing entities differently from other plaintiffs. Rather, it is the Federal Circuit that does so.

In each of two different cases that predate *Barnes & Noble* and that originate in the Fifth Circuit, a defendant sought a writ of mandamus, directing the Eastern District of Texas to vacate its order denying a motion to transfer and to transfer the case to the defendant's chosen venue.[211] In each case, the Federal Circuit concluded that the writ of mandamus should be granted and the action transferred because the plaintiff had merely a fabricated connection to the forum in which it had initially filed suit.[212] Although both plaintiffs had offices in the Eastern District of Texas, neither plaintiff actually had employees there.[213] But in reaching these decisions, the Federal Circuit was not applying Fifth Circuit law.[214] Sure, in stating the standard that was generally applicable to issues of venue transfer, the Federal Circuit relied on Fifth Circuit law.[215] But the issue of how to treat a plaintiff who did not practice its patents was not an issue ever addressed by the Fifth Circuit's precedent.[216] Instead, it was an issue first identified by the Federal Circuit. Thus, it is not the Federal Circuit's strict adherence to its choice-of-law rule that yields different treatment of certain types of patent plaintiffs.

So, what *was* the justification for treating non-practicing entities differently in the Fifth Circuit? One possibility is that the Federal Circuit's earlier cases originating in the Fifth Circuit had, indeed, applied the venue transfer statute in a substance-specific way. But because of the court's choice-of-law rule and prior decisions characterizing issues of venue as "procedural," the court departed from the trans-substantivity principle *sub silentio*. The disagreement in *Barnes & Noble* might then be understood as whether it was proper for prior panels of the Federal Circuit to depart from the trans-substantivity principle, the precepts of the court's choice-of-law rule, or both. But regardless of the answers to those questions, if those earlier cases from the Fifth Circuit were, indeed, initially justified on grounds of patent law, the court's venue transfer decisions, as a whole—including decisions from the Fifth Circuit *and* the other courts of appeals—are likely an illegitimate exercise of the court's lawmaking authority. Or, to state it in terms of Glover's symmetry principle, the Federal Circuit is impermissibly interpreting or applying substantive patent law differently from one procedural context to the next.

Another possibility is that the Federal Circuit's earlier venue transfer decisions reflect not a judgment about substantive patent law, but rather something about the

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[211] *See In re* Zimmer Holdings, Inc., 609 F.3d 1378, 1379 (Fed. Cir. 2010); *In re* Microsoft Corp., 630 F.3d 1361, 1362 (Fed. Cir. 2011).

[212] *See Zimmer*, 609 F.3d at 1382 (granting writ in part because "the only connection between this case and the plaintiff's chosen forum is a legal fiction"); *Microsoft*, 630 F.3d at 1365 (granting writ because plaintiff's connection to forum was "a construct for litigation and appeared to exist for no other purpose than to manipulate venue").

[213] *See Zimmer*, 609 F.3d at 1381; *Microsoft*, 630 F.3d at 1365.

[214] *See Zimmer*, 609 F.3d at 1381; *Microsoft*, 630 F.3d at 1364–65.

[215] *See Zimmer*, 609 F.3d at 1380; *Microsoft*, 630 F.3d at 1363.

[216] *See Zimmer*, 609 F.3d at 1380; *Microsoft*, 630 F.3d at 1363.

Fifth Circuit and the Eastern District of Texas more specifically. The Eastern District of Texas has earned the reputation of being a venue hospitable to patent plaintiffs, particularly plaintiffs that are non-practicing entities.[217] The district's popularity stems from multiple factors, including the accelerated timing of discovery, the extended time to respond to motions to transfer and reluctance to grant such motions, the timing of claim construction hearings relative to discovery, and the Federal Circuit's exercise of its discretion in a manner that dampens the effects of legislative reforms and the commands of Supreme Court rulings.[218] The Eastern District of Texas and the patent system, more generally, have come under attack, in part because of the ability of non-practicing-entity-patent plaintiffs to control the litigation in such a meaningful way simply by bringing suit in one forum over another.[219] The Federal Circuit's earlier decisions ordering a transfer from the Eastern District of Texas may ultimately have been an effort to send a message to the Eastern District of Texas and address these systemic issues.

It is questionable whether the Federal Circuit's lawmaking authority embraces addressing these sorts of systemic problems. Because these problems are the result of a variety of different failures in the litigation process, correcting them is likely best addressed by Congress. And indeed, legislation that aimed to ameliorate these problems by limiting where patent suits could be brought was introduced in 2016.[220] That said, the legislation appears to have died in the Senate Judiciary Committee.[221] In the face of such system failures, including the failure of Congress to appropriately address weaknesses in the litigation process, perhaps appellate review by the Federal Circuit seemed like the only hope of addressing them.[222]

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[217] *See, e.g.*, Love & Yoon, *supra* note 135 *passim* (evaluating the reasons why the Eastern District of Texas is so popular among plaintiffs and concluding that it is generally plaintiff friendly, although there are other rationale explaining the district's popularity).

[218] *See id.* at 16, 21–34.

[219] *See id.* at 23–24 ("[T]he relative timing of discovery, transfer, and Markman ensures that, by virtue of being sued in the Eastern District, an accused infringer will be forced to incur large discovery costs, regardless of the case's connection to East Texas or the merits of its noninfringement contentions.").

[220] Venue Equity and Non-Uniformity Elimination Act of 2016, S. 2733, 114th Cong. (2016).

[221] An examination of the bill's history indicates that the bill's referral to the Senate Judiciary Committee was the last action. *Id.*

[222] It is worth noting that, in 2017, the Supreme Court decided *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017), which may have curtailed a patent troll's ability to bring suit against a defendant in the Eastern District of Texas. *TC Heartland* considered the definition of the word "resides" in the patent venue statute, 28 U.S.C. § 1400(b). *Id.* at 1516–17. The Court concluded that "resides" in that statute meant "State of incorporation." *Id.* at 1517, 1521. The Court's decision overturned prior precedent of the Federal Circuit, which had held that "resides" in the patent venue statute meant the same thing as "resides" in the general venue statute, 28 U.S.C. § 1391(a) and (c). *See id.* at 1519–20 (discussing the Federal Circuit's precedent, including VE Holding Corp. v. Johnson Gas Appliance Co., 917 F. 2d 1574 (1990)). The definition of "resides" in the general venue

Of course, this is all speculation about the court's "true" rationale for its disparate treatment of non-practicing-entity-patent plaintiffs from the Fifth and Sixth Circuits. The reason for this speculation is that the only rationale provided—adherence to the court's choice-of-law rule—neither fully explains nor justifies the court's decision. And any other rationale is not provided. It is this lack of transparency that is perhaps what is most concerning about the court's decision. It deprives the Supreme Court, Congress, practitioners, and the public of an opportunity to contemplate the court's reasons and assess the legitimacy of its lawmaking in light of the rationale provided.

The implications of this analysis are twofold. First, and most importantly, the court's choice-of-law rule is serving as a mechanism to obscure substantive judgments, whether about patent law, systemic concerns in federal court adjudication, or other issues. It adds another decisional rule to the calculus of deciding cases. And the interpretation, accommodation, and application of that rule create both an opportunity for confusion and a refuge in which determinations that are difficult—because, for example, they are politically polarizing or at the outer bounds of the court's lawmaking authority—can "hide out." The second implication flows from the first. By obscuring substantive determinations, the choice-of-law rule provides the court with a mechanism that enables it to depart from its prior determinations. These departures, in turn, undermine the court's objective of developing patent law in a uniform manner.

