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JUDICIAL OVERSIGHT OF COPYRIGHT LEGISLATION

Dennis S. Karjala*

ABSTRACT

While many intellectual property scholars were hoping that the Supreme Court would find the Sonny Bono Copyright Term Extension Act (CTEA) unconstitutional in *Eldred v. Ashcroft*, some serious scholarship has appeared on the other side, arguing that a hands-off policy for copyright legislation is precisely the role courts should play. The arguments are general, and generally correct. They deconstruct the *Eldred* plaintiffs’ textual claims based on the intellectual property clause, and on a broader level they look to the appropriate role of the courts in our constitutional democracy. In particular, they see the *Eldred* plaintiffs’ claims as an attempted retreat to the now discredited *Lochner* era of substantive due process.

This article suggests that these *Eldred* supporters get just about everything right except application of their arguments to the actual issue in *Eldred*, which is the scope of judicial review of copyright term extension legislation – not judicial review of copyright legislation in general. The copyright term is constitutionally mandated to be for a “limited time[.]” The Court need not decide how long a period is “limited” nor even that, as sought by the *Eldred* plaintiffs, a retroactive term extension is never constitutional. It need only apply a mild form of judicial review that requires Congress to present plausible reasons for why a term extension (retrospective or prospective) is both “limited” and “promotes the progress of science.” In some cases, such as the revival of expired copyrights under the Uruguay Round Agreements Act, reasons can probably be proffered that will uphold the legislation against an intellectual-property- clause challenge. In *Eldred*, however, nothing in the record before Congress, the reasons given for enacting the CTEA, or common sense provides any basis for believing that Congress acted other than to afford the owners of old copyrights an indirect subsidy at public expense. Fear of *Lochner* – in the sense of judicial arrogation of intellectual property policy under the guise of constitutional mandates – may be appropriate to review of the legislative logrolling that occurs with copyright legislation generally. It is wholly inappropriate to the constitutionally separable issue (because of the “limited times” requirement) of copyright term extension.

This analysis also shows why the *Eldred* plaintiffs’ choice to focus solely on the retrospective extension of the term for existing works was a mistake – not because it failed but because the argument required rejecting 200 years of history.

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in which existing copyrights had always been given the benefit of new term extensions. Attacking the prospective life + 70 term as going beyond a “limited time” because no plausible reason was offered that a prospective extension would benefit society more than its cost – indeed, no one even argued in favor of prospective extension alone – would have been a theoretically sounder approach. It is also the approach that should be taken when the same rent-seeking forces seek to extend the term once again, which may well arise before Justice Roberts leaves the bench (and thus be a matter for “The Roberts Court”).

INTRODUCTION

One problem that the Roberts Court may have to face involves the scope of judicial review of copyright and other intellectual property legislation. For copyright, the constitutional problem results from the tension between two decisions of the Rehnquist Court, namely, Feist Publications., Inc. v. Rural Telephone Service Co.¹ and Eldred v. Ashcroft.² Feist held that telephone book white pages were not protected by copyright and, albeit in dictum, elaborated a complex theoretical interpretation of the Intellectual Property Clause (“IP Clause”)³ to find both “originality” and “creativity” as constitutional requirements for copyright, although neither term – indeed, not even the terms “patent” or “copyright” – appears in the Clause. In Eldred, on the other hand, the Court considered the question of whether an extension of the copyright term for existing and still protected works went beyond an express IP Clause limitation on congressional power, namely, that the exclusive rights granted to authors not exceed “limited times.” The Court held that the congressional decision was subject to no more than rational-basis review by the Court and upheld the statute on the ground that Congress might rationally have considered the extended term “limited.” Two important commentaries on Eldred have argued that for Eldred to have come out the other way would constitute intellectual property Lochnerism by injecting the Court’s personal interpretation of the social value of copyright legislation into the Constitution and that copyright legislation should be afforded as deferential a scope of judicial review as other economic regulations.⁴

This article argues that these Eldred supporters get just about everything right except application of their arguments to the actual issue in Eldred, which is

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³. U.S. CONST. art. I, § 8, cl. 8: Congress shall have the power to “promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”
the scope of judicial review of copyright term extension legislation – not judicial review of copyright legislation in general. Copyright is and should be considered complex economic legislation that is finely tuned by all the flaws and benefits of legislative logrolling. When interest groups negotiate a given set of statutory tradeoffs, it is generally best that the courts resist the temptation to rewrite the substantive result and restrict themselves to interpreting within the interstices of the statutory language. However, if there was ever any threat of Lochnerism in the copyright arena it came from *Feist*, not *Eldred*. The *Feist* dictum basing copyright protection on a finding of authorial “creativity” is founded on a noneconomic view of copyright and forces that view directly into the Constitution. Taken to its limits, the *Feist* dictum would threaten not only modern variations on exclusive rights in information like database protection and trademark dilution; it would also threaten many traditional works of copyright like bare-bones maps and nautical charts that have always been considered copyright subject matter.

The issue in *Eldred*, however, was much narrower. The copyright term is expressly mandated to be for a “limited time[].” The Court did not have to decide how long a period is “limited” nor even that, as sought by the *Eldred* plaintiffs, a retroactive term extension is never constitutional. It needed only to apply a mild form of judicial review that would require Congress to come up with plausible reasons explaining why a given proposed term extension (retrospective or prospective) is both “limited” and “promotes the progress of science.” In some cases, such as the revival of expired copyrights under the Uruguay Round Agreements Act, reasons can probably be proffered that will uphold the legislation against an IP Clause challenge. In *Eldred*, however, nothing in the record before Congress, the reasons given for enacting the CTEA, or common sense provides any basis for believing that Congress acted other than to afford the owners of old copyrights an indirect subsidy at public expense. Fear of *Lochner* – in the sense of judicial arrogation of intellectual property policy under the guise of constitutional mandates – may be appropriate to review of the legislative logrolling that occurs with copyright legislation generally. It is wholly inappropriate to the constitutionally separable issue (because of the “limited times” requirement) of copyright term extension.

Given that we are now already almost halfway through the 20-year extension provided by the Sonny Bono Act, it is unlikely that the Roberts Court will revisit the issue of copyright term extension legislation. However, the specter of the *Feist* dictum still hangs heavy over proposals for copyright reform and

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5. The Supreme Court recently denied certiorari in *Kahle v. Mukasey*, 128 S. Ct. 958, (U.S. Jan. 7, 2008)(No. 07-189), heard in the Ninth Circuit as *Kahle v. Gonzales*, 487 F.3d 697 (9th Cir. 2007). *Kahle* upheld the 1992 automatic renewal legislation and followed *Eldred* to conclude that whether the Sonny Bono term extension was for a “limited time” was a matter left to Congress. *Kahle v. Gonzales*, 487 F.3d 697 (9th Cir. 2007).
expansion. Although inconsistent with *Eldred*, the *Feist* dictum has not been repudiated by the Court. Moreover, given the one-sided lobbying effort that produced the Sonny Bono Act in 1998, we should not be surprised to see a renewal of those efforts in the coming years. The question of the actual scope of congressional power in the copyright arena therefore remains critically important. It is therefore necessary to discuss why and how judicial review of copyright term extension legislation differs from the review of copyright legislation in general.

**FEIST AND ELDRED**

*Feist* dealt with the copyright protectability of ordinary telephone book white pages—a factual compilation. As a copyright matter, the case should have been a routine exercise in statutory interpretation (muddied, perhaps, by the long “sweat of the brow” tradition that *Feist* purported to overrule). The statutory language quite plausibly requires that only creative selecting, coordinating, or arranging of the materials comprising a compilation can result in an original work of authorship. The Court in *Feist* adopted this line of reasoning in Part II.C. of its opinion, which would have been sufficient to decide the case without reference to the Constitution, but by this time, the Court had already devoted two subsections of dictum to explaining that “originality” was a general constitutional mandate that includes both the traditional copyright meaning of independent production (not copied from something else) and “a minimal degree of creativity.”

I have long been critical of *Feist* for the roadblocks its dictum purports to place before Congress and for the contortions it has forced courts worried about market failure to take in finding copyright protection for works that lack the

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6. The Copyright Act explicitly provides that copyright subject matter “includes compilations.” 17 U.S.C. § 103(a) (2008). Compilation is defined as works “formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship.” 17 U.S.C. § 101 (2008).


8. *Id.* at 348; see Dennis S. Karjala, *Copyright and Creativity* (forthcoming).

necessary originality or creativity on their face. 10  Taken at face value, the Feist
dictum would prohibit Congress from affording the incentive of exclusive
copyright rights to creators of socially desirable works, such as complete
(nonselective) factual databases, 11 bare-bones maps showing only boundary lines
and the minimal location or ownership information necessary for a particular
purpose, 12 and skillfully reproduced copies of old master paintings and
sculpture. 13  Although Professor Nachbar has cogently challenged the
argument, 14 some commentators have concluded that the restrictions of the IP
Clause, including the Feist dictum, restrict the freedom of Congress to legislate
even under other Article I powers. 15  For present purposes, it is sufficient to note
that the Feist dictum interprets the IP Clause in a way that mandates the Court’s
view of “creativity” in any work to which Congress would afford the exclusive

10. Many courts simply cannot bring themselves to deny copyright protection to things like
maps, that have long been considered copyright subject matter. Therefore, they find “creativity” in
the process by which the map was made, rather than in the actual result, which is simply a pictorial
representation of factual information that lacks creativity on its face in the sense that anyone who
drew a map based on similar facts would come up with an identical or highly similar result. E.g.,
Mason v. Montgomery Data, Inc., 967 F.2d 135 (5th Cir. 1992); see Karjala, Copyright in
Electronic Maps, supra note 9, at 400-04. Others find the necessary creativity in the organizational
scheme or principle by which the information is arranged, creating tension with section 102(b),
which denies copyright protection to “any principle,” and trenching into the domain of patent
subject matter. Id. at 404-06; Dennis S. Karjala, Distinguishing Patent and Copyright Subject
Matter, 35 CONN. L. REV. 439, 482-95 (2003) [hereinafter Karjala, Distinguishing Patent and
Copyright Subject Matter].

11. Karjala, Copyright in Electronic Maps, supra note 9, at 398. Even telephone book white
pages would be vastly more costly to produce than to copy – the classic conditions for market
failure – for anyone but the telephone company that already has the list of its subscribers in its
books. E.g., Karjala, Distinguishing Patent and Copyright Subject Matter, supra note 10 at 489.

12. E.g., Darden v. Peters, 488 F.3d 277 (4th Cir. 2007) (discussing that digitally resized
public domain maps with smoothed lines and boundaries reshaped and colored to give a three-
dimensional effect lacked the creativity necessary for copyright protection); see Karjala, Copyright
in Electronic Maps, supra note 9, at 398-99.

1999)(skillfully made exact reproductions of public domain art works lacked originality and were
therefore without copyright protection). Art reproductions were a problem even before Feist,
notwithstanding their inclusion in the definition of “pictorial, graphic, and sculptural works” under
section 101 of the Copyright Act. L. Batlin & Son, Inc. v. Snyder, 536 F.2d 486 (2d Cir. 1976)(en
banc)newly created plastic version of public domain “Uncle Sam” bank denied copyright
protection because the artistic dissimilarities were too minimal); Hearn v. Meyer, 664 F. Supp. 832
(S.D.N.Y. 1987)(meticulously reproduced illustrations of the original public domain version of The
Wizard of Oz held to lack copyright originality).

272, 281-98 (2004) [hereinafter Nachbar, Constitutional Norms].

Imminent Constitutional Collision, 67 GEO. WASH. L. REV. 359, 371-75 (1999)(arguing that
traditional trademark law was likely within the commerce power because the likelihood of
confusion requirement distinguishes trademark rights from property rights, but antidilution
legislation is more problematic); Paul J. Heald & Suzanna Sherry, Implied Limits on the Legislative
Power: The Intellectual Property Clause as an Absolute Constraint on Congress, 2000 U. ILL. L.
REV. 1119, 1167-68 (arguing that specific limitations on exclusive rights under the IP Clause
would have been meaningless if they could be trumped using other powers).
rights of copyright. It might be added that *Feist* did not come up with constitutional status for creativity out of the blue, Lochnerian though it may be. As early as the *Trademark Cases*, the Court stated that copyright requires a foundation in the “creative powers of the mind.” Moreover, dicta in a spate of cases all the way down to *Feist* (and beyond) have emphasized the public benefit objectives of United States copyright policy, as opposed to a natural rights objective aimed at benefiting creative authors and their heirs or assigns. Still, if intellectual property Lochnerism is the problem, *Feist* is much more of a villain than would have been a contrary result in *Eldred*.

*Eldred* did recognize the constitutional goal of promoting the progress of science for the public benefit, but the majority criticizes Justice Stevens in dissent, for citing the Court’s long chain of prior cases asserting that reward to the author is a secondary consideration of U.S. copyright policy. The *Eldred* majority argues that the Stevens approach understates the relationship between rewards and the progress of science. The majority also criticizes Justice Breyer’s assertion in dissent, that copyright must serve public rather than private

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16. *In re Trademark Cases*, 100 U.S. 82 (1879).
18. *See Feist*, 499 U.S. at 349-350 (“The primary objective of copyright is not to reward the labor of authors, but ‘to promote the Progress of Science and useful Arts’”); Sony Corp. of America v. Universal City Studios, Inc., 464 U.S. 417, 429 (1984);“The monopoly privileges that Congress may authorize are neither unlimited nor primarily designed to provide a special private benefit. Rather, the limited grant is a means by which an important public purpose may be achieved”); Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975)(“The immediate effect of our copyright law is to secure a fair return for an ‘author’s’ creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good.”). United States v. Paramount Pictures, Inc., 334 U.S. 131, 158 (1948)(“The copyright law, like the patent statutes, makes reward to the owner a secondary consideration”); Fox Film Corp. v. Doyal, 286 U.S. 123, 127 (1932) (“The sole interest of the United States and the primary object in conferring the [copyright] monopoly lie in the general benefits derived by the public from the labors of authors”); *see also* Fogerty v. Fantasy Inc., 510 U.S. 517, 524 (1994)(“The primary objective of the Copyright Act is to encourage the production of original literary, artistic, and musical expression for the good of the public”). The Court has made similar statements in the patent context. *E.g.*, Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 5-6 (1966) (“Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available. Innovation, advancement, and things which add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command must ‘promote the Progress of . . . useful Arts.’ This is the standard expressed in the Constitution and it may not be ignored.”); Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 146 (1989) (“The Patent Clause itself reflects a balance between the need to encourage innovation and the avoidance of monopolies which stifle competition without any concomitant advance in the ‘Progress of Science and useful Arts’”). *See generally* Craig W. Dallon, *The Problem with Congress and Copyright Law: Forgetting the Past and Ignoring the Public Interest*, 44 SANTA CLARA L. REV. 365, 423-36 (2004).
20. *Id.* at 212 n.18.
ends as “miss[ing] the mark” because the two goals are not mutually exclusive. 21 After rejecting the plaintiffs’ arguments that retroactive term extension violated the IP Clause per se, largely based on the long history of term extensions that included existing works, 22 the Eldred majority, in a very brief discussion, rejected the demand for heightened judicial review, stating that “The Copyright Clause...empowers Congress to define the scope of the substantive right.” 23 Congress thus has the power to give substantive content to the constitutional concept of “promot[ing] the progress of science” and to define what times are “limited” within the meaning of the IP Clause, subject at most to rational basis review by the courts. The Eldred majority found that Congress could rationally have decided that the CTEA harmonized U.S. law with that of the European Union, that it could favorably affect the U.S. balance of trade, that it was fair to authors, and that it might stimulate the production of new works and encourage the creation of new derivative works and the preservation of existing works, especially films. 24

21. Id. See Craig W. Dallon, supra note 18, at 431-32. At this point of the opinion, the Court also asserts that “it is generally for Congress, not the courts, to decide how best to pursue the Copyright Clause's objectives.” Eldred, 537 U.S. at 212, citing Stewart v. Abend, 495 U.S. 207, 230 (1990). In Stewart, however, the Court was wrestling with the problem of the renewal term and how Congress had iterated its way through a variety of approaches. Stewart, 495 U.S. at 230. The Stewart Court was simply saying that it was not going to revoke the renewal right just because an underlying work had been incorporated into what became a much more popular work, absent explicit instruction from Congress. Id. This statement from Stewart is pure dictum with respect to the Eldred issue of who should interpret the express limitations on Congress found in the IP Clause. Id. The Eldred Court also quotes Sony’s statement that “[I]t is Congress that has been assigned the task of defining the scope of [rights] that should be granted to authors or to inventors in order to give the public appropriate access to their work product.” Eldred, 537 U.S. at 213, citing Sony Corp. of America, 464 U.S. at 430. This statement from Sony, however, is in the context of balancing the author’s monopoly against the need for appropriate public access and was made without reference to any of the express limitations on congressional power in the IP Clause. Id. Finally, the Eldred majority also quotes John Deere’s assertion that “[w]ithin the limits of the constitutional grant, the Congress may, of course, implement the stated purpose of the Framers by selecting the policy which in its judgment best effectuates the constitutional aim.” Eldred, 537 U.S. at 213, citing Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 6 (1966). This statement from John Deere on its face has nothing to do with IP Clause limits on congressional power because it says that Congress may operate only within those limits. Id.

22. Eldred, 537 U.S. at 210-17.

23. Id. at 218 (emphasis in original). Earlier, the Eldred majority quotes Bonito Boats for the proposition that “‘It is for Congress to determine if the present system’ effectuates the goals of the Copyright and Patent Clause.” Id. at 216, quoting Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 168 (1989). In context, the quotation from Bonito Boats is wholly inapt. The full statement in Bonito Boats reads, “It is for Congress to determine if the present system of design and utility patents is ineffectual in promoting the useful arts in the context of industrial design. By offering patent-like protection for ideas deemed unprotected under the present federal scheme, the Florida statute conflicts with the ‘strong federal policy favoring free competition in ideas which do not merit patent protection’.” Bonito Boats, 489 U.S. at 168 (citation omitted). Thus, the contrast in Bonito Boats was between the power of Congress, on the one hand, and the power of the states, on the other, to enact patent legislation. The Court was not making any statement about the power of Congress generally under the IP Clause. Id.

The extreme deference to Congress exhibited by the Eldred Court contrasts sharply with the Feist dictum and with many prior statements of the Court concerning the scope of congressional power under the IP Clause. It also contrasts with common sense, because as I and others have shown, none of the reasons given by Congress and accepted by the Court as “rational” can withstand even the mildest scrutiny. For pre-1978 works and all works made for hire, for example, the CTEA simply added 20 years to a fixed term of 75 years, while all such works in Europe have a term that is based on a human life + 70 years. No evidence was presented to Congress showing that, even on average, the U.S. term under the CTEA would be closer to the European term than would have been the case under our prior law. Similarly, while Congress heard much testimony about the importance to our trade balances of current works like films and computer software, no evidence whatsoever was presented to show that the balance of trade in old works – the works most directly affected by the retroactive extension – was even favorable to the U.S., let alone in amounts that made up any significant portion of our exports. Moreover, Congress paid no attention to the costs of achieving whatever trade benefits it thought might arise from the CTEA. Because Americans are the primary users of U.S. works, most of the benefit to U.S. copyright owners will be paid by Americans, not Europeans. Even worse, all people, including new creators, suffer losses in the form of new works not created or old works not performed because of the transaction costs of copyright licensing. Thus, the CTEA is not just a wealth transfer but an actual net loss to the U.S. public. Because no one can know how...


27. This is not to say that Eldred is inconsistent with the general approach to equal protection that the Court has taken for many years in cases like Williamson v. Lee Optical Co., 348 U.S. 483 (1955) and U.S. Retirement Bd. v. Fritz, 449 U.S. 166 (1980). I regard these as cases in which the Court simply refused to engage in any level of meaningful substantive review, which is what it also did in Eldred. This general approach does, however, present some tension with recent commerce clause cases. See infra note 18.

28. I supplied some examples showing the contrary. Karjala, 1998 Statement, supra note 26, at 16; For example, George Gershwin died in 1937, meaning that all of his works went into the public domain in Europe on January 1, 2008. Under our prior law, Gershwin works published between 1923 and 1937 would have gone into the public domain between 1999 and 2013, which dates nearly equally surround the date in Europe. Under the CTEA, these works go into the public domain in the U.S. between 2019 and 2033, as much as 25 years after everything from Gershwin is in the public domain in Europe.

much has been lost due to these higher transaction costs, however, it is difficult to rally political opposition to the giveaway.30

The fairness to authors argument was based largely on the European Union’s adoption of the so-called “rule of the shorter term” under Berne Convention Article 7.31 This meant that U.S. authors would have copyright in Europe only for the shorter U.S. term, not the new and longer European term. The rule of the shorter term is optional under Berne, not mandatory, and it is one of the few exceptions from the general rule of national treatment that Berne makes.32 It is strange that, if our government thought the longer term for Europeans in Europe was unfair to U.S. authors, nobody protested the European Union’s mandating the rule of the shorter term for all of its members. But for that conscious and discriminatory choice by the European Union, authors from either region would be treated the same in both.33

The incentives justification for the CTEA consists of two parts: Incentives to create new works and incentives to preserve, restore, and distribute old works. Incentives to create new works obviously cannot justify extending the term for works already in existence. And no supporter of an extended copyright term argued solely for a prospective extension, that is, a life + 70 year term only for works created after the effective date of the extension. Present value

30. Id. at 233.

31. Berne Convention for the Protection of Literary and Artistic Works, Art. 7(8)(Paris Text 1971). Other “fairness” arguments were even wider off the mark. The notion that the copyright term was aimed at providing for authors plus two generations of descendants is almost fatuous. A life + term automatically increases with increased life expectancies; protection for two generations of descendants (author grandchild welfare) has never been recognized as a U.S. copyright goal; a copyright can always be transferred outside the family after termination rights have expired; and for works made for hire – possibly the most important category in economic terms – speaking of successive “generations” makes no sense. See Karjala, 1998 Statement, supra note 26, at 24-26; Craig W. Dallon, supra note 18, at 445. The claim that improvements in communications technology and an extended commercial life justify the extended term also fails. Indeed, improved communications technology may allow an author to recover her investment faster than before, justifying a shorter term. In any event, if we measured terms by commercial life, Shakespeare, Rembrandt, and Bach would still be under copyright protection. Karjala, Judicial Review, supra note 26, at 213-14.

32. The U.S. does not and has not adopted the rule of the shorter term.

33. Consider the following example that I gave to Congress in 1998: Suppose Europe decided to guarantee a $20,000 income to each of its citizens and to everyone else residing within its borders, on condition in the case of foreigners that the foreign country offer similar treatment to Europeans. Would “unfairness” to Americans in Europe be a ground for our adopting a similar measure here? Is it conceivable that any member of Congress would support such a welfare policy in the name of “harmonization” or “fairness”? If there is any “unfairness” here it is the discrimination against noncitizens by Europe. In such cases, our government should perhaps seek to persuade Europe not to act so discriminatorily, but surely we would adopt the welfare measure for ourselves only after carefully considering all the costs and benefits to those in the U.S. who would be footing the bill, not only for the indigent Europeans residing in the U.S. but also for the many U.S. citizens whose incomes would call for support under the new system. Increasing our copyright term in the name of “fairness” just because Europe has adopted a discriminatory rule makes no more sense. Karjala, 1998 Statement, supra note 26, at 20-21.
calculations show that a life + 70 term cannot give any meaningful economic incentive to an author today who is deciding whether or not to embark on the creation of a new work. The argument that an extended term would encourage the production of new derivative works applies whenever a term is about to expire, and no one explained why derivative work authors were called to their creativity only at the end of the then-current 75-year term, instead of a few years earlier when exclusive rights were still available. An extended term might supply an incentive for the preservation or restoration of old films, but no testimony before Congress suggested how this rationale applied to other types of works. Had Congress been truly concerned about films, it could have narrowly tailored a statute to give exclusive rights to film restorers. The CTEA leaves only the copyright owner as a potential preserver or restorer of old films; it excludes the many film archivists who engage in that activity on a regular basis. If the copyright owners had not preserved their films in the original copyright term, what reason was there to think they would do better with an extra 20 years, especially as to the vast majority of old films that no longer have much commercial value?

The CTEA effected a wealth transfer from the American public generally to a small group of owners of old copyrights that were about to expire, at a cost greater to the American public than the additional royalties the public will pay during the 20-year extension period (because transaction costs reduce the number of new works and performances that are available). Still, this is far from the first time that interest groups have banded together to implement legislation that favors their special interests. The question is whether and to what extent the judicial branch should intervene to overturn or at least second-guess the legislative branch. Two important commentaries have cogently argued that courts should not intervene, either in congressional choices for copyright generally or in congressional decisions extending copyright terms.

AVOIDING COPYRIGHT LOCHNERISM

Professors Paul M. Schwartz and William Michael Treanor have argued that judicial review of intellectual property legislation should be deferential because it is analytically similar to legislation affecting other forms of property.

34. Karjala, 1998 Statement, supra note 26, at 22-23 & n.33 (showing that a certain revenue stream for 95 years to an entity author would have a present value less than 0.1% greater than the present value of a 75-year stream at a 10% discount rate and only 1.5% at a 5% discount rate); see also Eldred, 537 U.S. at 254-55 (Justice Breyer, dissenting). Of course, whether there will be any revenues at all from a work newly created today is highly speculative. The vast majority of works, even those that have a modicum of current popularity, fade away from economic importance in much less than 75 years. This means that the economic value of the extension to a current author is much less than even small amount the present value calculation for a guaranteed income stream shows.


36. Schwartz & Treanor, supra note 4, at 2334.
attacking originalist arguments seeking judicial intervention, they reason that even if the Framers regarded congressional power under the IP Clause to be very limited, they had an even more constrained view of judicial power to determine whether Congress adhered to the boundaries that had been set. They criticize the opposition arguments that the IP Clause had a narrow meaning to the Framers, particularly the argument that the Framers were aware of the British experience leading to the Statute of Monopolies and sought to insure that interest groups could not garner special favors from Congress. They argue that there is scant evidentiary support showing that the Framers linked the IP Clause to the British experience, that those who expressed fear of monopoly were worried about broad powers under the Necessary and Proper Clause rather than the IP Clause, and that reliance on Jefferson’s views was misplaced because Jefferson was not at the Constitutional Convention. Professors Schwartz and Treanor go on to argue affirmatively that the Founders, at least in general, were not unalterably opposed to monopolies; that even if Madison read the IP Clause narrowly, the CTEA would comport with his view because 20 years is a “limited time”; and that the 1790 Copyright Act as well as three early private law extensions of patent protection showed the Framers understanding that exclusive intellectual property rights could be extended by Congress. They conclude by arguing that the jurisprudence under 

37. Id. at 2368-75.
38. An Act concerning Monopolies and Dispensations with Penal Laws, and the Forfeitures thereof (Statute of Monopolies), 21 Jam., c. 3 (1624).
39. Schwartz & Treanor, supra note 4, at 2378.
40. Id. at 2383-84. In a separate work, Professor Nachbar convincingly demonstrates that the British Statute of Monopolies must be viewed in its mercantilist context and that, when understood in context, it provides no support for any particular restriction on modern intellectual property laws. Thomas B. Nachbar, Monopoly, Mercantilism, and the Politics of Regulation, 91 VA. L. REV. 1313 (2005).
41. Schwartz & Treanor, supra note 4, at 2382. Later, Professors Schwartz and Treanor argue that Madison’s views of “limited time” were not derived from his anathema to monopoly but rather in insuring that any exclusive rights granted could be revisited by later majorities and ended, perhaps with the payment of compensation. Id. at 2386. They conclude that Madison would view the CTEA as constitutional, because a term extension, and even a series of term extensions, would each be for a limited time and could be stopped when a majority decided to do so. Id. Professors Schwartz and Treanor quote another passage from Madison that they assert shows that he did not view the purpose of the IP Clause as limited to encouragement of future production:

With regard to Monopolies they are justly classed among the greatest nuisances in Government. But is it clear that as encouragements to literary works and ingenious discoveries, they are not too valuable to be wholly renounced? Would it not suffice to reserve in all cases a right to the public to abolish the privilege at a price to be specified in the grant of it?

Id. at 2384, quoting Letter from James Madison to Thomas Jefferson (Oct. 17, 1788), in 1 The Republic of Letters: The Correspondence Between Thomas Jefferson and James Madison 1776-1790, at 562, 566 (James Morton Smith ed., 1995). The final sentence, however, also suggests that Madison did think of copyright as a bargain whose terms are set at the time of the grant.
42. Id. at 2388-89.
those who view the IP Clause as establishing narrow and judicially enforceable limits on intellectual property legislation, in that both reflect the belief “that an active judicial role is necessary to combat rent-seeking in the legislative process.” Professors Schwartz and Treanor argue that to insert this particular view into the Constitution, when other plausible (if not more likely) readings of the text are possible, would be a mistake, because judges have limited competence to make complex economic decisions, and judicial decisions are likely to have unintended consequences. They argue that the lesson of history is that victories for aggressive judicial review will be unstable because they are countermajoritarian.

Professors Schwartz and Treanor conclude by applying this reasoning to the CTEA itself. They argue that the judicial branch is particularly unsuited to determine what constitutes a “limited time” or whether a particular measure “promotes the progress of science.” They believe that Justice Breyer’s purely rational calculus concerning the economic value of the extended term to a current author might not be the one followed by many authors and that there are other plausible visions even under an economic-utilitarian view. Moreover, intellectual property issues often pit roughly equally matched actors against one another, and under these circumstances the political process should work well. If there are process failures, to scrutinize legislation closely on that ground has no obvious limit. Constitutional holism, too, says that, unless there is good reason to treat the IP Clause differently, the norms adopted in similar areas, such as property (where rational basis review is the norm), should govern intellectual property as well.