D. Forum Shopping

One of the motivations for the Federal Circuit's choice-of-law rule was to discourage forum shopping. Recall that, in *Atari*, the plaintiff brought suit in the Northern District of Illinois, raising claims under patent law as well as copyright

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statute permits plaintiffs to bring suit against a defendant in any judicial district in which the defendant is subject to personal jurisdiction. *Id.* at 1519; *see also* 28 U.S.C. § l391(a), (c) (2018). Because many large corporations sell products all over the United States, they are subject to personal jurisdiction in most, if not all, judicial districts in the United States. As a result, the Federal Circuit's interpretation of the patent venue statute enabled patent plaintiffs to bring suit against patent defendants virtually anywhere they wanted, and especially the Eastern District of Texas. The Supreme Court's rejection of the Federal Circuit's interpretation of "resides" in the patent venue statute prevents patent plaintiffs from bringing suit against patent defendants virtually anywhere they want and, therefore, arguably corrected for the systemic problem potentially underlying *Barnes & Noble*. The patent venue statute, however, also permits a patent plaintiff to bring suit against a defendant in the judicial district "where the defendant has committed acts of infringement and has a regular and established place of business," 28 U.S.C. § 1400(b), and the meaning of that phrase is not entirely clear and is continuing to be debated.

But the fact that the Supreme Court's decision in *TC Heartland* may have, at least partially, corrected for the specific, systemic concern underlying *Barnes & Noble* should not distract from the more general problems created by court's choice-of-law rule, which persist even after *TC Heartland*.

law.[223] The district court preliminarily enjoined the defendant from contributory copyright infringement, and the defendant appealed the district court's order to the Federal Circuit.[224] The plaintiff responded by filing a motion to transfer the appeal from the Federal Circuit to the Seventh Circuit,[225] where, but for the patent claims, the plaintiff's suit otherwise would have been appealed. The Federal Circuit denied the plaintiff's motion, concluding that its jurisdiction extended over an entire case, not just "patent issues."[226] But the court extended its choice-of-law rule to substantive issues and concluded that the Seventh Circuit's precedent should apply to the substantive issue of contributory copyright infringement.[227]

Part of the Federal Circuit's rationale for both its interpretation of its jurisdictional statute, as well as its adoption of its choice-of-law rule, was the desire to discourage plaintiffs from "appellate forum shopping." The legislative history of the court's enabling statute reveals Congress's concern with a party adding "trivial patent claims" in order to "manipulate appellate jurisdiction."[228] In other words, Congress aimed to prevent regional-circuit-/Federal-Circuit- appellate forum shopping. The court's choice-of-law rule sought to prevent this sort of "game."[229] By deferring to the law of the regional circuit on issues not pertinent to substantive patent law, the court's choice-of-law rule would deter a plaintiff from adding patent claims simply to escape the law of the circuit court that would otherwise apply. Although the court's opinion articulated its choice-of-law rule with respect to non-patent substantive law, its reasoning applies equally to the court's rule as to procedural law.

Considered alone, the Federal Circuit's choice-of-law rule is reasonably designed to prevent this type of appellate forum shopping. It provides a plaintiff no incentive to join patent claims to its suit because, regardless of whether a suit contains patent claims, the regional circuit's procedural law applies. In addition, even as applied, the rule is narrowly drawn such that the Federal Circuit attempts to apply its own precedent only to issues actually implicating patent law. For example, the court has consistently applied Federal Circuit precedent to issues of personal jurisdiction that are "intimately involved with the substance of the patent laws."[230]

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[223] Atari Inc. v. JS & A Group, Inc., 747 F.2d 1422, 1424 (Fed. Cir. 1984).

[224] *Id.* at 1424, 1427.

[225] *See id.* at 1427.

[226] *See id.* at 1440.

[227] *See id.*

[228] S. REP. NO. 97-275, at 20 (1981), *as reprinted in* 1982 U.S.C.C.A.N. 11, 30.

[229] *See Atari*, 747 F.2d at 1437–38 (discussing forum shopping and noting "[f]orum shopping is a game at which two can play").

[230] *See* Beverly Hills Fan Co. v. Royal Sovereign Corp., 21 F.3d 1558, 1654–65 (Fed. Cir. 1994) (concluding that the Federal Circuit should develop and apply its own law relating to personal jurisdiction based on stream of commerce theory because the issue of personal jurisdiction "is a critical determinant of whether and in what forum a patentee can seek redress for infringement of its rights" and there was no apparent uniformity on the issue in the regional circuit courts); *see also* Electronics For Imaging, Inc. v. Coyle, 340 F.3d 1344,

But for the court's practice, there could be an opportunity for manipulation. A plaintiff could strategically join a patent claim to her suit just to secure the Federal Circuit's personal jurisdiction precedent for her entire case, if such precedent were more favorable to the plaintiff's suit than the regional circuit precedent that would otherwise apply. But the Federal Circuit has attempted to prevent this sort of manipulative joining of patent claims by applying its personal jurisdiction precedent only to jurisdictional inquiries related to the underlying patent claims.[231]

However, the Federal Circuit expressed no concern for regional-circuit/regional-circuit forum shopping. Yet, the legislative history of the court's enabling statute reveals that Congress was also concerned with this type of forum shopping. Congress vested the Federal Circuit with exclusive jurisdiction over patent appeals for the very purpose of removing any incentive plaintiffs might have for choosing one forum over another for what might be perceived as more favorable patent law.[232] The Federal Circuit's rule does not discourage this sort of forum shopping at the trial court level, at least with respect to non-patent issues. Under the court's rule, regional circuit non-patent procedural law continues to apply. A plaintiff therefore has every incentive to file suit in a circuit that has procedural law favorable to its claims. In this respect, the court's rule is seemingly neutral; it does not appear to change a party's incentives to file suit in one circuit over another. But because of the falsity of the substance-procedure dichotomy and the court's disuniform application of procedural law in a substance-specific manner, the court's rule further encourages plaintiffs to choose a particular forum for the way that forum's procedural law interacts with patent law. For example, after *Barnes & Noble*, a plaintiff that is a non-practicing entity would be better served to bring suit in the Sixth Circuit, rather than the Fifth Circuit. The plaintiff's initial choice of forum is more likely to be respected in the Sixth Circuit both because of the Sixth Circuit's relatively more difficult standard for justifying a transfer of venue and because embedded in the balancing test is a judgment that a non-practicing entity plaintiff is entitled to the same rights and remedies as a patentholder that practices its patents.[233]

To be sure, the Federal Circuit's choice-of-law rule is likely not the only factor contributing to forum shopping. Federal district courts may adopt their own local rules,[234] and many adopt patent-specific rules.[235] In addition, some individual judges

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1348 (Fed. Cir. 2003); Akro Corp. v. Luker, 45 F.3d 1541, 1543 (Fed. Cir. 1995).

[231] *See Electronics for Imaging*, 340 F.3d at 1348 (applying Federal Circuit precedent to jurisdictional inquiry related to patent invalidity claim and applying Ninth Circuit precedent to state law misappropriation of trade secret and contract claims).

[232] *See* S. REP. NO. 97–275, at 19 (1981), *as reprinted in* 1982 U.S.C.C.A.N. 11, 29 ("This measure is intended to alleviate the serious problems of forums [sic] shopping among the regional courts of appeals on patent claims by investing exclusive jurisdiction in one court of appeals.").

[233] *See supra* text accompanying notes 137–56.

[234] *See* FED. R. CIV. P. 83.

[235] *See, e.g.*, E.D. Tex. Patent Rules, http://www.txed.uscourts.gov/?q=patent-rules

have adopted their own patent rules.[236] These local rules are far from uniform.[237] Consequently, these rules serve as a basis for forum shopping.[238] In addition, if a plaintiff's suit includes non-patent claims arising under federal law, consideration of the applicable regional circuit law likely affects the plaintiff's analysis as well. Other considerations related to personal jurisdiction, venue, and traditional choice-of-law concerns may additionally influence a plaintiff to choose one forum over another. None of these additional factors, however, should distract from the fact that the Federal Circuit's choice-of-law rule may well contribute to forum shopping, at least as between the regional circuits.