In his article Judicial Review and the Quest to Keep Copyright Pure, Professor Thomas B. Nachbar similarly argues for a highly deferential scope of judicial review of copyright legislation. He contrasts Feist and Eldred, finding Feist to be a sweeping policy decision constitutionalizing the notion of creative

43. Id. at 2390.
44. Id. at 2392.
45. Id. at 2400.
46. Id.
47. Schwartz & Treanor, supra note 4, at 2402.
48. Id. at 2403.
49. Id. at 2404-05.
50. Id. at 2405. Of course, this was not the situation with the CTEA, where concentrated special interests like Disney and the Gershwin Family Trust were pitted against the diffuse general public. Not even the education or librarian lobbies, which historically have been a kind of proxy for the public interest in copyright as against content owners in the legislative process, took a stand against the CTEA in Congress. The reason was not that they favored the CTEA; rather, the copyright term was already so long that an additional 20 years would have only a small direct effect on their day-to-day activities. As a result, the bill was able to get through Congress largely under the radar.
51. Id. at 2406-08.
52. Id. at 2410-11.
53. Nachbar, Quest to Keep Copyright Pure, supra note 4, at 68.
originality as a constraint on Congress and applauding Eldred’s refusal to question whether Congress’s decision to extend the copyright term in response to international changes and to increase incentives to preserve and distribute older works served progress within the meaning of the IP Clause. He starts from the general rule that it is for legislatures rather than courts to determine policy. He then offers four possible justifications for heightened judicial review of a statute and concludes none embrace the review of legislation for compliance with the IP Clause:

I would like to suggest that, collectively, the justifications for heightened judicial review break down into four categories of cases, those involving: 1) fundamental rights and principles, 2) attempts by the government to prevent the electorate from exercising political rights, 3) systematic discrimination (most clearly implicated by discrimination by the majority against the minority), and 4) attempts to alter the boundaries and relative power of the various competitors for governmental power in the constitutional system.

Briefly, Professor Nachbar’s argument is that, while the First Amendment may limit what Congress can do in the copyright arena, that is a matter of First Amendment law and gives no support to the claim that the IP Clause independently propounds free speech principles. Treating points (2) and (3) together, he finds that copyright does not present any special public-choice problem, as interest groups often manage to commandeer representative government to shift wealth from the majority to their members. Moreover, there is no obvious limit to the rent-seeking argument, which could be claimed for any exercise of congressional power, so it would take the court even beyond

54. Id. at 38.
55. Id. at 39.
56. Id. at 43-44.
57. Id. at 45.
58. Id. at 45-51. Professor Ku has argued at length that the First Amendment is a clear textual limit on majoritarian decisionmaking. Raymond Shih Ray Ku, Copyright Lochnerism, 33 N. KY. L. REV. 401 (2006). Professor Ku, however, accepts their conclusion that Congress should stay out of decisions on the length of the copyright term. Id. at 413 n.115. Cf. James Weinstein, Database Protection and the First Amendment, 28 U. DAYTON L. REV. 305, 350 (2002)(concluding that database legislation involves issues of economic justice and not core First Amendment values).
59. Nachbar, Quest to Keep Copyright Pure, supra note 4, at 51-55.
60. But see Cass R. Sunstein, Naked Preferences and the Constitution, 84 COLUM. L. REV. 1689, 1692, 1713 (1984) (arguing that government decisions must be based on “something other than a raw exercise of political power” and that “the function of rationality review is to enforce [a] weak version of the prohibition of naked preferences.”
Lochner in the breadth of review that would result. Finally, copyright, being exclusively federal, does not trench upon the established boundaries of the institutions of our representative government, particularly the relative powers of the federal government and the states. He then returns to Feist as an example of the dangers that a rigidly constitutionalized view of the meaning of “progress” in the IP Clause has for real progress in knowledge and culture in a modern society. He concludes that a highly deferential scope of judicial review of copyright legislation for consistency with the IP Clause is appropriate.

THE SPECIAL CASE OF TERM EXTENSION LEGISLATION

If there is a way to refute the general point made by Professors Schwartz and Treanor and by Professor Nachbar that, in general, copyright legislation should be subject to deferential review by the courts, I do not know what it is. The copyright statute is complex in the extreme and riddled with legislative tradeoffs. And while all of the interested parties cannot be represented at the legislative “bargaining” that occurs when Congress deliberates copyright legislation, Congress can certainly place more views on the table than a court. Thus, while Congress is required under the IP Clause to pursue copyright legislation that

61. Id. at 54. Professor Nachbar concludes by asking, “Other than an awkwardly worded clause in the Constitution to provide a textual hook, what makes copyright so special?” Id. Presumably he is referring to the clause requiring copyright legislation to “promote the progress of science,” but, as discussed below, the term “limited times” does and indeed must distinguish copyright term extension legislation from the general economic regulation to which he believes copyright in general should be compared.

62. Id. at 56-61. It is on this ground that Professor Nachbar distinguishes the Court’s more active intervention in recent Commerce Clause cases to overturn federal statutes. United States v. Lopez, 514 U.S. 549 (1995); United States v. Morrison, 529 U.S. 598 (2000). Nachbar, Quest to Keep Copyright Pure, supra note 4, at 59-61. Professors Schwartz and Treanor acknowledge some tension between the approach to judicial review in Eldred, on the one hand, and Lopez and Morrison, on the other, but they put it to the side to argue that “concern for the original understanding mandates that aggressive judicial review should not be extended to a new area.” Schwartz & Treanor, supra note 4, at 2374.

63. Nachbar, Quest to Keep Copyright Pure, supra note 4 at 62-68. Professor Nachbar cogently points out that intellectual property markets and technology change enormously over time, so that even if we could know the exact intent of the Framers in drafting the IP Clause, we might hesitate in relying solely on that intent today. Id. at 67-68. The ambiguity and disagreements over the meaning of “progress,” he argues, argue strongly for leaving the definitions to the legislature rather than the courts. Id. at 67-68.

64. Id. at 68-69.

65. Professor Litman has pointed out that the exploiters of yet-to-be-invented technologies cannot be present at the congressional negotiations, so there is no one to argue that their views are getting too little consideration. Jessica Litman, Copyright, Compromise, and Legislative History, 72 CORNELL L. REV. 857, 883-84 (1987).
promotes the progress of science,\textsuperscript{66} it would be absurd for a court to try to determine whether, for example, a public performance right for sound recordings would “promote the progress of science,” let alone second guess whether Congress’s limited public performance right for digital audio transmissions\textsuperscript{67} optimally achieves that goal under the nearly impenetrable exemption and compulsory licensing scheme set out in section 114.\textsuperscript{68}

Term extension legislation, however, involves not just the so-called “preambular” requirement that copyright legislation “promote the progress of science.”\textsuperscript{69} More specifically, term extension legislation also invokes the requirement that the exclusive rights of copyright endure only for “limited times.” Professor Nachbar is surely correct that the progress clause, standing alone, is so vague and potentially broad as to defy specific judicially imposed limits on congressional power with respect to copyright legislation in general.\textsuperscript{70}

It can and should, however, play a role in determining the meaning of the term “limited times.” For one thing, this saves the progress clause from the status of wholly surplus language in the Constitution. At the same time, it avoids reading the “limited times” language out of the Constitution as well.

Let us take a simple example: Suppose the European Union had adopted a term of life + 1000 years and Congress followed suit in the name of

\textsuperscript{66} Professor Nachbar does not disagree:

There can be no general debate over whether the Clause means that any system of exclusive rights established pursuant to the Clause must promote progress; the Clause clearly says that its objective is to promote progress. It hardly takes sophisticated textual analysis to determine that the promotion of progress is part of what the Clause is about.

Rather, the more fundamental ambiguity underlying \textit{Eldred} stems from the constitutional implications of a charge that Congress has failed to abide by the restriction that its grants of exclusive rights promote progress.

Nachbar, \textit{Quest to Keep Copyright Pure}, supra note 4, at 42 (footnotes omitted).

\textsuperscript{67} 17 U.S.C.A. § 106(6).

\textsuperscript{68} 17 U.S.C.A. § 114(d)-(j).

\textsuperscript{69} Professor Dotan Oliar has argued, convincingly in my view, that the progress clause and the exclusive rights clause were intended by the Framers to be read together, each defining and limiting the other. Dotan Oliar, \textit{Making Sense of the Intellectual Property Clause: Promotion of Progress as a Limitation on Congress’s Intellectual Property Power}, 94 GEORGETOWN L.J. 1771 (2006). Professor Oliar looks at the language of a proposed intellectual property power by both Madison and Pinckney, neither of which contained a “preambular” goal or end and were therefore plenary powers for Congress to create exclusive intellectual property rights. \textit{Id.} at 1789-90, 1811.

At the same time, Madison and Pinckney proposed other powers – the establishment of universities or seminaries and the use of premiums – for specific purposes, such as promotion of literature and the arts, promotion of agriculture and commerce, and the advance of useful knowledge and discoveries. These education and encouragement powers proposed by Madison and Pinckney were not adopted, but the purposes contained in them were combined into what became the preamble of the IP Clause. \textit{Id.} at 1805-10. He concludes that the Framers gave Congress the power to promote the progress of science, by means of exclusive intellectual property rights, and intended to prohibit Congress from using other means to exercise this power, namely, by the establishment of universities or the grant of encouragements. \textit{Id.} at 1818.

\textsuperscript{70} Nachbar, \textit{Quest to Keep Copyright Pure}, supra note 4, at 68-69.
"harmonization." Should there be no non-rubber-stamp judicial review of this decision? In its brief to the D.C. Circuit in Eldred, the government conceded that some fixed term extensions might violate the limited times requirement.71 In this case there would even be a more colorable case for harmonization than there was in the case of the CTEA, at least insofar as the extension was prospective. Under the extremely deferential review advocated by Professors Schwartz and Treanor and by Professor Nachbar, such an extension would presumably be upheld without judicial consideration of the constitutional meaning of “limited times” or whether the extension actually did “promote the progress of science.”

Yet, a term of life + 1000 years is effectively unlimited. Because intellectual property does not physically depreciate and is not consumed by use, such a term as a practical matter would be more nearly perpetual than the so-called “perpetual” term we associate with tangible property outside of land (and in these days of global warming and rising seas, maybe much of the earth’s land will not even last that long). I suggest that it is possible for a court to make a substantive inquiry into the constitutionality of this congressional action without raising the specter of Lochner or the other adverse effects that Professors Schwartz, Treanor, and Nachbar raise for the review of copyright legislation generally. The court can look to the reasons given by Congress for asserting that the extension is limited and promotes the progress of science, against the background of the purpose of the progress and limited-times clauses in the IP Clause.

I agree with Professor Nachbar that the actual purposes and goals of the Framers in inserting these limitations into the IP Clause, even if we could divine them, should not be fully determinative of the meanings we give them today.72 Our society today is very different from that of the United States in 1790, in just about every dimension by which one might measure such differences. While I do not advocate reading “white” to mean “black” in the Constitution simply to achieve (legislatively or judicially) a given policy goal, the meanings of many terms in the Constitution have expanded and contracted over time to meet the needs of then-current United States society. Therefore, that “limited times” may well have meant something on the order of 28-42 years to the Framers is not

71. Brief for the Appellee at 42, Eldred v. Reno, No. 99-5430 (D.C. Cir. 2000) (“It may well be that some term extensions are so long or so lacking in rational basis that a court could conclude that the Congress has in effect created an unlimited term”), available at http://homepages.law.asu.edu/~dkarjala/OpposingCopyrightExtension/constitutionality/GovtAppBrief.pdf. In its brief to the Supreme Court, the government obliquely said something similar in countering the plaintiffs’ claim that a series of extensions could not be “limited”: “If Congress ever did adopt a term that was too long to be “limited,” such an effort would be unconstitutional whether enacted in one statute or a series, and this Court surely could distinguish that term from the limited time protected under the CTEA.” Brief for the Respondent at 27, Eldred v. Ashcroft, 537 U.S. 186 (2003)( No. 01-618) (footnote omitted), available at http://homepages.law.asu.edu/~dkarjala/OpposingCopyrightExtension/constitutionality/SupremeCourtBriefs/GovtResponseSCt.pdf.

72. Nachbar, Quest to Keep Copyright Pure, supra note 4, at 65-66.
determinative of whether a life + 70 year, or even a life + 1000 year, copyright term is “limited.” Still, since Marbury v. Madison, it is the institutional duty of the Court to interpret the meanings of terms in the Constitution. And when a plausible view of the intended meaning of the Framers comports with the policy basis today for limiting the temporal duration of intellectual property rights, it is not unreasonable for the courts to adopt that meaning and, at a minimum, insist that Congress give convincing reasons that its new and longer term is still “limited” in that sense. The Court need not decide what the term should be, either in general or with respect to any given class of works. It can leave that to Congress, sending the issue back if necessary by invalidating a statute establishing a term that, under the circumstances, Congress has not justified with plausible reasons but allowing Congress to try again if it can better convince the Court that the new term is, indeed, “limited.”

A PLAUSIBLE MEANING OF “LIMITED TIMES”

What is a plausible view of the Framers’ intent in inserting the “limited times” requirement into the IP Clause? This is not the place to rehash the isolated pieces of evidence concerning who thought what or what the group of Framers as a whole was thinking. What we do know is that the term “limited time” (or “certain time”) appeared in the copyright powers proposed by both

73. Marbury v. Madison, 5 U.S. (1 Cranch) 137 (1803).
74. In the recent Commerce Clause cases, both the majority and the dissenters agreed that the Court was the final arbiter of the term “commerce”. See, e.g., U.S. v. Morrison, 529 U.S. 598, 614, 651 n.19 (2000).
75. Professor Coenen has shown that this “structural” judicial review, which overturns enacted legislation but allows Congress to try again in the light of constitutional demands, is far from uncommon and in fact pervades constitutional law. Dan T. Coenen, A Constitution of Collaboration: Protecting Fundamental Values with Second-Look Rules of Interbranch Dialogue, 42 WM. & MARY L. REV. 1575, 1834, 1869-70 (2001).
76. Professor Schwartz and Treanor argue extensively that the Eldred petitioners’ originalist arguments for restricting congressional power to determine the meaning of “limited times” have thin evidentiary support. Schwartz & Treanor, supra note 4, at 2379. However, in giving their own view of how to understand the IP Clause, they concede that Madison’s view may have been very narrow but that there was no reason to attribute to him the type of restrictions on congressional power the Eldred petitioners claimed. They then conclude bluntly, “The twenty-year extension is a ‘limited Time[ ]’.” Id. at 2382. They later argue that a plausible interpretation of Madison’s position is that “limited times” was intended to insure that rights could not be established in such a way that they could not be revisited by later majorities. Id. at 2386. Thus, an extension for 20 years – a “limited time” – would not be troubling to Madison, because, even if such extensions occurred on a regular basis, the ultimate extension of exclusive rights for such a long period is not made by a single Congress. Id. Even accepting all of these arguments, however, the question remains of how long is “limited.” Does it mean “mathematically finite”? Had the extension been to life + 100 years, or life + 200 years, would that still be fine with Madison because Congresses in the year 2098 or 2198 could revisit the issue? Take it up to our hypo of life + 1000 and one necessarily gets a bit queasy attributing such a view to Madison. Either Congress is the sole determinant of the meaning of “limited times,” in which case the phrase is wholly surplus, or the courts must play some role in determining its meaning.
Pinckney and Madison,77 and the term “limited times” appears in the final version of the power approved by the Committee of Eleven.78 One reason for a limited term for copyright that made sense in 1789 and still makes exactly the same sense today is economic efficiency. Many of the Framers made reference to the exclusive rights of copyright as an incentive to the production of desirable works.79 But perpetual exclusive rights had long been recognized for the creators of tangible property as well as for owners of land (and even intangibles like stocks and bonds). Why should information works be protected only for a limited time?

The answer is economic efficiency. Information works are not consumed by use, are nonrival in use,80 and are essentially infinitely reproducible at zero or very small cost. For works that have already been created (or would in any event be created even without the incentive of exclusive rights), it is economically inefficient to recognize exclusive rights. Where the marginal cost of reproducing a work is zero or close to zero, the demand for it will be greater and more people will have access to it, thereby more widely disseminating knowledge and culture.81 Making more works more widely available is also a plausible interpretation of the “promote the progress of science” clause. We reasonably assume, however, that many desirable works will not be created, and if created will not be disseminated except under strict secrecy conditions, if upon a work’s release to the public anyone could make and further distribute copies. Such

77. Dotan Oliar, supra note 69, at 1789.
78. Id. at 1790.
79. For example, Madison wrote that a monopoly was given to authors and inventors “as a compensation for a benefit actually gained to the community as a purchase of property which the owner otherwise might withhold from public use. There can be no just objection to a temporary monopoly in these cases; but it ought to be temporary, because under that limitation a sufficient recompense and encouragement may be given.” JAMES MADISON, WRITINGS 756 (Jack N. Rakove ed. 1999). The incentive basis for copyright has long permeated Supreme Court discussions of the issue. See supra note 18.
80. Professor Nachbar has argued that intellectual works are not special in their nonrival nature. Thomas B. Nachbar, The Comedy of the Market, 30 COLUM. J. J. & ARTS 453 (2007). He points out that access to markets is also nonrival and yet such access has long been regulated, often to limit access artificially (and usually to the benefit of the existing players). Id. at 458-59. His main point is to show that the nonrival nature of intellectual property does not entitle it to a special place in constitutional law. Id. at 465-66. The point here, however, is not to try to understand why the Framers failed to insure freer markets or open up access to other nonrival goods (whatever they may be). Rather, the question for us is to understand why the Framers did provide that intellectual property rights should endure for only limited times. The nonrival nature of information works is so obvious that, while they may not have been explicit about their reasons, it insults their intelligence to assume that they did not take that nature into consideration, even if subconsciously.
81. Professor Landes and Judge Posner have argued that “congestion externalities” can result in a loss of value in popular works when they go into the public domain and have proposed a system of infinitely renewable copyright. William M. Landes & Richard A. Posner, Indefinitely Renewable Copyright, 70 U. CHI. L. REV. 471 (2003). Their argument, however, is wrong on its economics and implausible for all works of copyright, even if their economics were correct. Dennis S. Karjala, Congestion Externalities and Extended Copyright Protection, 94 GEO. L.J. 1065 (2006).
competition with the creator would drive the price down to marginal cost, and the creator would have little chance to recover her investment in time, effort, and other expenses of initial creation that a copier does not have to pay. The exclusive rights of copyright are designed to eliminate this market failure, by providing a limited time in which the author can recoup his investment in creating the work.\textsuperscript{82}

We cannot prove that avoiding market failure without undermining economic efficiency was the goal of the Framers in giving Congress the power to legislate exclusive rights in intellectual property but only for limited times.\textsuperscript{83} It is, however, a major argument today for limiting the duration of intellectual property rights, and nothing special has happened to the economics of intellectual property that makes today any different on this point from 1789. The one incontestable point is that the Framers did include the phrase “limited times” in the IP Clause, and there almost surely was a reason for their doing so. They wanted to “promote the progress of science,” which would happen most efficiently, if creation incentives could be ignored, with no intellectual property rights. But because we need a creation incentive, we must offer some period of exclusive rights. Until a more plausible reason is suggested, it would not be unreasonable for a court called upon to interpret the meaning of the Constitution in a term extension case to treat “limited times” in the IP Clause as that length of time that is reasonably necessary to encourage the production and public availability of the types of intellectual works desired by society.\textsuperscript{84}

**SPECIFIC TERM EXTENSION APPLICATIONS**

How, then, should a court handle our hypothetical life + 1000 year term when it is challenged as violative of congressional power under the IP Clause? For the time being, let us limit ourselves to \textit{prospective} term extension, that is, a term extension that applies only to works created after the effective date of the

\textsuperscript{82} This market failure is also both the justification for a copyright in computer programs – functional works that under traditional principles belong under the patent or trade secret regimes – as well as the basis for limiting such protection. \textit{E.g.}, Dennis S. Karjala, \textit{A Coherent Theory for the Copyright Protection of Computer Software and Recent Judicial Interpretations}, 66 U. CIN. L. REV. 53, 69-70 (1997).


\textsuperscript{84} This may be a special case of Professor Gunther’s version of equal protection with “bite.” Gerald Gunther, \textit{Foreword: In Search of Evolving Doctrine on a Changing Court: A Model for a Never Equal Protection}, 86 HARV. L. REV. 1, 20 (1972). Professor Gunther suggests going beyond a “mere rationality” standard and have the Justices focus on the means by which legislation is adopted, judging their reasonableness “on the basis of materials that are offered to the Court” rather than resorting to conjecture. \textit{Id.} at 21.
extension. The Court should look to the reasons given by Congress for the extension and ask whether Congress’s conclusion that it promotes the progress of science (for example, by increasing creation incentives or otherwise increasing the supply of desirable works) makes sense. In the hypo, the reason given is harmonization with the European Union. Present value calculations show that, for someone contemplating the creation of a new work today and the unlikelihood that the work will have any economic value even 20 years from now, let alone 50 or 70 years after the author’s death, there is no economic difference between life + 50 or 70 years and life + 1000 years (or even perpetual duration).\(^85\) Would harmonization in itself supply more of an incentive? It is difficult to see how. If the term is life + 50 or 70 here but life + 1000 in the E.U. would any U.S. author consider moving to Europe to do her creating in order to get the benefit of the longer European term? Would a U.S. author simply not create a work because of differences between the two regimes, even though those differences would only manifest themselves 50 or 70 years after her death? Anything is possible, but when the Constitution is involved we should demand at least a little more: it should be plausible, and these supposed incentives are simply not plausible.

The proposed life + 1000 year term extension should therefore be held unconstitutional until Congress comes up with a plausible reason that the extension somehow promotes the progress of science by increasing creation incentives or incentives to restore or distribute works that, for whatever reason, are not as widely available as they would be with exclusive intellectual property rights in someone.\(^86\) Perhaps Congress will narrow the class of works that benefit from the extended term and the new statute could pass constitutional muster. In the case of the CTEA, for example, Congress might have considered giving an exclusive right to restorers of old films, if film restoration was indeed a concern that Congress had.\(^87\) It is difficult, however, to imagine any particular class of works for which a 1000-year term supplies any more incentive to do anything than the current (or even a shorter) term would.

This same argument applies almost equally, if not entirely, to the prospective term extension effected by the CTEA, which was not challenged by the *Eldred* petitioners.\(^88\) As before, the economic incentive argument simply carries no

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85. *See supra* note 34 and accompanying text.

86. I put to the side here the problem that the exclusive rights under the IP Clause are supposed to go to authors or inventors. If there is a plausible reason for giving an incentive to restorers, there is probably also a plausible basis for considering them to be “authors.”

87. Even if *Feist* remains good constitutional law, there is almost surely a minimal degree of creativity in the process of restoring old films. Cases denying copyright originality in exact copies of public domain art, however, run the other way. *E.g.*, *Bridgeman Art Library, Ltd*, 36 F. Supp. 2d at 196-97; *Hearn v. Meyer*, 664 F. Supp. 832 (S.D.N.Y. 1987).

88. The petitioners conceded that whether 50 years or 70 years was too long was a judgment for Congress, not the Court. Brief for Petitioners at 14, *Eldred v. Ashcroft*, 537 U.S. 186 (2003) (No. 01-618). They did argue, however, that the prospective extension was not severable from the retrospective extension that they were attacking, so that both should fall. *Id.* at 17.
persuasive force. Besides the present-value arguments, perhaps the strongest evidence is that literally no one sought purely prospective extension or even argued that it would be a viable compromise with the CTEA as enacted (including retroactive extension). Professors Schwartz and Treanor criticize the economic present-value reasoning by saying that judges do not know enough about authorial psychology and that authors may not follow the “the same purely rational calculus as Breyer.” They do not, however, supply an alternative incentive theory of any kind, let alone one that is plausible. The key point here is that the issue cannot be simply, “Is there an increased creation incentive of some sort, however limited?” Our hypothetical life + 1000 term might also increase incentives microscopically over the current term. The issue is whether the increase from 50 to 70 years is “limited” because the increased incentive plausibly outweighs the cost in economic efficiency of tying up all works for the additional 20 years. Because Congress refused to engage in any such cost/benefit analysis, this alone would have been grounds for the Court to send the issue back.

Harmonization does not work any better as support for a prospective life + 70 term than it does for a life + 1000 term. That a current author might not embark on creative activity in the U.S. because her successors will not get the benefit of the longer European term 50 years after she dies is implausible in the extreme. Anyone making such a claim should support it with some factual foundation and reasonable analysis. Nothing like that was presented to Congress when it enacted the CTEA. There was no evidence that differing terms in the two regions 50 years later would lead to any special difficulties. Indeed, if differing terms caused friction in the international intellectual property markets, Congress might have tried to harmonize the terms for existing works, which were not harmonized at all by the CTEA. At a minimum, Congress should have done a study to show whether and how public domain availability of works in one major market but not in another adversely affected creation incentives or the distribution of desirable works. Like incentives, “harmonization” is a plus on only side of the equation; the cost of harmonization must also be taken into account. When it is not, the Court can and should send it back to Congress to do so.

89. See Eldred, 537 U.S. at 254-55 (Breyer, J., dissenting).
90. Karjala, Judicial Review, supra note 26, at 216, 229. This point becomes crucial to analysis of the fairness of the retroactive extension as well. See infra notes - and accompanying text.
91. Schwartz & Treanor, supra note 4, at 2404.
92. Indeed, as Professor Litman has pointed out, any strengthening of rights will arguably lead to an increase in incentives and higher production if we look only to the incentive side of the tradeoff between return to authors and benefit to the public. Jessica Litman, Revising Copyright Law for the Information Age, 75 OR. L. REV. 19, 32-33 (1996).
93. See supra note 28 and accompanying text.
The *Eldred* Court concluded that Congress “rationally credited projections that longer terms would encourage copyright holders to invest in the restoration and public distribution of their works.” 94 The slightest degree of scrutiny beyond “conceivable basis” reveals the makeweight nature of this argument. If Congress were concerned about restoration of old films, it could have carefully tailored the new rights to benefit those who actually restore old films. The CTEA gives no incentive to restore films already in the public domain, and not even the copyright owner has an incentive to restore an old film that he deems to lack economic value, although many film archivists would be delighted to engage in such restoration. 95 And if old films are the problem (there was precious little testimony concerning anything else on the restoration issue), there was no need to extend the copyright on all works. In other words, even if an extension of 20 years was “limited” with respect to old films, it will not be “limited” with respect to the vast majority of other works for which the economic inefficiency of an extended term has no counterbalancing benefit to the public.

Congress also cited the supposed increased commercial lives of works due to advances in communications technologies in support of the CTEA, and the *Eldred* Court credited this conclusion as a basis for upholding the statute. 96 There was no evidence that commercial lives of works actually have lengthened substantially, especially since the previous term extension in 1976 (where the same reason was given), but even if we assume such longer lives, what is the basis for perpetuating the economic inefficiency of longer exclusive rights? 97 This is an argument for perpetual protection for those works that maintain a their commercial lives. It would justify awarding a copyright in the works of Shakespeare (or even Homer or the Bible) to whoever might be the successor to the authors of those works (and possibly even to someone unrelated). Indeed, it would justify reviving copyrights in all works in the public domain that still sell copies. That cannot be the correct interpretation of the “limited times” clause.

94. *Eldred*, 537 U.S. at 207, citing H.R. Rep. No. 105-452, p. 4 (1998) (term extension “provide[s] copyright owners generally with the incentive to restore older works and further disseminate them to the public”); Professors Schwartz and Treanor also find this argument plausible. Schwartz & Treanor, supra note 4, at 2382.
95. See Karjala, Judicial Review, supra note 26, at 230-31.
97. The *Eldred* majority also seemed to credit the “protection for two generations of descendants” argument. *Eldred*, 537 U.S. at 207 n.14. It is hard to believe that the Court would have relied on this argument if that were all that it had. See Schwartz & Treanor, supra note 4. Try applying it to the life + 1000 hypothetical considered earlier. Would a claim that copyright should protect the author plus fifty generations of descendants be plausible? The two generations argument came out of whole cloth and has no intrinsic limits.
A related argument was that the income derived from the increased term could be used to finance the production of new works.\textsuperscript{98} Yet no supporter of the CTEA suggested, or was willing to accept, that the extension be conditioned upon using the profits to subsidize new creativity.\textsuperscript{99} More important, the argument that the increased profits might be used to finance new creativity flies in the face of ordinary free-market economic theory.\textsuperscript{100} The availability of risk capital depends on cost/benefit analysis for the project in question, regardless of how much money one has. There was no evidence, and no reason to believe, that Disney would invest in riskier movies because it would continue to earn profits from its control over Mickey Mouse.

**TREATING PAST AND PRESENT AUTHORS EQUALLY**

Professors Schwartz and Treanor also applaud another version of the fairness argument offered by the *Eldred* majority:

> In our view, moreover, the most compelling justification for retrospective extension is an equitable one. The CTEA may simply reflect a dual congressional commitment to promoting both the progress of the arts and the equitable treatment of copyright holders. To promote future creation, Congress decided in enacting the CTEA to increase the incentives for creation by increasing the period of copyright protection prospectively. In this context, retrospective extension of the copyright period reflects equitable concerns: One class of copyright holders (the class of those who create after enactment of the statute) should not be treated better than another class (those who created before enactment of the statute).\textsuperscript{101}

This argument for upholding the CTEA nicely illustrates the differences between simply accepting grammatically phrased reasons given in support of a statute and taking even a modest look at the reality behind its adoption. It starts from a premise that is wholly contrary to fact, namely, that Congress wanted to increase creation incentives and therefore decided to increase the term prospectively by 20 years. Having done so, it seemed only equitable to make the extension retroactive. In fact, however, nobody ever sought prospective term extension. *All* of the support for extension came from the owners of old copyrights. It’s a cute game: the owners of old copyrights propose a 20-year prospective term extension.

\begin{footnotes}
\footnote{98. *Eldred*, 537 U.S. at 207 n.15; Schwartz & Treanor, *supra* note 4, at 2382.}
\footnote{99. When asked how Congress could be sure that the profits would be used to finance new creativity, the responses were simply that authors should receive the income generated by their works, that we can rely on authors’ integrity to donate money or the right to use works voluntarily, and that a more solid financial basis for the movie industry would create more jobs. *Copyright Term Extension Act of 1995: Hearing on S. 483 Before the Senate Comm. on the Judiciary*, 104th Cong. (1995), at 92-93; see *Karjala, Judicial Review*, *supra* note 26, at 215 & n.68.}
\footnote{100. Karjala, *1998 Statement*, *supra* note 26, at 10-14.}
\footnote{101. Schwartz & Treanor, *supra* note 4, at 2383, citing *Eldred*, 537 U.S. at 204.}
\end{footnotes}
extension and then cry "Unfair!" if they, too, are not included. Again, the mildest degree of review asking whether Congress had plausible reasons for thinking that the 20-year extension, prospectively or retroactively, would supply benefits beyond the increased economic inefficiency resulting from the extended terms would end with sending the statute back to Congress to try again.  