E. Specialization of the Federal Circuit

The legislative history of the Federal Circuit's enabling statute makes clear that Congress did not intend the Federal Circuit to be a "specialized court." Indeed, both the House and Senate Reports explicitly state that Congress was not creating a

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[https://perma.cc/TMR2-Q2AW]; N. D. Cal. Patent Rules, https://www.cand.uscourts.gov/localrules/patent [https://perma.cc/V749-QJ6P]; E.D. Va. Patent Rules, http://www.vaed.uscourts.gov/localrules/ LocalRulesEDVA.pdf [https://perma.cc/698G-ZN2K].

[236] *See, e.g.*, Megan M. La Belle, *The Local Rules of Patent Procedure*, 47 ARIZ. ST. L.J. 63, 66 (2015). These judge-specific local patent rules have been characterized as "local-local patent rules." *See id.*; *see also* Paul D. Carrington, *Renovating Discovery*, 49 ALA. L. REV. 51, 56 (1997) (noting that local rules, including standing orders, are sometimes referred to as "local local rules").

[237] As with procedural law, more generally, both the design and application of local patent rules can reflect a judgment about the underlying substantive law. Recognizing the "close relationship" between local patent rules and the enforcement of substantive patent law, the Federal Circuit applies its own precedent when reviewing the validity, interpretation, and application of these rules. *See* 02 Micro Intern. Ltd. v. Monolithic Power Sys., Inc., 467 F.3d 1355, 1364 (Fed. Cir. 2006) ("[T]he local rules in question are not only unique to patent cases but also are likely to directly affect the substantive patent law theories that may be presented at trial, being designed specifically to require parties to crystallize their theories of the case early in the litigation so as to prevent the shifting sands approach to claim construction. Under such circumstances we conclude that issues concerning the validity and interpretation of such local rules are intimately involved in the substance of enforcement of the patent right and must be governed by the law of this circuit." (internal quotation marks and citation omitted)). But the Federal Circuit is "very deferential," Safeclick, L.L.C. v. Visa Intern. Serv. Ass'n, 2006 WL 3017347, at *4 (Fed. Cir. Oct. 23, 2006), to the district courts with respect to these rules, and, accordingly, its review of them has not yielded uniformity across all local rules.

[238] *See, e.g.*, La Belle, *supra* note 236, at 95–102 (arguing that local patent rules "undermine uniformity in patent law" because they have a number of differences between them, and arguing for a national set of procedural rules); *cf.* Yan Leychkis, *Of Fire Ants and Claim Construction: An Empirical Study of the Meteoric Rise of the Eastern District of Texas as a Preeminent Forum for Patent Litigation*, 9 YALE J.L. & TECH. 193, 209, 226 (2007) (arguing that one of the reasons why patent holders prefer the Eastern District of Texas was the district's local patent rules, and suggesting national rules of procedure for patent suits).

specialized court.[239] To ensure against specialization, Congress granted the Federal Circuit jurisdiction over not only patent appeals, but also "a varied docket spanning a broad range of legal issues and types of cases."[240] The Federal Circuit "inherit[ed] all the appellate jurisdiction" of its two predecessor courts.[241] Thus, the Federal Circuit has jurisdiction over all patent appeals from all federal district courts and the Patent and Trademark Office, and it has the power to hear appeals in suits against the government for damages or for the refund of federal taxes, all federal contract appeals in which the United States is a defendant, appeals from the Court of International Trade, and a few other agency review cases.[242]

The *Atari* decision was cognizant of this legislative history and considered it carefully in construing the breadth of the Federal Circuit's appellate jurisdiction.[243] But the court did not consider how its choice-of-law rule might contribute to the specialization of the court.

It is worth clarifying what is meant by a "specialized" court. Professor Edward Cheng has suggested that there is a spectrum, ranging from generalist on one end, to "narrow specialist" on the other.[244] But, practically, he defines a court as "specialized" if it "deviates from the generalist ideal," which he defines as a "court that hears all cases (or a close approximation)."[245] Although Congress did not intend the Federal Circuit to be specialized, "as that term is normally used,"[246] it deviates from the generalist ideal. And, as a result, characterizing the Federal Circuit has proved challenging to scholars and commentators.[247]

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[239] H.R. REP. NO. 97-312, at 19 (1981) ("The proposed new court is not a 'specialized court.'"); S. REP. NO. 97-275, at 6 (1981), *as reprinted in* 1982 U.S.C.C.A.N. 11, 16 ("The Court of Appeals for the Federal Circuit will not be a 'specialized court,' as that term is normally used.").

[240] H.R. REP. NO. 97-312, at 19 (1981).

[241] H.R. REP. NO. 97-312, at 18 (1981).

[242] *See* H.R. REP. NO. 97-312 (1981); Dreyfuss, *Specialized Adjudication*, *supra* note 38.

[243] *See* Atari Inc. v. JS & A Group, Inc., 747 F.2d 1422, 1436–37 (Fed. Cir. 1984).

[244] Edward K. Cheng, *The Myth of the Generalist Judge*, 61 STAN. L. REV. 519, 526 (2008).

[245] *Id.* at 526–27.

[246] S. REP. NO. 97-275, at 6 (1981), *as reprinted in* 1982 U.S.C.C.A.N. 11, 16.

[247] *Compare* Dreyfuss, *Specialized Adjudication*, *supra* note 38, at 391 (noting that the Court of Customs and Patent Appeals "merged with the Court of Claims to create the Court of Appeals for the Federal Circuit, which retained its specialized authority"), *id.* at 404 ("Congress decided to create a new kind of specialized tribunal."), Dreyfuss, *A Case Study*, *supra* note 16, at 29–30 & n.178 (describing Federal Circuit as a specialized court), *and* John M. Golden, *The Federal Circuit and the D.C. Circuit: Comparative Trials of Two Semi-Specialized Courts*, 78 GEO. WASH. L. REV. 553, 553 n.2 (2010) (describing the Federal Circuit as "semi-specialized" because "substantial portions of [its] docket[] encompass[] issues outside . . . patent law"), *with* Randall R. Rader, *Specialized Courts: The Legislative Response*, 40 AM. U. L. REV. 1003, 1012 (1991) (suggesting that the Federal Circuit has not become a specialized court).

But regardless of how the court is characterized, there is an issue of how to assess how "generalist" the court was intended to be by design and whether its choice-of-law rule may have caused the court to develop into a more specialized court. In one respect, the court's rule has the potential to effect greater specialization. The rule generally requires the Federal Circuit to defer to the regional circuit courts on issues of procedural law that do not pertain to patent law. Through the rule, the court is attempting to "segregate" issues of patent law from issues of procedural law.[248] But Professor Rochelle Dreyfuss suggests this sort of "segregability" comes at a cost. In evaluating specialized adjudication, more generally, she notes that segregability can cause the tribunal to isolate itself, "lose touch with the generalized judiciary, fail to perceive developing trends in the law, and overutilize the techniques at its disposal."[249] Procedural lawmaking has traditionally been controlled or supervised by the judiciary.[250] Thus, by foregoing the opportunity to interpret, apply, and develop procedural law, the Federal Circuit may be losing touch with, and failing to participate in, one of the core functions of a generalized judiciary.

But this theory of the effects of the court's choice-of-law rule may rest on an overly formalistic and cramped understanding of judging. When the Federal Circuit defers to the regional circuit law, it still must engage with the law, apply it to the facts at hand, and exercise judgment where the law requires the resolution of ambiguities, whether in a statute, the regional circuit's precedent, the common law, or otherwise.[251] Indeed, in instances where the regional circuit has not addressed a particular procedural issue before the Federal Circuit, the court endeavors to predict how the regional circuit would have decided the issue.[252] This process is seemingly deferential, but in actuality it requires the exercise of judgment.[253] Moreover, the court interprets, applies, and develops its own law with respect to at least some procedural issues, namely, those that pertain to patent law (however incorrectly the

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[248] *See* Dreyfuss, *Specialized Adjudication*, *supra* note 38, at 413.