It is true that, in the past, Congress has always included existing works (at least those still under copyright) in the benefits of any term extension, and this was a powerful factor in the *Eldred* analysis. In all of the earlier extensions, however, the validity under the "limited times" restriction was not questioned, and the equitable argument on behalf of existing copyright owners has some force. If the longer term promotes the progress of science, that is, plausibly supplies more social benefits than it costs in economic inefficiency, perhaps some arguments on behalf existing copyright owners can be made. The 19-year extension made by the 1976 Act, for example, was part of a comprehensive revision of the entire statute, and a longer term for existing copyrights might have been one of the legislative tradeoffs. Moreover, the longer term was adopted with a view to eventual United States entry into the Berne Convention, which also might at least plausibly justify the extension for all copyright owners. The inclusion of existing works in the 1790 Act, too, might be justified for similar reasons.

It seems, therefore, that the *Eldred* petitioners made exactly the wrong strategic choice. Instead of conceding the constitutionality of the prospective term extension and arguing against the retroactive aspect of the CTEA, they should have argued directly that the 20-year prospective extension was not justified because no plausible arguments in support of it were presented to show that its benefits would outweigh its costs. If the prospective extension falls, retrospective extension falls with it, because equitable treatment of existing copyright owners, based on our long historical practice, is the only conceivable basis for finding a public benefit from across-the-board retrospective extension. If prospective extension does pass constitutional muster, our long tradition of giving existing copyrights the benefit of any extensions that happen while they are still in force, plus the strong (if doctrinally suspect under the cost/benefit

102. Moreover, the inclusion of existing works still protected by copyright does not eliminate this so-called fairness problem. It only pushes it back, in this case to 1923, distinguishing between authors who completed works in 1923 or later from those who completed works in 1922 or earlier. See Karjala, Judicial Review, supra note 26, at 238. To be wholly fair in this sense, the extension should have covered all prior works. And, in fact, it is not unfair to hold creators of works under a life + 50 regime to the term promised at the time they created their works. The fairness argument also cuts the other way, because members of the public may have been relying on the entrance into the public domain of works on which they wished to base new creativity. *Eldred*, 537 U.S. at 240 (Stevens, J., dissenting).

103. *Eldred*, 537 U.S. at 200-04; Schwartz & Treanor, supra note 4, at 2388-89.

104. See Karjala, Judicial Review, supra note 26, at 204 n.20.

analysis proffered here) equitable argument that the two classes should be treated equally will almost always carry the day.106

FURTHER EXAMPLES

Another example of how this limited approach to judicial review of copyright term legislation is supplied by the Uruguay Round Agreements Act, codified as section 104A of the Copyright Act.107 This congressional action does not merely extend copyright terms; it actually revives copyrights that had expired or failed to attach as an initial matter because of noncompliance with the formalities of prior U.S. law, such as publication with notice or renewal after 28 years of copyright protection. The URRA thus takes works out of the U.S. public domain, which the Supreme Court in dictum has said is impermissible.108 Congress did, however, supply a plausible basis for believing that the statute would promote the progress of science. Most important, revival of foreign copyrights was at least arguably required by our treaty obligations under Article 18 of the Berne Convention,109 and whether complying with such treaty obligations promotes the progress of science is a classic example of the kind of decision that must be left to Congress.110 The statute also is narrowly tailored to apply solely to foreign works,111 which largely if not wholly eliminates the suspicion that the special interest rent seeking so blatantly obvious in the CTEA

106. The goal here is not to assess blame for the approach taken. As a policy matter, the retrospective aspect of the CTEA was clearly the most reprehensible. That rent seeking on behalf of owners of old copyrights rather than incentives for new creations was at the core of the CTEA is blatantly evident from any review of the record before Congress. See generally Karjala, Judicial Review, supra note 26. It was also of most immediate importance, as few works subject to the life + 50 regime (post-1977 creations) were anywhere close to expiration. The works published between 1923 and 1932, however, would be in the public domain now but for the retroactive extension. At a gut level, therefore, this is what most CTEA opponents thought people would react to, including judges. Had the Court given even minimal review beyond rational basis it would have thrown out the retrospective portion as unconstitutional. Still, at least in retrospect, insufficient attention was given to the long history of including owners of existing copyrights in the benefits of any term extension.

107. 17 U.S.C.A. § 104A.

108. Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 6 (1966) (“Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available.”).


110. In some cases there may be reason to suspect that even a treaty may be the result of protectionist forces unable to achieve their goals directly in U.S. national law but able to manipulate the international negotiations in such a way that their domestic goals are reflected in an international treaty. Pamela Samuelson, The U.S. Digital Agenda at WIPO, 37 Va. J. Int’l L. 369 (1997). They then argue that adoption of their protectionist goals is mandated by our treaty obligations. I leave this case for another day, and more specific facts.

111. Berne does not care whether a member country discriminates against its own citizens. It simply requires that countries treat foreigners at least as well as their own citizens (national treatment). Berne Convention for the Protection of Literary and Artistic Works (Paris text 1971), Art 5(1).
underlay the statute. As a statute carefully designed to meet a well defined problem, the URAA should fare much better under the limited approach to judicial review proffered here.

We might even take this a step further and ask whether Congress could take works from the public domain and award exclusive copyright rights in it to someone. For example, what if Congress were to provide that Disney would have exclusive rights for 10 years to Mark Twain’s *Huckleberry Finn*. The reason might be that *Huckleberry Finn* is a quintessentially American novel that is not sufficiently well known or appreciated and that a company like Disney could do a better job at promoting the work, which it was likely to do only if it had exclusive rights.\footnote{There would, of course, be a problem here with whether Disney is an “author” with respect to *Huck Finn*. There are probably ways around this problem. For example, Congress might condition Disney’s rights on its making a movie of the book within a certain period of time. That is, if Disney makes the movie, it gets exclusive rights not only in the movie (which it would have, anyway) but also in the whole work. Whether this counts as “authorship” within the IP Clause is itself an interesting question into which I do not propose to delve. It is at least plausibly authorship, and if Congress can come up with sensible reasons that this grant to Disney “promotes the progress of science,” and if the Court accepts those reasons, it is likely to go along on the “authorship” issue as well. Moreover, Congress could give the copyright to Mark Twain’s estate subject to similar conditions.} I am certainly not advocating that Congress do anything of the sort, but if the URAA changes are valid, it would mean that Congress is not flatly prohibited from taking works out of the public domain and placing them back under copyright. Assigning new rights in existing works is not such a great step further. When and if that happens, we need at least modest judicial oversight. Asking whether the reasons on which Congress purports to base its decision make plausible sense is a way to give some degree of oversight without running the risk that the courts will make intellectual property policy entirely on their own. And in doing so the courts should look very carefully at the length of the new copyright’s term. It must be convinced, based on plausible reasons supplied by Congress, that 10 years was the minimum term that would reasonably give Disney an opportunity to achieve the public-interest goal desired by Congress. The longer any such revived copyright term is, the more convincing and detailed should be the reasons Congress supplies. It is difficult to imagine, for example, any public-interest goal that Congress might seek to achieve that would require more than a 10-20 year term.

**CONCLUSION**

Will the Roberts Court, or any subsequent Court, confront this issue anew? It is doubtful that the Court will look at the CTEA again, even if the argument is rephrased to attack it at its truly vulnerable spot, namely, the prospective 20-year extension. First, reliance on the CTEA is even more entrenched now than it was at the time of the *Eldred* decision. Moreover, as between *Feist* and *Eldred*, it is *Feist* that presents the real problem for those worried about free-wheeling
judicial oversight of copyright legislation. The *Eldred* majority did not explain its underlying thinking on the crucial question of judicial review, and if it does start thinking seriously about this issue in the future, it is more likely that the *Feist* dictum will fall rather than *Eldred*, both because it is dictum and because the Court will be able to see more clearly how continued enforcement of the *Feist* dictum would impede Congress’s ability to legislate in the digital age.

Nonetheless, the argument may become important in the future, when and if Congress attempts yet another term extension. Justice Roberts is young and may well still be Chief Justice when that new case comes before the Court. As was the case with the CTEA, it would obviously be better for term-extension opponents to defeat such a bill in Congress, but if an extension is passed and the issue does come to the Court again, it will behoove the opponents at that time to make the fundamental case that life + whatever (where “whatever” is greater than 70) is unconstitutional unless Congress can supply plausible reasons for concluding that the new and extended term is, indeed, a “limited time,” that is, something that cost/benefit analysis plausibly shows to be in the public interest and, therefore, promotes the progress of science.

113. Schwartz & Treanor, *supra* note 4, at 2334.
CHEMICALS, COMBINATIONS, AND “COMMON SENSE”: HOW THE SUPREME COURT’S KSR DECISION IS CHANGING FEDERAL CIRCUIT OBVIOUSNESS DETERMINATIONS IN PHARMACEUTICAL AND BIOTECHNOLOGY CASES

Janice M. Mueller*

I. INTRODUCTION

This article examines the impact of the U.S. Supreme Court’s April 2007 decision in \textit{KSR International Co. v. Teleflex Inc.}, with particular focus on the nonobviousness requirement as applied to the pharmaceutical and life sciences arts. The article predicts that \textit{KSR} will have a substantial impact in these technologies.

Few were surprised when the Supreme Court dismantled the Federal Circuit’s pinched, “overly rigid” application of the teaching/suggestion/motivation (T/S/M) test in \textit{KSR}, an unremarkable, non-precedential decision at the appellate level. Rather than stop there, the Supreme Court used the relatively trivial vehicle of \textit{KSR} to apply a new layer of fuzzy gloss to the nonobviousness requirement of 35 U.S.C. § 103(a). By invoking ambiguous, non-statutory terms and circular statements, the Supreme Court’s \textit{KSR} decision injected greater uncertainty into an already complicated analysis.

Despite the factual underpinnings of nonobviousness, the required mental gymnastics (i.e., looking backward in time from the perspective of an ordinarily-skilled hypothetical person in order to conclude whether an invention would have been obvious when made) have frequently necessitated policy-based judgment calls. \textit{KSR} did not make such judgments easier. Nevertheless, \textit{KSR} is the Supreme Court’s latest word on nonobviousness. Lower courts, patent

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examiners, litigants, applicants, and other mere mortals must now grapple with KSR’s obscure teachings.

As is frequently the case in U.S. patent law, much turns on the Federal Circuit’s interpretation and application of the Supreme Court’s pronouncements. This article examines post-KSR decisions by the Federal Circuit in selected pharmaceutical and biotechnology cases. How relevant to these complex technologies is KSR’s approach to obviousness, given that the case involved a relatively low-tech mechanical invention? How is the Federal Circuit interpreting and applying the fuzzy aspects of KSR when it confronts sophisticated, high-stakes cases like Pfizer, Inc. v. Apotex, Inc., Takeda Chemical Industries, Ltd. v. Alphapharm Pty., Ltd., and PharmaStem Therapeutics, Inc. v. ViaCell, Inc.? What do these and other post-KSR decisions predict for the future of pharmaceutical and biotechnology patenting?

Some commentators assumed that KSR, a case about a mechanical combination of an adjustable automobile gas pedal with an electronic sensor, would have little impact on pharmaceutical and biotechnology patenting. Federal Circuit decisions following KSR show otherwise. KSR catalyzed fundamental changes in the nonobviousness analysis for the chemical arts. KSR’s long-term impact in these technologies will be significant and pervasive.

An admittedly small and unscientific data set prepared for this Article confirms that the Federal Circuit has been more likely than not to declare obvious an invention in the chemical arts since the Supreme Court decided KSR. The Appendix to this Article lists all Federal Circuit decisions in chemical and biotechnology cases rendered after the Supreme Court decided KSR on April 30, 2007 and up to the mid-December 2007 writing of this Article. Of the precedential decisions, seven cases dealt on the merits with an issue of nonobviousness. In five out of the seven precedential decisions, the Federal Circuit concluded that the claimed invention would have been at least prima
facie obvious. If *Pfizer v. Apotex* (a case decided after the *KSR* certiorari grant and denying rehearing *en banc* after the *KSR* decision) is added to the list, the result is obviousness in six out of eight precedential cases.

Part II of this article analyzes those portions of the Supreme Court’s *KSR* decision most likely to have a direct effect on pharmaceutical and biotechnology patentability. The *prima facie* case of obviousness for a chemical invention is undoubtedly easier to establish post-*KSR*, and “obvious to try” arguments will assume new viability. Parts III-V critically examine selected post-*KSR* decisions of the Federal Circuit in pharmaceutical and biotechnology cases. Part III contrasts the approaches to nonobviousness in *Pfizer v. Apotex* and *Takeda v. Alphapharm*, concluding that in both cases the Federal Circuit reached equally extreme (and probably wrong) results. *Pfizer* and *Takeda* show a court still vacillating between opposing conceptions of the *KSR* nonobviousness standard.

Part IV examines the Federal Circuit’s determination of the level of ordinary skill in the pertinent art in *Daiichi Sankyo Co., Ltd. v. Apotex, Inc.*. a case involving a new use for an old compound. This decision suggests that post-*KSR*, the Federal Circuit will be inclined to assign the art worker (now a “designer” imbued with “common sense,” “ordinary creativity,” and non-“automaton”-ness) a relatively higher level of ordinary skill. Part V examines the Federal Circuit’s invalidation of stem cell technology patents in *PharmaStem v. ViaCell*, a case in which “good science” was not sufficiently “inventive” in nature. *PharmaStem* suggests that the “reasonable expectation of success” prong of the Federal Circuit’s standard for combining multiple prior art teachings will be taking on heightened importance in post-*KSR* analyses. Based on the results and rationales of these decisions, Part VI concludes that *KSR*’s impact is not limited to simple mechanical combinations. Given the financial stakes in most pharmaceutical and biotechnology litigations, *KSR*’s long-term effect on patentability may be greater in these arts than in any others.

II. THE SUPREME COURT’S DECISION IN *KSR V. TELEFLEX*: IMPLICATIONS FOR CHEMICAL CASES

The Supreme Court in *KSR* instructed that “common sense” should be applied when deciding whether a claimed invention would have been obvious at the time it was made under 35 U.S.C. § 103(a). The hypothetical person of ordinary skill in the art (commonly abbreviated by law professors as the...
PHOSITA) is now a PHOSITAACS (person having ordinary skill in the art and common sense). Unfortunately, the Court did not define “common sense” or explain how (or whether) it is something different from the statutory phrase “ordinary skill.”

The KSR analysis also inquires whether a particular solution would have been “predictable” at the time of the invention. Predictability has long been a factor in the analysis of enablement under 35 U.S.C. § 112, ¶ 1, but has not been central to the determination of nonobviousness under 35 U.S.C. § 103(a).

Making nonobviousness determinations turn on undefined and non-statutory concepts like common sense and predictability does not advance the analysis or provide much in the way of practical guidance for decision makers. Injecting these ambiguities into the mix tends to unmoor the analysis away from the statute, 35 U.S.C. § 103(a), and the Graham framework. Authored by Justice Kennedy for a unanimous Supreme Court, the KSR opinion as a whole is largely non-helpful. It offers circular statements such as “a patent’s subject matter can be proved obvious...by noting that there existed at the time of invention a known problem for which there was an obvious solution encompassed by the patent’s claims.” KSR asserts that the teachings of “multiple patents” will often “fit together like pieces of a puzzle,” without explaining how this avoids hindsight reconstruction. It speaks repeatedly of “designers” rather than “inventors,” as if patent law had become more concerned with fashion aesthetics than industrial technology.