[249] *Id.*

[250] *See, e.g.*, Marcus, *The Past, Present, and Future*, *supra* note 176, at 417 (citing Roscoe Pound, *Regulation of Judicial Procedure by Rules of Court*, 10 ILL. L. REV. 163, 171 (1915)) ("Judicial control over some modicum of procedural rulemaking has a centuries-old pedigree in Anglo-American law.").

[251] *Cf.* Cheng, *supra* note 244, at 558 (noting that appellate courts can serve a "lawmaking function, whether through resolving statutory ambiguities, filling gaps in precedent, or developing pockets of common law").

[252] Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1575 (Fed. Cir. 1984) (per curiam) ("Where the regional circuit court has not spoken, we need to predict how that regional circuit would have decided the issue in light of the decisions of that circuit's various district courts, public policy, etc.").

[253] Indeed, *Erie* and its progeny rest on the assumption that, by applying state substantive law, federal courts are being duly deferential to the prerogatives of the states. But that too is a bit of a fiction. *See, e.g.*, Dolores K. Sloviter, *A Federal Judge Views Diversity Jurisdiction Through the Lens of Federalism*, 78 VA. L. REV. 1671, 1682 (1992) ("The federal judge's prediction of state law in the absence of a dispositive holding of the state supreme court often verges on the lawmaking function of that state court.").

court may draw the line between procedural and substantive issues). And in doing so, it necessarily engages with procedural law and exercises judgment, albeit in a way that tracks closely to the specialized subject matter. It is therefore uncertain whether, and if so to what extent, the court's choice-of-law rule facilitates specialization of the Federal Circuit.

F. Administrability

Finally, the Federal Circuit was motivated to adopt its choice-of-law rule, at least in part, because of the rule's ease of administration. In deciding what precedent to apply, the *Panduit* and *Atari* courts contemplated how the district courts would implement whatever rule the court articulated. Both concluded that district courts should not be required to apply the law of two circuits[254]—to "serve[] two masters."[255] In addition, the court considered which court—the district courts or the Federal Circuit—could more easily internalize the challenges associated with any given rule.[256]

There is something to this concern. It is almost certainly easier for twelve judges from the same court, acting collectively, to consistently apply a chosen choice-of-law rule with an eye toward creating uniformity in substantive patent law, than it is for the hundreds of district court judges sitting on the ninety-four federal district courts to internalize and apply the rule in a consistent manner.

But the rule does not entirely eliminate the district court's burden of having to apply the procedural law of more than one circuit court. Indeed, the rule was never designed to do so. Since its articulation in *Panduit*, the court's rule has contemplated that there would be procedural issues pertinent to patent law that would require the court to apply its own precedent and, accordingly, require the district courts to apply Federal Circuit precedent in all similar, subsequent cases. At the same time, the district courts are required to apply the procedural law of the regional circuit in which they are situated to all other, non-patent issues. The district courts therefore cannot escape being bound by the authority of two courts of appeals.

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[254] *See* Atari, Inc. v. JS & A Group, Inc., 747 F.2d 1422, 1439 (Fed. Cir. 1984) (concluding it would be "unfair" to require district courts to apply law of Federal Circuit and regional circuit to substantive law issue); *Panduit*, 744 F.2d at 1574 ("[P]ractitioners within the jurisdiction of a particular regional circuit court should not be required to practice law and to counsel clients in light of two different sets of law for an identical issue due to the different routes of appeal. An equal, if not more important, consideration is that district judges also should not be required to decide cases in this fashion.").

[255] *Atari*, 747 F.2d at 1439.

[256] *See Panduit*, 744 F.2d at 1575 ("Although the adoption of this policy could on occasion require this court to reach disparate results in procedural matters in light of disparate viewpoints from the regional circuit courts, *it is nonetheless preferable for the twelve judges of this court to handle such conflicts rather than for countless practitioners and hundreds of district judges to do so*." (emphasis added)).

Moreover, as applied, the rule is likely difficult for district courts to administer. Because the rule requires the Federal Circuit to identify procedural issues that are pertinent to patent law such that the Federal Circuit's precedent should apply, the rule necessarily requires appellate court review before it is clear which circuit's precedent should apply. This sequencing complicates the district court's process of deciding patent cases in the first instance, as opposed to on remand. And because it requires appellate review first, it makes the Federal Circuit's rule costly to administer over the long run.

The rule has proven difficult for the Federal Circuit to administer as well. The court has had to revisit the rule a number of times, redrawing the "boundaries" that demark the issues to which its precedent applies.[257] Perhaps it is unavoidable that, as a (somewhat) specialized court, the Federal Circuit would be tasked with creating at least some amount of "boundary law"—what Dreyfuss defines as "criteria for determining when a case is within its jurisdiction,"[258] but which could be extended to include criteria for determining when a case should be treated by the court's precedent. But the question is whether the court's rule requires it to devote more resources to boundary lawmaking than a reasonable, alternative choice-of-law rule might require. Because the rule requires the court to draw a boundary along the precarious divide between procedure and substance, the court's boundary law is destined to require repeated revision. And a rule that did not necessitate regular attendance to the boundaries—for example, a rule that does not require the court to parse procedural issues from substantive ones—would be comparatively easier to administer. Thus, although the Federal Circuit's choice-of-law rule was created with at least one of its objectives to make the rule easy to administer, the rule creates a number of challenges.

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In sum, the Federal Circuit's choice-of-law rule creates a number of problems. Perhaps most importantly, it undermines the court's ability to develop patent law in a uniform manner and enables the court to make substantive determinations in a non-transparent way. In addition, the rule contributes to forum shopping among the regional circuit courts and, in at least some respects, is difficult to administer.

At the same time, the court's rule discourages forum shopping between the Federal Circuit, on the one hand, and the regional circuits, on the other; addresses some of the challenges presented by the court's unique jurisdictional grant; and is likely neutral with respect to its effects on the specialization of the Federal Circuit.

Because the elements of this analysis point in opposing directions, it is difficult to condemn the rule outright. In addition, the root cause of the rule and some of its

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[257] *See, e.g.*, Midwest Indus., Inc. v. Karavan Trailers, Inc., 175 F.3d 1356, 1360 (Fed. Cir. 1999) ("[W]e conclude that the rigid division between substantive patent law issues and all other substantive and procedural issues, which was the basis for the court's choice-of-law ruling . . . , no longer represents this courts approach to choice-of-law questions in patent cases.").

[258] Dreyfuss, *Specialized Adjudication*, *supra* note 38, at 382.

negative effects is the court's unique jurisdictional grant. When considered in light of the challenges presented by the court's jurisdiction, it is therefore possible that alternative rules will fare no better. It is to those potential alternative rules, along with other potential solutions, that this Article now turns.

IV. POTENTIAL SOLUTIONS

There are at least two types of solutions to the challenges posed by the Federal Circuit's choice-of-law rule. One is for the court to adopt an alternative choice-of-law rule. The second is a structural solution that would create specialized trial courts or, at least, effect the same solution as if such specialized courts were created. Both solutions are considered below.

A. Alternative Choice-of-Law Rules

There are at least two alternatives to the Federal Circuit's current rule: apply the law of the regional court in which a case originated or apply and develop Federal Circuit law to all issues.

1. Apply the Law of the Originating Regional Circuit

One alternative is a rule that would require the court to apply the law of the regional circuit in which the case originated to *all* legal issues, procedural or otherwise, and regardless of whether those issues pertain to patent law. This "originating-court" rule is seemingly simple in its formulation. And at first blush, it seems easy to apply. Indeed, it is somewhat similar to a federal choice-of-law rule already applied in federal courts.[259]

But as a practical matter, the originating-court rule may operate similarly to the rule the court already applies. The originating-court rule would require the federal courts to faithfully apply the law of the regional circuit court in which a case originated to all claims, such that the Federal Circuit would be nothing more than a change in appellate courtrooms.[260] But, of course, because of the court's unique jurisdictional grant, there is virtually[261] no appellate patent law outside of the Federal

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[259] Specifically, it is analogous to the rule applied to claims arising under state law and then transferred from one federal district court to another pursuant to 28 U.S.C. § 1404(a) (2018). That rule stems from the Supreme Court's decision in *Van Dusen v. Barrack*, 376 U.S. 612 (1964), and it requires the federal court to apply the law of the state of the transferor court. *See id.* at 639. Notably, however, *Van Dusen* does not require a federal court to apply the procedural law of another jurisdiction. *See id* at 642–43.

[260] *Cf. Van Dusen*, 376 U.S. at 639 ("A change in venue under § 1404(a) generally should be, with respect to state law, but a change in courtrooms.").

[261] Prior to amendments to the patent act in 2011, the Federal Circuit did not have exclusive jurisdiction over compulsory counterclaims arising under the patent laws. *See supra* note 42. Consequently, if there were no patent claims on the face of the plaintiff's

Circuit to be applied. The Federal Circuit would therefore need to develop and apply patent law at the appellate level.[262]

Were the Federal Circuit to develop patent law at the appellate level, while otherwise applying the law of the regional circuit court in which the case originated, the court's practice would closely resemble the court's current rule. To be sure, it would not explicitly rely on the substance-procedure dichotomy. But, as applied, the rule very likely would rely on a similar formulation to identify substantive patent issues. Such a rule would bring with it all the same problems that exist with the present rule. The only difference would be that, without a decisional rule that expressly relies on the substance-procedure dichotomy guiding the court, the Federal Circuit might be even less transparent when making substantive law determinations.

2. Develop and Apply the Law of the Federal Circuit

While the prior rule would apply the law of the originating court to all legal issues, another alternative would require the Federal Circuit to apply and develop its *own law* to all legal issues. For example, if a plaintiff filed suit in the Northern District of Illinois, asserting both copyright and patent claims, on appeal, the Federal Circuit would apply Federal Circuit law to the copyright issues, the patent issues, and the procedural issues, rather than applying Seventh Circuit law to the copyright issues and non-patent procedural issues. Some version of this rule has been suggested by at least a few commentators.[263] Under this "own-law" rule, the Federal Circuit's precedent, once developed, would bind the district courts in appropriate cases, such that the district court would apply the Federal Circuit's precedent in all future similar cases. Appropriate cases would be cases that are within the Federal Circuit's appellate jurisdiction. Such a rule would reflect the appellate path of the case.[264] Thus, to return to the example, the Northern District of Illinois would also

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complaint, those sorts of compulsory counterclaims would be appealed to the regional circuit. However, in those instances, because the regional circuit courts had jurisdiction over very few patent-related claims, they would look to and apply the patent law of the Federal Circuit. *See* Schinzing v. Mid-States Stainless, Inc., 415 F.3d 807, 811 (8th Cir. 2005) ("In examining this case, we adopt the Federal Circuit's precedent on substantive issues of patent law."). I am grateful to Tim Holbrook for sharing this insight and providing this example.

[262] Theoretically, another alternative exists: Instead of developing patent law at the appellate level, the Federal Circuit could defer to the patent law determinations of the district courts. This practice, however, seems highly unlikely because it would essentially transform the Federal Circuit's appellate review, such that it would resemble the type of deferential review normally accorded agency determinations. *See* Jennifer E. Sturiale, *Hatch-Waxman Patent Litigation and Inter Partes Review: A New Sort of Competition*, 69 ALA. L. REV. 59, 93 (2017) (noting that the Federal Circuit applies a more deferential standard of review to determinations by the Patent Trial and Appeal Board than it does to decisions by the district courts).

[263] *See, e.g.*, Dreyfuss, *A Case Study*, *supra* note 16, at 44–45; Moore, *supra* note 16, at 800; Karol, *supra* note 16, at 3.

[264] *Cf.* Robert Ragazzo, *Transfer and Choice of Federal Law: The Appellate Model*, 93

apply Federal Circuit law to the copyright issues and the non-patent procedural issues, as well as the patent issues. District courts are well accustomed to assessing whether a case falls within their jurisdiction.[265] Therefore they should be able to determine whether a case falls within those described in § 1338 and can additionally be appealed to the Federal Circuit.

The own-law rule has a lot of appeal. First, the rule does not rely on the substance-procedure dichotomy and consequently would not require the court to characterize issues to conform with it. Second, because the Federal Circuit would develop and apply its own law to all issues, it could ensure that issues pertaining to patent law—regardless of whether presented as strictly substantive issues or contained within procedural issues—are decided in a uniform manner. Third, the rule would very likely prevent the Federal Circuit from departing from the trans-substantivity principle. Without the court's complicated choice-of-law rule interposing in its analysis, it would be readily apparent if the court were inclined to apply patent law differently from one procedural context to the next. This transparency would very likely force the court to justify its inconsistent substantive determinations, which would have the concomitant effect of enabling scrutiny of the court's rationale. Alternatively, such transparency could discourage the court from making such determinations in the first place. Fourth, insofar as the court's present rule does, indeed, facilitate the specialization of the Federal Circuit, the own-law rule would prevent that effect by enabling the court to engage in its core function of interpreting, applying, and developing procedural law.

At the same time, the own-law rule likely undermines the court's other objectives. First, the rule would encourage regional-circuit/Federal-Circuit forum shopping. Under the own-law rule, Federal Circuit law would apply to all issues. Consequently, no longer would a litigant gain an advantage with respect to procedural issues[266] simply from filing suit in one circuit over another. Thus, the rule

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MICH. L. REV. 703, 706–07 (1995) (arguing that, in cases arising under federal law and transferred from one federal court to another pursuant to § 1404 or § 1407, federal courts apply the law of the circuit to which a case will be appealed). Under the present version of the Federal Circuit's jurisdictional statute, cases within its appellate jurisdiction are those "arising under any Act of Congress relating to patents or plant variety protection." 28 U.S.C. § 1295(a)(1) (2018). Those cases constitute a subset of cases falling within the district court's subject matter jurisdiction, as provided for in 28 U.S.C. § 1338 (2018). Section 1338 provides, "The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks." 28 U.S.C. § 1338(a) (2018). Thus, the district courts would apply the law of the Federal Circuit if the case fell within the Federal Circuit's appellate jurisdiction and the district court's subject matter jurisdiction. And in all other instances, a district court would follow the law of the regional circuit court that geographically embraced it.

[265] *See, e.g.*, Local 377, RWDSU, UFCW v. 1864 Tenants Ass'n, 533 F.3d 98, 99 (2d Cir. 2008); Micei Int'l v. Dep't of Commerce, 613 F.3d 1147, 1151 (D.C. Cir. 2010); *cf.* United States v. Ruiz, 536 U.S. 622, 628 (2002) ("[I]t is familiar law that a federal court always has jurisdiction to determine its own jurisdiction.").

[266] To be sure, the own-law rule would do nothing to prevent forum shopping motivated

would discourage regional-circuit/regional-circuit forum shopping. But if the Federal Circuit developed and applied its own procedural law, litigants might gain an advantage from having Federal Circuit, as opposed to regional circuit, law apply. This advantage would incentivize parties to add patent claims or counterclaims simply to get their cases within the jurisdiction of the Federal Circuit. The legislative history of the court's enabling statute was concerned about this very problem.[267] Thus, the own-law rule would be at odds with Congress's intentions.