Other recent Supreme Court opinions signal that at least some of the Justices (including Justice Kennedy, author of KSR) are concerned about balance in the patent system and believe that the balance has shifted too far in favor of patent

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12. Cf. KSR, 127 S. Ct. at 1742 (suggesting in discussion of “obvious to try” situations that “common sense” adds something to “ordinary skill” by using the conjunctive phrase “likely the product . . . of ordinary skill and common sense”).

13. See In re Fisher, 427 F.2d 833, 839 (C.C.P.A. 1970) (Federal Circuit precedent generally requires a relatively greater degree of disclosure in order to enable inventions presenting “unpredictable factors, such as most chemical reactions and physiological activity,” and a relatively lesser degree of disclosure to enable inventions formed from “predictable factors, such as mechanical or electrical elements.”).


15. KSR, 127 S. Ct. at 1742.

16. Id.
owners. KSR is consistent with this recent line of decisions because it makes obviousness easier to establish, at least *prima facie*. The Court in *KSR* also questioned (without deciding the issue) the rationale for presuming an issued patent valid when the USPTO’s examination did not consider a prior art reference later asserted by an accused infringer as evidence of invalidity.

Through its use of vague and ambiguous phraseology, combined with a virtually limitless universe of sources that can represent a reason for a person of ordinary skill to have combined or modified disparate prior art references, the *KSR* Court provided new ways for courts and patent examiners to hold inventions *prima facie* obvious. Even Federal Circuit Judge Lourie, one of the appellate court’s two Ph.D. chemists, admits that under *KSR*, it is now easier to

17. See MedImmune, Inc. v. Genentech, Inc., 127 S. Ct. 764, 777 (2007) (effectively expanding opportunities for challenging patents by holding that “petitioner was not required, insofar as Article III is concerned, to break or terminate its...license agreement before seeking a declaratory judgment in federal court that the underlying patent is invalid, unenforceable, or not infringed.”); eBay Inc. v. MercExchange, L.L.C., 126 S. Ct. 1837, 1842 (2006) (Kennedy, J., concurring) (“[I]njunctive relief may have different consequences for the burgeoning number of patents over business methods, which were not of much economic and legal significance in earlier times. The potential vagueness and suspect validity of some of these patents may affect the calculus under the [equitable] four-factor test [for permanent injunctive relief].”); Laboratory Corp. of America Holdings v. Metabolite Laboratories, Inc., 126 S. Ct. 2921, 2922 (2006) (mem.) (cert. dismissed) (Breyer, J., dissenting) (“The problem arises from the fact that patents do not only encourage research by providing monetary incentives for invention. Sometimes their presence can discourage research by impeding the free exchange of information, for example by forcing researchers to avoid the use of potentially patented ideas, by leading them to conduct costly and time-consuming searches of existing or pending patents, by requiring complex licensing arrangements, and by raising the costs of using the patented information, sometimes prohibitively so.”); id at 2929 (“[A] decision from this generalist Court could contribute to the important ongoing debate, among both specialists and generalists, as to whether the patent system, as currently administered and enforced, adequately reflects the ‘careful balance’ that ‘the federal patent laws... embody’” (quoting Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 146 (1989))).

18. See *KSR*, 127 S. Ct. at 1745 (noting that rationale underlying presumption of validity of issued patent, based on USPTO’s expertise when approving the patent’s claims, seemed “much diminished” when a prior art reference asserted by accused infringer had not been considered by USPTO).

19. See id. at 1742 (“[A]ny need or problem known in the field of endeavor at the time of invention and addressed by the patent can provide a reason for combining the elements in the manner claimed.”).


21. Federal Circuit Judge Newman is the other.
establish a *prima facie* case of obviousness in chemical cases.\(^{22}\) Rebutting a *prima facie* case is now the primary challenge for patent applicants and owners.

*KSR* also gave new credence to so-called “obvious to try” arguments, of particular relevance in chemical cases. Before *KSR*, the Federal Circuit defined an obvious to try situation as one in which a prior art disclosure might have piqued a scientist’s curiosity enough to merit further investigation, but the disclosure was too general to sufficiently teach how to obtain the desired result or that the claimed invention would be obtained if the prior art directions were pursued.\(^{23}\) If a validity challenger charged “obvious to try” when arguing that a particular combination of or modification to prior art teachings would have been made with a “reasonable expectation of success,” the Federal Circuit tended to reject the argument. Before *KSR*, the Federal Circuit repeatedly held that obvious to try was not the standard for determining the ultimate question of nonobviousness.\(^{24}\)

The Supreme Court in *KSR* breathed new life into obvious to try arguments by redefining obvious to try situations as follows:

> When there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp. If this leads to the anticipated success, it is likely the product not of innovation but of ordinary skill and common sense. In that instance the fact that a combination was obvious to try might show that it was obvious under § 103.\(^{25}\)

This definition re-frames the obvious to try inquiry. Applicants, examiners, litigants, judges and juries must now determine whether the prior art identified “predictable” solutions, and whether such solutions were “finite” in number. When these conditions are satisfied, obvious to try evidence may indeed establish the ultimate conclusion of obviousness.\(^{26}\) In other cases, the Federal

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\(^{22}\) See Pfizer, Inc. v. Apotex, Inc., 488 F.3d 1377, 1383 (Fed. Cir. 2007) (reh’g en banc denied) (Lourie, J., dissenting) (noting “[c]hemical and pharmaceutical compounds often can be found to be prima facie obvious, as they are based on prior work that could reasonably suggest them.” (citing KSR Int’l Co. v. Teleflex Inc., 127 S.Ct. 1727 (2007))). See also Sullivan, 498 F.3d at 1351 (Lourie, J.) (“It was not unreasonable for one skilled in the art of snake venom to consider that a Fab fragment of a whole antibody that neutralizes one type of venom might be used to neutralize the venom of another species [of snake]” (citing KSR Int’l Co. v. Teleflex Inc., 127 S.Ct. 1727, 1740-41 (2007))) (affirming USPTO Board’s determination that prior art references established prima facie case of obviousness).

\(^{23}\) In re Eli Lilly & Co., 902 F.2d 943, 945 (Fed. Cir. 1990) (redefining obvious-to-try as when the prior art gives only general guidance as to the particular form of the claimed invention or how to achieve it” (citing In re O’Farrell, 853 F.2d 894, 903 (Fed. Cir.1988))).

\(^{24}\) See In re Deuel, 51 F.3d 1552, 1559 (Fed. Cir. 1995) (“‘Obvious to try’ has long been held not to constitute obviousness” (In re O’Farrell, 853 F.2d 894, 903 (Fed. Cir.1988))).

\(^{25}\) In re O’Farrell, 853 F.2d 894, 903 (Fed. Cir.1988)).

\(^{26}\) See Pfizer, Inc. v. Apotex, Inc., 488 F.3d 1377, 1384 (Fed. Cir. 2007) (reh’g en banc denied) (Rader, J., dissenting) (stating that obvious to try “appears to be the basis for [the panel’s] decision in this case”).
Circuit has distinguished the case before it from the Supreme Court’s definition, emphasizing the latter’s narrow confines.27

Because KSR made it easier to establish a teaching, suggestion, or motivation to combine multiple prior art disclosures so as to arrive at a claimed invention, nonobviousness disputes will now focus greater attention on three other areas of the inquiry: (1) determining the level of ordinary skill in the pertinent art; (2) whether the hypothetical person of that skill level would have possessed a reasonable expectation of success when combining multiple prior art teachings to arrive at the claimed invention; and (3) whether the applicant/patentee is able to rebut a prima facie showing of obviousness. The Federal Circuit decisions following KSR illustrate the court’s evolving jurisprudence in each of these areas of inquiry. The second and third inquiries are the primary focus of an important but diametrically opposed pair of decisions discussed in the next section: Pfizer and Takeda.

III. THE FEDERAL CIRCUIT’S DECISIONS IN Pfizer AND TAKEDA: STILL SEARCHING FOR EQUILIBRIUM?

As a case decided in the shadow of the KSR grant of certiorari and left undisturbed by the en banc Federal Circuit after the KSR decision issued, Pfizer, Inc. v. Apotex, Inc.28 is an appropriate launching point for this analysis. The Federal Circuit decided Pfizer in March 2007, after the Supreme Court granted certiorari in KSR but before the Court’s decision in KSR. Reversing a district court’s judgment entered after a bench trial, the Federal Circuit invalidated on the ground of obviousness Pfizer’s patent on the hypertension drug Norvasc. Three weeks after the Supreme Court’s KSR decision, the Federal Circuit denied rehearing en banc in Pfizer, with three judges writing dissents from that denial.

Critical commentary followed Pfizer. A Federal Circuit judge called Pfizer “the biggest wrinkle in pharmaceutical patent law in ten years.”29 Another Federal Circuit judge charged that Pfizer “changes the criteria as well as the analysis of patentability, with results of particular significance for their effect on the conduct of R & D, the costs of drug development, and the balance between generic access to established products and the incentive to development of new products.”30 Another Federal Circuit judge predicted that Pfizer’s “errors will

27. See Takeda, 492 F.3d at 1359 (concluding that the case before it “fails to present the type of situation contemplated by the Court when it stated that an invention may be deemed obvious if it was ‘obvious to try.’ The evidence showed that [the claimed invention in Takeda] was not obvious to try.”).
confuse the law relating to rebuttal of a *prima facie* case of obviousness of a chemical compound.\(^{31}\)

Though admittedly controversial, *Pfizer* can be viewed from a variety of perspectives. An extreme interpretation sees the decision as radically altering the landscape of chemical nonobviousness. In particular, the Federal Circuit’s analysis in *Pfizer* was remarkably predictive of the Supreme Court’s *KSR* holding that “obvious to try” evidence may indeed be probative of the ultimate question of obviousness. The Federal Circuit also referred to Pfizer’s selection of the claimed invention as routine, verification testing that was “commonsensical,”\(^{32}\) a phrase later echoed in *KSR.*\(^{33}\) At the other end of the spectrum, one can attempt to distinguish and limit *Pfizer* to its particular facts, as did the Federal Circuit in its June 2007 decision in *Takeda Chem. Indus. Ltd. v. Alphapharm Pty.*\(^{34}\) An intermediate perspective views *Pfizer* as simply another in a series of cases in which the Federal Circuit rejected a patentee’s attempt to extend its period of exclusivity by obtaining a second patent on a particular derivative form of a compound for which it had already received a basic patent.\(^{35}\)

For those pharmaceutical patent owners that viewed *Pfizer* as an alarming and unprecedented change of direction by the Federal Circuit, the subsequent *Takeda* decision doubtless offered a welcome course correction. Authored by

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31. *Id.* at 1381 (Lourie, J., dissenting).
33. *KSR,* 127 S. Ct. at 1743 (when observing that after the Federal Circuit’s decision in *KSR*, the appellate court “has since elaborated a broader conception of the TSM test than was applied in the instant matter.” (citing DyStar Textilfarben GmbH v. C.H. Patrick Co., 464 F.3d 1356, 1367 (Fed. Cir. 2006)); *id* (citing Alza Corp. v. Mylan Labs., Inc., 464 F.3d 1286, 1291 (Fed. Cir. 2006)) (explaining that DyStar and Alza were not before the Court in *KSR*, and “[t]he extent to which they may describe an analysis more consistent with our earlier precedents and our decision here is a matter for the Court of Appeals to consider in its future cases.”).
34. *Takeda,* 492 F.3d at 1359-60 (“In *Pfizer,* we held that certain claims covering the besylate salt of amlodipine would have been obvious. The prior art included a reference, referred to as the Berge reference, that disclosed a genus of pharmaceutically acceptable anions that could be used to form pharmaceutically acceptable acid addition salts, as well as other publications that disclosed the chemical characteristics of the besylate salt. Noting that our conclusion was based on the ‘particularized facts of this case,’ we found that the prior art provided ‘ample motivation to narrow the genus of 53 pharmaceutically-acceptable anions disclosed by Berge to a few, including benzene sulphonate.’” (quoting *Pfizer,* Inc. v. Apotex, Inc., 480 F.3d 1348, 1363, 1367 (Fed. Cir. 2007))).
35. *See,* e.g., McNeil-PPC, Inc. v. L. Perrigo Co., 337 F.3d 1362, 1373 (Fed. Cir. 2003) (affirming the district court’s holding that improvement patents directed towards the combination of the anti-diarrheal drug loperamide with the anti-gas drug simethicone were invalid as obvious under 35 U.S.C. § 103 in view of prior art patents held by third parties, but reversing the district court’s award of attorney fees to patent challenger). Further, the Federal Circuit noted that, Moreover, “[w]hile it may be considered more socially desirable for companies to seek truly novel inventions for maladies not yet treatable, the patent laws set the standards of novelty, non-obviousness, and utility as the requirements for patentability, without making value judgments concerning the motives for making and attempting to patent new inventions of lesser medical value.” *Id.*
Judge Lourie, who dissented from denial of rehearing en banc in Pfizer, the Takeda opinion seems crafted with an eye to reassuring the research-based pharmaceutical industry and soothing the Pfizer-induced uproar.

Pfizer and Takeda offer two very disparate approaches to chemical nonobviousness. Both cases reached extreme results given their facts, and both may have been wrongly decided. The Pfizer and Takeda decisions expose a court still trying to find its post-KSR bearings. Each decision is analyzed in greater detail below.

A. Pfizer v. Apotex

The Pfizer appeal arose from Hatch-Waxman litigation. Pfizer sued generic drug manufacturer Apotex for infringement after Apotex filed a Paragraph IV certification challenging the validity of Pfizer’s U.S. Patent 4,879,303 (‘303 patent). Titled “Pharmaceutically Acceptable Salts,” the ‘303 patent was directed to Pfizer’s Norvasc drug product, which was FDA-approved for treating hypertension and angina. The ‘303 patent issued in 1989 and was set to expire on September 25, 2007.

The active ingredient in Norvasc is the chemical compound amlodipine, which Pfizer had already patented in 1986. The patent claiming amlodipine per se, Pfizer’s U.S. Patent No. 4,572,909 (‘909 patent), would later serve as the primary prior art reference in the Pfizer v. Apotex litigation.

In developing amlodipine as a pharmaceutical composition, Pfizer first used a maleate salt form. The ‘909 patent disclosed amlodipine maleate as the preferred salt form, and maleate salts were the only examples provided. The ‘909 patent disclosed other pharmaceutically acceptable acid addition salts as “those formed from acids which form non-toxic acid addition salts containing pharmaceutically acceptable anions, such as hydrochloride, hydrobromide, sulphate, phosphate or acid phosphate, acetate, maleate, fumarate, lactate, tartrate, citrate and gluconate salts.”

The ‘303 patent in suit in Pfizer v. Apotex claimed amlodipine besylate, a different salt form of amlodipine that was not explicitly disclosed in the ‘909 patent. Amlodipine besylate forms when amlodipine reacts with benzene sulphonate, benzene-sulphonate, or benzene sulphonate. Pfizer developed the besylate salt form of amlodipine in response to two processing problems it encountered with the earlier maleate salt form: (1) chemical instability or

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39. Id. at 1353 (quoting U.S. Patent No. 4,572,909 (filed Feb. 3 1984)).
40. Id. at 1353 n.1.
breakdown, and (2) “stickiness,” in which the drug formulation adhered to manufacturing equipment such as tablet-making presses. Pfizer researchers tested candidate amlodipine salts and concluded that amlodipine besylate possessed “clear superiority” in processing characteristics, with no quantitative difference in efficacy between equivalent doses of amlodipine besylate and amlodipine maleate. One month after filing its U.K. priority application claiming amlodipine besylate, Pfizer submitted a request to the USFDA seeking approval to change its commercial product from the maleate salt form to the amlodipine besylate salt form. Pfizer stated to the FDA, “‘We feel that the change in salt form is justified since benzenesulfonate is a commercially acceptable salt, as exemplified by the tranquilizer mesoridazine (Serentil).’”

During prosecution of the application that led to the ‘303 patent in suit, the USPTO examiner rejected all claims as obvious. Among the references relied on were Pfizer’s ‘909 patent (claiming amlodipine per se) and a 1977 journal article by Berge. The Berge reference included a table listing 53 FDA-approved, commercially marketed anions useful for making pharmaceutically-acceptable salts. Benzene sulphonate was one of the listed salts. The Berge reference also included data on the relative frequency of use of each anion as a percentage of the total number of anions or cations in use through 1974. For benzene sulphonate, the frequency of use was only 0.25%.

Pfizer eventually overcame the USPTO’s obviousness rejection after filing a continuation application and Rule 132 declaration by Dr. James Wells, a Pfizer R&D manager. According to Pfizer, the Wells declaration demonstrated that the besylate salt form of amlodipine possessed “‘all the desired characteristics necessary for a medicinal agent’ and that it would not have been obvious ‘that only the besylate salt of amlodipine would have all the necessary properties for a commercial product.’” Wells declared that “the besylate salt of amlodipine was ‘found to possess a highly desirable combination of physicochemical properties,’ including good solubility, stability, non-hygroscopicity, and processability, which properties are ‘unpredictable both individually and collectively.’”

Pfizer sued Apotex in 2003 for infringement after Apotex’s ANDA filing with a Paragraph IV certification asserting invalidity. Following a bench trial, Chief Judge Rosenbaum of the Northern District of Illinois held in 2006 that, inter alia, Apotex had failed to carry its burden of rebutting the ‘303 patent’s presumption of validity on the ground of obviousness. In the district court’s view, the Berge reference would not have provided sufficient incentive to select

41. Id. at 1355 (quoting Pfizer’s May 5, 1986 supplement to FDA).
42. Id.
43. Id.
44. Pfizer, Inc. v. Apotex, Inc., 480 F.3d 1348, 1355 (Fed. Cir. 2007) (quoting Pfizer’s statement submitted with a preliminary amendment and the Wells declaration) (emphasis in original).
45. Id. at 1356 (quoting Wells Declaration).
the besylate salt form of amlodipine because of the low (0.25%) frequency of use of that salt form in pharmaceutical products prior to 1974 (as reported by Berge). The district court found that the besylate salt form of amlodipine was unexpectedly superior to the prior art amlodipine salts. According to the district court, ‘while amlodipine besylate was not superior to amlodipine maleate ‘in every category,’ it nonetheless ‘clearly and unexpectedly illustrates a superior combination of properties when compared to what was suggested in the preferred preparation...’”46 “These properties included good solubility, stability, non-hygroscopicity, and processability (non-stickiness).”47

The district court also refused to hold the ‘303 patent unenforceable for inequitable conduct, concluding that “while it is clear that Pfizer was eager to extend the patent life of its amlodipine compound, such a desire does not rise to the level of fraudulent conduct.”48

Apotex appealed to the Federal Circuit, challenging the district court’s rulings as to validity and enforceability. The Federal Circuit’s decision addressed only the issue of obviousness and did not reach inequitable conduct.49 Federal Circuit Chief Judge Michel authored the opinion in Pfizer, which was joined by Judge Mayer. Judge Linn “concur[red] in the result,” disassociating himself from his fellow panelists’ reasoning.

The Federal Circuit concluded that Apotex had succeeded in establishing a prima facie case of obviousness of claims 1-3 of Pfizer’s ‘303 patent.50 Contrary to the district court’s finding that the claimed amlodipine besylate “‘clearly and unexpectedly illustrates a superior combination of properties when compared to’ [prior art salt] amlodipine maleate,”51 the Federal Circuit also concluded that Pfizer had not rebutted the prima facie case.

i. The Prima Facie Case of Obviousness

The Pfizer court’s prima facie case analysis followed the established two-prong requirement that in a case where all claim limitations are found in multiple prior art references, the validity challenger must establish by clear and convincing evidence that (1) a skilled artisan would have been motivated to combine the teachings of the references in order to achieve the claimed invention, and (2) the skilled artisan would have had a reasonable expectation of

46. Id. at 1357 (quoting district court decision).
47. Id.
48. Id. at 1358 (quoting district court’s Bench Order Tr. 25:24-26:1).
49. Id. at 1353.
51. Id. (quoting district court).
success in so doing.\textsuperscript{52} The Pfizer court characterized the two-prong test as a “subsidiary requirement” that is “[s]ubsumed within the Graham factors.”\textsuperscript{53}

Prong (1), motivation to combine, was easily dispatched in Pfizer. The combination of the prior art ‘909 patent with the besylate anion disclosed in the Berge reference would have been motivated by the nature of the problems Pfizer encountered with amlodipine maleate tablet formulations.\textsuperscript{54} Berge disclosed a “small” (i.e., 53) genus of FDA-approved anions.\textsuperscript{55} Other prior art such as the 1976 Carabateas patent narrowed this genus even further.\textsuperscript{56}

The Supreme Court in KSR did not cite nor directly address prong (2), the Federal Circuit’s requirement that the skilled artisan possess a reasonable expectation of success in modifying/combining the prior art disclosures. The Supreme Court did address the “obvious to try” standard, however, and thereby implicitly impacted the analysis for reasonable expectation of success. Pfizer (as well as Takeda and PharmaStem, discussed infra) demonstrate that the reasonable expectation of success prong will assume greater prominence in post-KSR disputes over chemical obviousness.

The reasonable expectation of success inquiry is frequently intertwined with the question whether particular modifications would have been “obvious to try,” particularly in the pharmaceutical and biotechnology areas. The Court in KSR gave new stature to obvious to try arguments, albeit in the context of a simple mechanical invention. Contrary to the Federal Circuit’s prior case law, the Supreme Court ruled that obvious to try may be evidence of obviousness in some cases.\textsuperscript{57}

While purporting to reject the obvious to try test as contrary to then-extant precedent, the Federal Circuit in Pfizer concluded that the claimed invention would have been obvious as well as “obvious to try.”\textsuperscript{58} In the panel’s view, this

\begin{itemize}
  \item \textsuperscript{52} Id. at 1361 (emphasis added).
  \item \textsuperscript{53} Id. (The Supreme Court’s KSR decision likely refutes the Federal Circuit’s contention that the two-part test is somehow derived from or embodied within Graham. Although KSR reconfirmed the Graham analysis, the Court did not hesitate to substantially redefine prong (1), motivation to combine. Under KSR, virtually anything can provide motivation to combine. See KSR, 127 S. Ct. at 1742.
  \item \textsuperscript{54} Pfizer, Inc. v. Apotex, Inc., 480 F.3d 1348, 1362 (Fed. Cir. 2007).
  \item \textsuperscript{55} Id. at 1363.
  \item \textsuperscript{56} See id.
  \item \textsuperscript{57} KSR, 127 S. Ct. at 1742 (“When there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp. If this leads to the anticipated success, it is likely the product not of innovation but of ordinary skill and common sense; in that instance, the fact that a combination was obvious to try might show that patent for it was obvious.” (citing 35 U.S.C.A § 103)).
  \item \textsuperscript{58} Pfizer, Inc. v. Apotex, Inc., 480 F.3d 1348, 1366 (Fed. Cir. 2007) (“On the facts of this case, ...we are satisfied that clear and convincing evidence shows that it would have been not merely obvious to try benzene sulphonate, but would have been indeed obvious to make amlodipine besylate.”).
\end{itemize}
was not a case involving numerous parameters to be tried, nor was it a case in which the prior art provided merely general guidance.

The Pfizer panel described its decision-making task as confronting “conflicting truisms,” i.e., that while “obvious to try” was not the proper standard for determining obviousness, only a “reasonable,” not an absolute, expectation of success is required to support obviousness.\(^59\) The Pfizer panel ultimately gave greater weight to the latter “truism.” Although the panel could not quarrel with the district court’s finding that “in 1986, it was generally unpredictable as to whether a particular salt would form and what its exact properties could be,”\(^60\) this was insufficient support for a conclusion of nonobviousness. Rather, the panel emphasized, some unpredictability does not negate reasonable expectation of success; the expectation of success need not be guaranteed.

The Federal Circuit specifically defined a reasonable expectation of success in the Pfizer case as “evidence [that] would convince a reasonable finder of fact that the skilled artisan would have had a reasonable expectation of success that an acid addition salt of besylate would form and would work for its intended purpose.”\(^61\) As evidence that Pfizer knew the besylate salt would work for its intended purpose, the court pointed \textit{inter alia} to Pfizer’s statement to the FDA seeking permission to substitute the besylate salt for the maleate salt (a submission that was not prior art because submitted a month \textit{after} Pfizer’s U.K. priority date).\(^62\)

The reasonable expectation of success and obvious to try analyses are among the most controversial aspects of the Pfizer decision. For example, Judge Rader’s dissent from denial of rehearing \textit{en banc} commented that “[a]lthough the panel gives ‘lip service’ to the principle that ‘obvious to try’ does not work in this field, it nonetheless appears to be the basis for its decision in this case.” In Judge Rader’s view, “‘obvious to try’ jurisprudence has a very limited application in cases of this nature.”\(^63\) Judge Rader would have upheld the district court’s finding that salt selection was unpredictable in Pfizer, and would have concluded that any expectation of success was rebutted by that unpredictability.

\(^{59}\) Id. at 1365.
\(^{60}\) Id. at 1364.
\(^{61}\) Id. (citing \textit{In re Rinehart}, 531 F.2d 1048, 1053-54 (C.C.P.A. 1976)).
\(^{62}\) Pfizer, Inc. v. Apotex, Inc., 480 F.3d 1348, 1365 (Fed. Cir. 2007) (“[S]uggesting in Pfizer’s supplemental filing with the FDA that it was known that the besylate salt of amlodipine would work for its intended purpose.”). Further, it should be noted that Pfizer’s supplemental FDA filing was submitted on May 5, 1986, a month after the April 4, 1986 filing of its U.K. application directed to amlodipine besylate. \textit{Id.} at 1354. Moreover, in Pfizer, the Court noted that the application leading to the ‘303 patent in suit was filed in the USPTO on March 25, 1987, and claimed priority from Pfizer’s U.K. application. \textit{Id.} at 1355.
\(^{63}\) Pfizer, Inc. v. Apotex, Inc., 488 F.3d 1377, 1384 (Fed. Cir. 2007) (reh’g en banc denied) (Rader, J., dissenting).
Judge Lourie’s dissent from denial of rehearing en banc criticized the panel’s conclusion that Pfizer had merely conducted routine testing to verify results made predictable by the prior art.64 He targeted the panel’s drawing of distinctions between Pfizer’s mere “verification” of the physiochemical characteristics of each salt and “the trial and error procedures often employed to discover a new compound where the prior art gave no motivation or suggestion to make the new compound nor a reasonable expectation of success.”65 The panel’s conclusion conflicted with the statutory imperative that “patentability shall not be negatived by the manner in which the invention was made.”66 It also conflicted with the district court’s finding that the results of using the besylate salt form were unexpected. Judge Lourie faulted the panel for failing to defer to this and other fact findings made by the district court. He observed that “[m]uch public discussion” and “even judicial comments in opinions” concern whether the Federal Circuit should defer to district courts on the question of claim interpretation. “Be that as it may,” Judge Lourie remarked, “it is undisputed that we must defer to fact-findings by a district court, unless they are clearly erroneous, and I do not believe that they were here.”67

\[\text{ii. Rebuttal of Prima Facie Case: Evidence of Unexpected Results}\]

Rejecting the district court’s finding that the besylate salt form “clearly and unexpectedly illustrates a superior combination of properties” when compared to the maleate salt form,68 the Federal Circuit concluded that Pfizer had not rebutted the prima facie case against it. According to the appellate court, the improved processing properties of amlodipine besylate were not sufficiently unexpected, even if superior over the prior art. “At most, . . . Pfizer engaged in routine, verification testing to optimize selection of one of several known and clearly suggested pharmaceutically-acceptable salts to ease its commercial manufacturing and marketing of the tablet form of the therapeutic amlodipine.”69 Quoting its opinion in *DyStar*, the Pfizer panel observed that this approach of creating a product that is “‘more desirable, for example because it is stronger, cheaper, cleaner, faster, lighter, smaller, more durable, or more efficient . . . to enhance commercial opportunities . . . is universal—and even common-sensical.’”70

The most compelling criticism of Pfizer is that the Federal Circuit improperly discounted the improved physical, as opposed to biological (i.e.,

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64. *See id. at 1383 (Lourie, J., dissenting).*
68. *Id. at 1369.*
69. *Id. at 1369.*
70. *Id.* (quoting DyStar Textilfarben GmbH v. C.H. Patrick Co., 464 F.3d 1356, 1368 (Fed. Cir. 2006)).
therapeutic), properties of the claimed composition.71 The Pfizer opinion repeatedly emphasized that the besylate part of the claimed compound was merely a drug delivery vehicle that did not improve amlodipine’s therapeutic effect.72 Because the Federal Circuit discounted the physical properties of improved stability and tablet processing, Pfizer was unable to rebut the prima facie case of obviousness based on the prior art. In a key passage, the Pfizer court held that “the optimization of the acid addition salt formulation for an active pharmaceutical ingredient would have been obvious where as here the acid addition salt formulation has no effect on the therapeutic effectiveness of the active ingredient and the prior art heavily suggests the particular anion used to form the salt.”73

If followed by later Federal Circuit panels, this holding creates serious concerns for the research-based pharmaceutical industry. As Judge Lourie observed in his dissent from denial of rehearing en banc, “[a] failure to recognize all [biological or physical]properties that may be relevant to the value of such a compound may doom the compound to being poured down the drain rather than becoming an important therapeutic.”74

The Pfizer panel’s apparent downgrading of non-therapeutic properties also contravenes bedrock understandings of chemical patent law. In a much-quoted passage, the Federal Circuit’s predecessor court explained in In re Papesch75 that:

> [f]rom the standpoint of patent law, a compound and all of its properties are inseparable; they are one and the same thing. The graphic formulae, the chemical nomenclature, the systems of classification and study such as the concepts of homology, isomerism, etc., are mere symbols by which compounds can be identified, classified, and compared. ...[T]he patentability of the thing does not depend on the similarity of its formula to that of another compound but of the similarity of the former

71. See id. at 1383 (“[O]ur cases hold that unexpected properties make for non-obviousness... and this decision disdains such properties if they are not biological. That is a conflict with our precedent that needs resolution.” (citing In re Papesch, 315 F.2d 381 (C.C.P.A. 1963))).