Second, the own-law rule creates its own administrability difficulties. The rule would require district courts to apply Federal Circuit precedent if that is the court to which the case would ultimately be appealed. But the appellate path of a case is not necessarily apparent at the outset of a case. Complaints can be amended,[268] counterclaims added,[269] or cases consolidated.[270] Any of these events may result in patent claims entering a case and changing a case's appellate path.[271] These sorts of everyday procedural developments would raise difficult questions about whether district court rulings that occurred before patent claims were added to the case should be revisited and, ironically, what law the Federal Circuit should apply to those issues

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by issues other than the applicable procedural law.

[267] *See* S. REP. NO. 97-275, at 5 (1981), *as reprinted in* 1982 U.S.C.C.A.N. 11, 15; H.R. REP. NO. 97-312, at 20-21 (1981).

[268] *See* FED. R. CIV. P. 15(a)(1) (providing that a party is entitled to amend its pleading once within 21 days of service of a pleading or 21 days after the earlier of service of a responsive pleading or a motion under Rule 12(b), (e), or (f)); *id.* at (a)(2) (providing that a party may amend at any time with opposing party's written consent or court's leave).

[269] *See* FED. R. CIV. P. (13)(1) (providing circumstances under which a pleading must state a compulsory counterclaim); 28 U.S.C. § 1295(a)(1) (providing for Federal Circuit jurisdiction over compulsory counterclaims arising under the patent laws).

[270] *See* FED. R. CIV. P. 42(a) (permitting consolidation of actions); *In re* Innotron Diagnostics, 800 F.2d 1077, 1081–81 (Fed. Cir. 1986) (concluding the Federal Circuit had jurisdiction over case that had patent claims after consolidation). *But see generally* Microsoft Corp. v. Motorola, Inc., 564 Fed. Appx. 586 (Fed. Cir. 2014) (transferring appeal of consolidated case containing patent claims from Federal Circuit to Ninth Circuit because the Ninth Circuit had presided over appeal of preliminary injunction before the case was consolidated and, pursuant to the law of the case, the court adhered to the Ninth Circuit's prior jurisdictional ruling).

[271] If, however, any of these events resulted in patent claims exiting a case, the Federal Circuit's jurisdiction would not change. As long as a patent claim satisfied the well-pleaded complaint rule at the outset of the litigation, then the court continues to maintain jurisdiction over the case, even if the patent claims are no longer in the case. *See, e.g.*, Abbott Labs v. John F. Brennan, 952 F.2d 1346, 1349–50 (Fed. Cir. 1991) ("The path of appeal is determined by the basis of jurisdiction in the district court, and is not controlled by the district court's decision or the substance of the issues that are appealed. . . . [T]he direction of appeal to the Federal Circuit does not change during or after trial, even when the only issues remaining are not within our exclusive assignment."). The Federal Circuit's decision in *Oracle v. Google*, 886 F.3d 1179 (Fed. Cir. 2018), is a recent example: By the time the case got to the Federal Circuit, the patent claims were no longer a part of the suit; only the copyright claims remained. *See id.* at 1185 n.2.

on appeal. This sort of inquiry has the potential to take the court down a path much like the one it is already on, creating many of the same problems.[272] Moreover, under the own-law rule, district courts would continue to apply regional circuit law to all cases that were not on an appellate path to the Federal Circuit. Thus, the rule would continue to require district courts to look to the law of two courts of appeals and essentially serve two masters.

Another factor to consider is the competency of the Federal Circuit. Others have argued that federal courts are competent to decide issues of federal law and, therefore, there is no need for a federal court to defer to the judgment of a sister court.[273] This argument is perhaps most notably made in *In re Korean Air Lines Disaster of Sept. 1, 1983*,[274] a decision by the D.C. Circuit authored by then-Judge Ruth Bader Ginsburg. *Korean Air Lines* involved an aircraft destroyed by the Soviet Union over the Sea of Japan.[275] A number of wrongful death actions were filed against the airline in numerous federal district courts.[276] The Judicial Panel on Multidistrict Litigation transferred the various actions to the District Court for the District of Columbia for pre-trial proceedings.[277] The question presented to the district court was whether the airline's damages were limited pursuant to international agreement.[278] The district court considered but refused to follow Second Circuit precedent that concluded that the airline's damages were limited.[279] The issue presented to the D.C. Circuit was whether the law of the transferor forum—*i.e.*, Second Circuit law—should apply to claims transferred to the MDL.[280] The D.C. Circuit agreed with the district court. It concluded that the MDL court should be "free to decide a federal claim in the manner it views as correct without deferring to the interpretation of the transferor circuit."[281] The court noted,

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[272] For example, one can imagine the court deciding to apply the regional circuit law to issues decided prior to the addition of the patent claims, whether pursuant to a new choice-of-law rule, the law of the case, or otherwise. If the regional circuits' law was inconsistent on these issues, the court may again be developing law within the Federal Circuit in an inconsistent manner. And the district courts would continue to be responsible to more than one appellate court.

[273] *See, e.g.*, Richard L. Marcus, *Conflicts Among Circuits and Transfers Within the Federal Judicial System*, 93 YALE L.J. 677, 701–02 (1984) [hereinafter R. Marcus, *Conflicts Among Circuits*], *discussed in* Karol, *supra* note 16, at 21–27; *see also* Karol, *supra* note 16, at 38–40 (concluding that the Federal Circuit should not defer to the judgment of the regional circuits, in part because it suggests the court is not competent to make independent determinations of federal procedure).

[274] 829 F.2d 1171 (D.C. Cir. 1987).

[275] *Id.* at 1172.

[276] *Id.*

[277] *Id.*

[278] *See In re* Korean Air Lines Disaster of Sept. 1, 1983, 664 F. Supp. 1463, 1464 (D.D.C. 1985).

[279] *See id.* at 1474, 1478.

[280] *See Korean Air Lines*, 829 F.2d at 1174.

[281] *Id.* (quoting R. Marcus, *Conflicts Among Circuits*, *supra* note 273, at 721).

> [T]he federal courts have not only the power but the duty to decide issues of federal law correctly. There is no room in the federal system of review for rote acceptance of the decision of a court outside the chain of direct review. If a federal court simply accepts the interpretation of another circuit without independently addressing the merits, it is not doing its job.[282]

Korean Air Lines has emerged as the dominant choice-of-law rule for cases arising under federal law and transferred within the federal system.[283] On the face of it, the D.C. Circuit's opinion would seem to suggest that a federal court has an obligation to apply its own law. Indeed, at least one scholar has suggested as much.[284]

But it is not clear that *Korean Air Lines* should be read so broadly. First, the considerations underlying *Korean Air Lines* are very different than those underlying the Federal Circuit's choice-of-law rule. The precise question and context of the federal choice-of-law issue in *Korean Air Lines* is entirely different from that of the choice-of-law issue presented to the Federal Circuit. *Korean Air Lines* importantly considered what law should be applied at the *trial court* level to cases transferred as part of an MDL,[285] not what law should be applied at the *appellate court* level. An MDL can be created by transferring cases from any (and all) of the federal district courts embraced by any (and all) of the twelve circuits. Had the D.C. Circuit adopted a choice-of-law rule that required an MDL judge to apply the law of the transferor court, a judge presiding over an MDL constituted of cases from more than one circuit would have to manage those cases on separate, circuit-specific tracks for the duration of the pretrial proceedings. And although cases transferred to an MDL are supposed to be remanded back to the transferor court at the completion of the pretrial proceedings, most cases are settled or disposed of before the MDL judge.[286] Thus,

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[282] *Id.* at 1175 (quoting R. Marcus, *Conflicts Among Circuits*, *supra* note 273, at 702); *cf.* Mast, Foos & Co. v. Stover Mfg. Co., 177 U.S. 485, 488–89 (1900) (interpreting the Evarts Act and concluding that one regional circuit was not bound by or obligated to follow the law of another regional circuit that had previously decided the very same issue).

[283] *See, e.g.,* Menowitz v. Brown, 991 F.2d 36, 40 (2d Cir. 1993) (adopting *Korean Air Lines* in multidistrict litigation); Bradley v. United States, 161 F.3d 777, 782 n.4 (4th Cir. 1998) (applying law of transferee court in suit transferred pursuant to 28 U.S.C. § 1404(a)); Murphy v. F.D.I.C., 208 F.3d 959, 964-66 (11th Cir. 2000) (same); *see also* Jennifer E. Sturiale, The Unseen Force in Civil Litigation: The Chief Justice's Appointment of the Judicial Panel on Multidistrict Litigation (April 25, 2020) (unpublished manuscript) (on file with author).

[284] *See* R. Marcus, *Conflicts Among Circuits*, *supra* note 273, at 679.

[285] A full examination of the MDL choice-of-law rule is beyond the scope of this article. I undertake such an examination in other work. *See generally* Sturiale, *supra* note 283.

[286] Data from 2017 indicate less than three percent of the cases transferred to an MDL since 1968, when the multidistrict litigation statute was enacted and the JPML was created, have been remanded back to the transferor court. *See* ADMIN. OFF. OF U.S. COURTS, JUDICIAL PANEL ON MULTIDISTRICT LITIGATION – JUDICIAL BUSINESS 2017 (2017),

the rule would have been very difficult for MDL judges to administer, while providing almost no benefit to the court that transferred the action to begin with.[287]

In adopting its choice-of-law rule, the Federal Circuit was motivated by some of these very same considerations. For example, the Federal Circuit was concerned about imposing a rule on district courts that would require them to apply the law of more than one circuit. And at the trial court level, the court's rule attempts to achieve similar ends—*i.e.*, it attempts to have trial courts apply one body of familiar procedural law. But the court's unique jurisdiction, combined with the fact that the court was adopting a rule to be implemented at the appellate level, resulted in the Federal Circuit adopting a rule that requires *it* to apply multiple bodies of law.

Second, there are examples within the federal system that undercut the force of *Korean Air Lines*' reasoning.[288] Specifically, there are instances in which federal courts refrain from making independent determinations about federal law, choosing instead to defer to the judgment of another tribunal. For example, consistent with the Antiterrorism and Effective Death Penalty Act, 28 U.S.C. § 2254, and Supreme Court precedent construing that statute,[289] a federal court may not grant a prisoner's habeas corpus petition based on its independent interpretation of the applicable federal law. Instead, a federal court may only grant habeas relief if the state court's decision "was contrary to, or involved an unreasonable application of, clearly established Federal law."[290]

Similarly, under the Administrative Procedure Act,[291] and the Court's jurisprudence construing it, a federal court reviewing an agency's construction of a statute does not independently construe the statute if Congress has not directly spoken to the precise question at issue.[292] Rather, as long as the agency's

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http://www.uscourts.gov/statistics-reports/judicial-panel-multidistrict-litigation-judicial-business-2017 [https://perma.cc/YH3T-5FYP].

[287] Professor Bob Ragazzo argues for the contrary rule: He argues that the MDL judge should apply the law of the transferor court, which would reflect the appellate path of the case and the fact that cases transferred to an MDL are supposed to be remanded back to the transferor court at the completion of pretrial proceedings. *See* Ragazzo, *supra* note 264, at 746–69. Ragazzo' s argument, however, does not reflect the present-day reality that an MDL judge may not permanently transfer a case to itself pursuant to § 1404(a), *see* Lexecon Inc. v. Milberg Weiss Bershad Hynes & Lerach, 523 U.S. 26, 27–28 (1998), and that cases made a part of an MDL are rarely remanded.

[288] Thanks to Vicki Jackson for suggesting the examples.

[289] Williams v. Taylor, 529 U.S. 362, 367 (2000).

[290] 28 U.S.C. § 2254(d)(1) (2018); *Williams*, 529 U.S. at 410 ("[T]he most important point is that an *unreasonable application* of federal law is different from an *incorrect* application of federal law.").

[291] 5 U.S.C. §§ 500–596 (2018).

[292] Chevron U.S.A., Inc. v. Nat. Res. Def. Council, 467 U.S. 837, 843 n.11 (1984) ("The court need not conclude that the agency construction was the only one it permissibly could have adopted to uphold the construction, or even the reading the court would have reached if the question initially had arisen in a judicial proceeding." (citations omitted)).

interpretation of the statute is a "permissible construction,"[293] a federal court defers to the agency's construction. These examples suggest that priorities other than "decid[ing] issues of federal law correctly" may sometimes justify a court refraining from "independently addressing the merits" of a case.[294]

Finally, even if *Korean Air Lines* accurately describes an obligation of the federal courts, it is not clear that the Federal Circuit's choice-of-law rule contravenes that obligation. In adopting its choice-of-law rule, the Federal Circuit was arguably engaged in a legitimate exercise of its substantive lawmaking authority. In other words, the court *was* exercising its duty to decide an issue of federal law. It may simply be the case that the relevant issue of federal law—*i.e.*, the issue of what precedent the Federal Circuit should apply—requires the court to defer to the regional circuits in the instances outlined by the court. Thus, the court's unique jurisdiction and the challenges it presents may justify the court's deference to the regional circuits on issues of procedural law.

In sum, the own-law rule would better enable the Federal Circuit to develop and apply patent law in a uniform and transparent manner, and to do so while engaging in a core judicial function of procedural lawmaking, thereby avoiding becoming over-specialized. But the rule does so at the cost of encouraging regional-circuit/Federal-Circuit forum shopping. Moreover, implementing the rule may be challenging and produce some of the same problems the present rule does.

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When the costs of these three rules—the Federal Circuit's present rule, along with the two alternatives—are compared against the benefits of these rules, no rule emerges as clearly better than the others. As a practical matter, the originating-court rule is likely no different than the present rule, and, therefore, requiring the court to adopt a new rule and change its practice hardly seems worth the trouble. The own-law rule, in contrast, is more promising. It better enables the Federal Circuit to achieve uniformity of patent law, one of the principle reasons for the creation of the Federal Circuit in the first place. But this rule too risks causing some of the same problems as the present rule, while also encouraging the very forum shopping that Congress sought to avoid.

So, what is the Federal Circuit to do? Although, in adopting its choice-of-law rule, the court contemplated many of the values analyzed above, the court's analysis was not appropriately fulsome. But as the above discussion indicates, even a more fulsome analysis does not point inextricably in favor of one rule over another. Without congressional intervention, the court must make a normative determination as to what objectives are valued more: ensuring uniformity of patent law, constraining judicial lawmaking, discouraging forum shopping (of one type or

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[293] *Id.* at 866.

[294] *Korean Air Lines*, 829 F.2d at 1175.

another), avoiding the specialization of the Federal Circuit, or ensuring the ease of administration of the chosen rule.[295]

The fact that the Federal Circuit was created primarily to develop patent law in a uniform manner suggests that preserving its ability to make patent law uniform should be paramount. But as the discussion above suggests, even the rule most likely to encourage uniformity—the own-law rule—does not entirely obviate the problem of disuniformity. The own-law rule would require the court to engage in the difficult task of determining what law should apply to district court rulings in cases where patent claims are later added to the case, potentially causing the court to continue to apply regional circuit law to at least some procedural issues. Thus, regardless of whether the court adopts a new choice-of-law rule, it will have to sit uncomfortably with some amount of disuniformity.

B. A Structural Solution

The above discussion has been confined to examining the Federal Circuit's present choice-of-law rule and potential alternative rules. But as the discussion hints, the root cause of the problems identified with both the court's rule and the alternatives is ultimately the court's unique jurisdiction. Because the court may hear appeals from any of the federal district courts, situated in any of the twelve courts of appeals, the court must cope with the fact that the cases it hears originate in circuits that have differing procedural law.

A full consideration of the Federal Circuit's jurisdiction, the problems it presents, and potential solutions to those problems is beyond the scope of this Article. However, here, two potential structural solutions are worth considering. One way of addressing the problem would be to create specialized patent trial courts whose decisions would be appealed directly and exclusively to the Federal Circuit. These dedicated trial courts would apply one uniform body of both substantive

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[295] Indeed, the Federal Circuit's choice-of-law rule requires evaluation of normative priorities in much the same way that the *Erie* Doctrine does. Both require consideration of whether uniformity and trans-substantivity of procedural law (which is justified on grounds of constraining judicial lawmaking) justify overriding other interests that are at stake. In the context of the *Erie* Doctrine, those other interests are the states' authority to define substantive law. *See* Suzanna Sherry, *A Pox on Both Your Houses: Why the Court Can't Fix the* Erie *Doctrine*, 10 J.L. ECON. & POL'Y 173, 173–174 (2013) (arguing that resolving difficult *Erie* issues requires a "normative justification" that "depends on whether we place a greater value on the uniformity and transsubstantivity of the Federal Rules of Civil Procedure, or on states' ultimate authority to define substantive rights"). In the context of the Federal Circuit's choice-of-law rule, the other interests are, among other things, the uniformity of patent law and respecting regional circuit differences. For the reasons discussed *supra* Section III.C, uniformity of patent law very likely justifies departing from the uniformity and trans-substantivity of procedural law, more generally. In other words, the Federal Circuit is very likely justified in making patent-specific procedural law. However, respecting regional circuit differences—at least by the Federal Circuit—likely does not justify the court developing procedural law in disparate ways.

(patent) law and procedural law—the law of the Federal Circuit. Dedicated, specialized trial courts would obviate the choice-of-law issue, which, in turn, would enable the Federal Circuit to develop one uniform body of both substantive (patent) law and procedural law.

This solution, however, is not without its challenges. It would obviously require additional resources. In addition, the creation of permanent specialized courts at the trial court level is likely to be controversial. Judge Diane Wood, for example, has extolled the virtues of the generalist judge[296] and has recommended that the Federal Circuit no longer have exclusive jurisdiction over patent appeals.[297] It is, therefore, unlikely that such a proposal is politically feasible.

Another possibility is to take advantage of, and experiment with, the Patent Pilot Program ("PPP"). The PPP is a ten-year program aimed at making patent litigation more predictable and efficient by encouraging some amount of specialization in the district courts.[298] The PPP achieves these goals by enabling judges within certain districts[299] to decline to hear patent cases randomly assigned to them[300] and allowing others to volunteer to be "designated" by their respective chief judges to have the declined cases randomly reassigned to them.[301] These reassigned cases are then added to those initially assigned to the designated judges under the standard random-assignment process.[302] Thus, designated judges hear a disproportionate number of patent cases.[303] The PPP could therefore be thought of

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[296] *See, e.g.*, Diane P. Wood, Generalist Judges in a Specialized World, Speech at a Symposium on Dennis Patterson's Law and Truth: Law, Truth, and Interpretation (Feb. 11, 1997), *in* 50 SMU L. REV. 1755, 1767–68 (1997) ("In my view, the contributions of the generalist judiciary are still far too great to abandon.").

[297] *See* Hon. Diane P. Wood, Keynote Address: Is It Time to Abolish the Federal Circuit's Exclusive Jurisdiction in Patent Cases? (Sept. 26, 2013), *in* 13 CHI.-KENT J. INTELL. PROP. 1, 9–10 (2014).

[298] *See* 155 CONG. REC. H3457–58 (daily ed. Mar. 17, 2009) (statement of Rep. Schiff); *see also* Randall R. Rader, *Addressing the Elephant: The Potential Effects of the Patent Cases Pilot Program and Leahy-Smith America Invents Act*, 62 AM. U. L. REV. 1105, 1106 (2013) ("Congress created this ten-year pilot project with the goal of increasing U.S. district court judge expertise and efficiency in adjudicating patent cases.").

[299] The Administrative Office of the United States Courts designated the districts from the fifteen judicial districts with the most patent filings in 2010 or from the districts that had adopted local rules for patent cases. Act of Jan. 4, 2011, Pub. L. No. 111–349, § 1, 124 Stat. 3674, 3675.

[300] *See id.* §§ 1(a)(1)(B) (random assignment), (C) (may decline to accept the case).

[301] *Id.* §§ 1(a)(1)(A) (designated by chief judge), (D) (declined cases randomly reassigned to designated judges).

[302] *See id.* §§ 1(a)(1)(B), (D).

[303] *See, e.g.*, MARGARET S. WILLIAMS ET AL., FED. JUDICIAL CTR., PATENT PILOT PROGRAM: FIVE-YEAR REPORT 31–32 (2016), https://www.fjc.gov/sites/default/files/2016/Patent%20Pilot%20Program%20Five-Year%20Report%20(2016).pdf [https://perma.cc/83G8-QU7A] (reporting that seventy-six percent of all patent cases filed in pilot districts are before a designated judge).

as creating temporary specialized patent trial courts of a sort. The program started in 2011 and is scheduled to expire in 2021.[304]

In reviewing decisions by these designated judges relating to cases that were initially declined, the Federal Circuit could apply its own precedent to issues of substantive patent law and develop and apply its own procedural law. This proposal would aim to capture the benefits, while avoiding the costs, of the own-law rule. First, assuming these cases are identified as patent cases at the outset of the litigation—which is arguably what would enable judges assigned such cases under the normal procedure to decline to hear them, in the first place—the designated judges would necessarily know the appellate path of the case from the beginning. Second, because the designated judges have "opted in" to hear a disproportionate number of patent cases, it is likely that they have a greater interest in substantive patent law. And from that interest, there is a suggestion—although it is far from clear—that they are more willing to invest in learning and applying Federal Circuit law, including non-patent law. The proposal could therefore avoid the administrability difficulties that might otherwise obtain with the own-law rule. Third, because the designated judges are only assigned a case once it has been declined by a judge through the normal procedure, a litigant would not know when it initially filed its complaint whether a judge would ultimately decline to hear it and that it would be assigned to a designated judge. Thus, the proposal would avoid regional-circuit/Federal-Circuit forum shopping. In addition, to avoid the costs of the own-law rule, this proposal would enable the Federal Circuit to begin to create a uniform body of procedural law both at the appellate level and at the trial court level.

This proposal, however, hinges on the assumption that patent cases are accurately identified as such at the outset of the litigation. But it is not clear that the PPP-participating district courts review a case's identification as a "patent case" for accuracy before permitting the case to be reassigned, nor, if they do, that they do so uniformly.[305] It is therefore possible that some cases that are reassigned to the designated judges will not actually implicate issues of patent law. In other words, there will be some false positives. Likewise, it is possible that some cases that ultimately turn out to be patent cases will not be reassigned because they are not properly identified at the outset of the case. There will consequently be some false negatives. Ultimately, the consequences of these errors would be that the subset of cases to which the Federal Circuit could apply its own law would be smaller. The false negatives, having never been reassigned, would be excluded from having the proposed solution apply to them; likewise, the false positives would be excluded once it was determined that they did not truly raise issues of patent law. Still, the proposal would nonetheless provide the Federal Circuit with an opportunity to experiment with developing and applying its own precedent.

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[304] *See* Act of Jan. 4, 2011, *supra* note 299, § 1(c).

[305] Thank you to Mark Lemley for helping me to identify this potential problem.

CONCLUSION

The Federal Circuit's unique jurisdiction has created unique problems for the court, including a difficult decision regarding which Court of Appeals' law to apply. The structural solutions discussed above are aimed at preventing the court from having to engage in any choice-of-law analysis whatsoever because once the court goes down the road of characterizing issues—whether as procedural versus substantive, or even as patent versus non-patent—in service of determining what law to apply, the problems discussed above seem unavoidable. Thus, barring these or other structural solutions, the Federal Circuit will have to continue to wrestle uncomfortably with the choice-of-law question and the many conundrums it presents.