72. Pfizer, Inc. v. Apotex, Inc., 480 F.3d 1348, 1363 (Fed. Cir. 2007) (“As Pfizer concedes, the besylate part of the acid addition salt has no therapeutic effect, but merely serves as a means to deliver the amlodipine part of the molecule to the body.”). Moreover, “Pfizer conceded in prior litigation that the type of salt had no effect on the therapeutic effect of the active ingredient, amlodipine, and was practically interchangeable.” Id. at 1366 (citing Pfizer, Inc. v. Dr. Reddy’s Labs., Ltd., 359 F.3d 1361, 1365-66 (Fed. Cir. 2004)); id. at 1368 Accordingly, the Court held “that the optimization of the acid addition salt formulation for an active pharmaceutical ingredient would have been obvious where as here the acid addition salt formulation has no effect on the therapeutic effectiveness of the active ingredient and the prior art heavily suggests the particular anion used to form the salt.” Id. at 1368.

73. Id. at 1368.


compound to the latter. *There is no basis in law for ignoring any property in making such a comparison...* 76

As Judge Rader observed in his dissent from denial of rehearing *en banc*, “[t]herapeutic value... is just one property of a pharmaceutical... Although the maleate salt form was also therapeutically effective, the besylate form was still a significant improvement because it overcame the stability and processing problems that could have prevented successful commercial marketing.” 77

B. *Takeda v. Alphapharm*

Issued three months after the panel decision in *Pfizer*, the Federal Circuit in *Takeda* 78 took pains to distinguish the facts of the case before it from *Pfizer*. The *Takeda* court held that the validity challenger had not even established a *prima facie* case of obviousness. Nor would the claimed chemical compound, useful in the treatment of diabetes, have been obvious to try within the KSR definition. Judge Lourie, one of the three dissenters from rehearing *en banc* in *Pfizer*, authored the *Takeda* opinion, joined by Judge Bryson and Judge Dyk. 79

*Takeda*’s patent in suit, U.S. Patent No. 4,687,777 (‘777 patent), covered chemical compounds and pharmaceutical compositions useful in the treatment of Type 2 diabetes. Unlike *Pfizer*, *Takeda* involved the patentability of a new therapeutic compound rather than a new salt form of an existing therapeutic. In particular, claim 2 of Takeda’s 777 patent recited the chemical compound pioglitazone.

Pioglitazone is the active ingredient in Takeda’s Actos drug product. 80 Although declining to reach the issue of secondary considerations evidence, 81 the Federal Circuit nevertheless noted Actos’ “substantial commercial success.” The drug product obtained 47% of the relevant market and over $1.7 billion in gross annual sales by 2003. 82

Takeda sued Alphapharm for infringement after the generic manufacturer filed an ANDA with a Paragraph IV certification alleging invalidity and unenforceability of the ‘777 patent. As in *Pfizer*, the district court in *Takeda* sustained the patent’s validity against an obviousness challenge.

The holding in *Takeda* that Alphapharm had not even established a *prima facie* case of obviousness is debatable, given the structural similarity between the

76. *Id.* at 391 (emphasis added).
79. *See Takeda*, 492 F.3d at 1364 (Dyk, J., concurring) (agreeing that claim 2 to pioglitazone was valid but questioning the validity of genus claims 1 and 5); see *id.* (recognizing that Alphapharm had waived the overbreadth argument as to claims 1 and 5, however, by not raising it in Alphapharm’s opening brief).
80. *Takeda*, 492 F.3d at 1353-54.
81. *Id.* at 1363.
82. *Id.* at 1352-53.
claimed compound, pioglitazone, and the closest prior art. Pioglitazone is a species of the genus of thiazolidinediones (TZD) compounds having the following structural formula.\textsuperscript{83}

The important part of this structure is the left-most moiety, which is an ethyl \([\text{C}_2\text{H}_5]\)-substituted pyridyl ring.\textsuperscript{84} Although the above formula generically indicates that the ethyl group can be attached at any of ring positions 3, 4, 5, or 6,\textsuperscript{85} in pioglitazone the ethyl group is attached to the ring at position 5. Thus, pioglitazone is recited in claim 2 of the ‘777 patent as “5-{4-[2-(5-ethyl-2-pyridyl)ethoxy] benzyl}-2,4-thiazolidinedione,”\textsuperscript{86} and its left-most moiety is represented by the following structural formula:\textsuperscript{87}

The parties agreed that the closest prior art was “compound b,”\textsuperscript{88} which Takeda had previously claimed in another of its patents, U.S. Patent No. 4,287,200 (‘200 patent).\textsuperscript{89} In compound b, the left-most moiety consists of a pyridyl ring with a methyl \((\text{CH}_3)\) group attached at the 6-position of the ring.\textsuperscript{90} The structural formula of prior art compound b is thus:\textsuperscript{91}

83. See id. at 1353 (noting that this genus of compounds is recited in claim 1 of Takeda’s 777 patent).
84. Takeda, 492 F.3d at 1353 (providing that “pyridyl ring” refers to pyridine). It should be noted that, “Pyridine is a ‘six-membered carbon-containing ring with one carbon replaced by a nitrogen.’” Id. n.1 (quoting Takeda Chemical Industries, Ltd. v. Mylan Laboratories, Inc. 417 F.Supp.2d 341, 351 (S.D.N.Y. 2006)).
85. On the pyridyl ring shown above, position 1 is considered to be at the nitrogen atom, with the numbering proceeding counter-clockwise from the nitrogen.
86. Takeda, 492 F.3d at 1354.
87. Id. at 1354.
88. Id. at 1357 n.3.
89. See id. at 1357-58 (noting that compound b was specifically claimed in claim 4 of the ‘200 patent, which issued on Sept. 1, 1981).
90. See id. at 1362 (“P]ioglitazone was shown to differ significantly from compound b, of which it was not a homolog, in terms of toxicity.”) Moreover, although similar in structure to pioglitazone, prior art compound b is not considered its homolog.
91. Id. at 1354.
Validity challenger Alphapharm contended that it would have been obvious for the person of ordinary skill in the art to have modified compound b in order to arrive at the claimed compound pioglitazone. That modification would have required two steps: (1) homologation, i.e., replacing compound b’s methyl group with an ethyl group; and (2) “ring-walking,” i.e., moving the ethyl group from position 6 on the pyridyl ring to position 5.

The Federal Circuit in *Takeda* first reviewed its own law on *prima facie* obviousness and declared it consistent with the principles enunciated by the Supreme Court in *KSR*. Quoting its 1990 decision in *Dillon*, the *Takeda* court observed that “structural similarity between claimed and prior art subject matter, proved by combining references or otherwise, where the prior art gives reason or motivation to make the claimed compositions, creates a *prima facie* case of obviousness.” As explained in its 1995 decision in *Deuel*, a biotechnology case, “close or established ‘[s]tructural relationships may provide the requisite motivation or suggestion to modify known compounds to obtain new compounds.’”

*Deuel* further required, however, “that the ‘prior art would have suggested making the specific molecular modifications necessary to achieve the claimed invention.’” By relying on this language from *Deuel*, the *Takeda* court required a level of T/S/M far more specific than that espoused in *KSR*, where the Supreme Court instructed that “the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim . . . .” In support of its reliance on *Deuel*, the *Takeda* court emphasized that even though the Supreme Court in *KSR* relaxed the T/S/M inquiry, the Court also “acknowledged the importance of identifying ‘a reason’” that would have prompted the prior artisan to combine the prior art in the way that the claimed invention does. Extrapolating this logic to the case of new chemical compounds, the *Takeda* court concluded that “it remains necessary to identify some reason that would have led a chemist to modify a known compound in a particular manner to establish *prima facie* obviousness of a new claimed compound.”

92. See *Takeda*, 492 F.3d at 1356.
93. *Id.* at 1356 (quoting *In re Dillon*, 919 F.2d 688, 692 (Fed. Cir. 1990)).
94. *Id.* (quoting *In re Deuel*, 51 F.3d 1552, 1558 (Fed. Cir. 1995)).
95. *Id.* (quoting *Deuel*, 51 F.3d at 1558) (emphasis added).
97. *Takeda*, 492 F.3d at 1356-57 (quoting *KSR*, 127 S. Ct. at 1731).
98. *Id.* at 1357.
The Federal Circuit agreed with the district court that Alphapharm had failed to identify a reason to modify compound b.99 A person of ordinary skill would not have selected compound b to modify in the first instance, because another prior art reference, the “Sodha II” article, taught away from modifying compound b. Published in 1982, the Sodha II reference studied 101 TZD compounds as potential antidiabetic agents.100 Sodha II identified three of the 101 compounds as most favorable in terms of toxicity and hypoglycemic activity, but compound b did not make the cut. Rather, Sodha II singled out compound b as causing considerable weight gain in patients.101 Since diabetes is a long-term disease, the Takeda court reasoned, the person of ordinary skill would have been dissuaded from selecting a compound that exhibited the adverse effect of significant weight gain. Although the prosecution history of another Takeda patent characterized compound b as “especially important,”102 the Federal Circuit agreed with the district court that any suggestion from this statement to select compound b for further modification was “essentially negated” by the teaching away effect of Sodha II.103

The Federal Circuit in Takeda also rejected Alphapharm’s argument that modifying compound b by the steps of homologation and ring-walking would have been obvious to try. While acknowledging the Supreme Court’s holding in KSR that obvious to try evidence may in certain cases be probative of the ultimate question of obviousness, the Takeda court distinguished the case before it from the the Supreme Court’s definition. The prior art at the time of Takeda’s invention did not disclose a “finite number” of “predictable solutions” for treatment of diabetes. Rather, the art disclosed a “broad selection” of compounds for further investigation, and directed the PHOSITA away from the negative properties of the closest prior art, compound b.104

The Takeda court then distinguished Pfizer v. Apotex on its facts, and rejected Alphapharm’s argument that the case was controlled by Pfizer. Based on the “particularized facts” of Pfizer, the Federal Circuit explained, there existed “ample motivation to narrow the genus of 53 pharmaceutically-acceptable anions disclosed [by the Berge reference] to a few, including benzene sulphonate.”105 Here, the Sodha II reference taught away from selecting one of the compounds disclosed therein as having toxicity problems. The person of

99. See id.
100. Id. at 1358.
101. See id.
102. Takeda, 492 F.3d at 1358 (“[T]he prosecution history of the ’779 patent included the statement that characterized compound b as ‘especially important.’”); In Takeda, the court notes that the ’779 patent was issued from a divisional application of Takeda’s ’200 patent. See id. at 1357 n.4
103. Id. at 1358.
104. Id. at 1359.
105. Id. at 1360 (quoting Pfizer, Inc. v. Apotex, Inc., 480 F.3d 1348, 1369 (Fed. Cir. 2007)) (remaining silent on Pfizer’s treatment of the reasonable expectation of success prong and rebuttal of the prima facie case).
ordinary skill would have instead selected for modification one of the “over ninety” compounds disclosed in Sodha II that, unlike compound b, did not suffer from toxicity or other side effects. 106

The Federal Circuit next considered that even if one of ordinary skill in the art had chosen compound b for further modification, such a choice would not have been made with a reasonable expectation of success. As the district court found, nothing in the prior art indicated the homologation (i.e., adding another methyl group to compound b’s existing methyl group) would reduce or eliminate compound b’s toxicity. 107 Nor would the prior artisan have reasonably expected that ring-walking (i.e., changing the ethyl group’s position on the pyridyl ring) would succeed in making the compound “more efficacious or less toxic.” 108

The Federal Circuit considered that it did not need to address secondary considerations evidence because Alphapharm had failed to establish a *prima facie* case of obviousness of the claimed compounds. 109 The court nevertheless discussed “unexpected results” evidence (which the Federal Circuit treats as a variety of secondary considerations evidence 110) when responding to Alphapharm’s argument that precedent required rebutting the presumption that a claimed compound having structural similarity to a prior art compound will also have similar properties. 111 Any such presumption was rebutted in this case, based on the district court’s finding that pioglitazone exhibited “unexpectedly superior properties” over prior art compound b. 112 That finding was based on 1984 studies showing that pioglitazone had no statistically significant toxicity, unlike compound b. The district court’s “characterization of pioglitazone’s unexpected results [was] not clearly erroneous.” 113

C. Synthesis or Schizophrenia?

The sharply contrasting analyses in *Pfizer* and *Takeda* defy a coherent synthesis of post-KSR chemical obviousness jurisprudence. Both cases reached extreme results based on their respective facts. The *Pfizer* court’s downgrading of physical rather than biological properties seems just as objectionable as the

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106. *Id.*
108. *Id.* at 1361 (quoting Takeda Chemical Industries, Ltd. v. Mylan Laboratories, Inc. 417 F.Supp.2d 341, 382 (S.D.N.Y. 2006)).
109. *Id.* at 1363.
110. See, e.g., Forest Labs., Inc. v. Ivax Pharms., Inc., 501 F.3d 1263, 1267 (Fed. Cir. 2007) (referring to “secondary considerations of commercial success, unexpected results, and copying by others”); *In re Sullivan*, 498 F.3d 1345, 1353 (Fed. Cir. 2007) (referring to applicant’s argument of “secondary considerations, such as unexpected results”).
111. See *Takeda*, 492 F.3d at 1361 (citing of *In re Wilder*, 563 F.2d 457, 460 (C.C.P.A. 1977)) (responding to Alphapharm’s argument).
112. *Id.* at 1361 (quoting Takeda Chemical Industries, Ltd. v. Mylan Laboratories, Inc. 417 F.Supp.2d 341, 385 (S.D.N.Y. 2006)). Moreover, “Takeda rebutted any presumed expectation that compound b and pioglitazone would share similar properties.” *Id.* at 1362.
113. *Id.* at 1362.
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Takeda court’s dogged denial of the existence of a prima facie case. Both cases may have been wrongly decided.

Taken as a pair of bookends around KSR, the Pfizer and Takeda decisions spotlight a Federal Circuit still teeter-tottering between extremes, with steady-state equilibrium nowhere in sight. The Pfizer and Takeda decisions expose a court still trying to find its post-KSR bearings.

IV. DAIICHI v. APOTEX: ELEVATING THE “ORDINARY”?

Nonobviousness must be analyzed from the perspective of a hypothetical person possessing “ordinary skill in the pertinent art.”114 This skill level is one of the factual underpinnings of the classic Graham v. John Deere framework for analysis, reaffirmed by the Court in KSR.115 A validity challenger may argue that a claimed invention is more likely to have been obvious in the eyes of a person of relatively more advanced (but yet, still “ordinary”) skill.116 The post-KSR decision Daiichi Sankyo Co. v. Apotex, Inc.117 illustrates a successful exploitation of this premise. Apotex convinced the Federal Circuit that a district court’s determination of the level of ordinary skill was too low, and that this error permeated the lower court’s ultimate conclusion of nonobviousness.

The Federal Circuit reversed the district court and held that Daiichi’s patented method of treating ear infections by topical application of the antibiotic ofloxacin would have been obvious. Like Pfizer and Takeda, the Daiichi appeal arose from Hatch-Waxman litigation.118 The district court in Daiichi upheld the validity of Daiichi’s U.S. Patent No. 5,401,741 (‘741 patent) in the face of Apotex’s anticipation and obviousness challenges; on appeal the Federal Circuit addressed only the question of obviousness and reversed the district court on that ground. Senior Judge Archer authored the Federal Circuit’s opinion, joined by Chief Judge Michel (author of Pfizer v. Apotex) and Judge Dyk.

The Federal Circuit’s reversal in Daiichi turned on its conclusion that the district court had clearly erred in finding an incorrectly low level of ordinary


115. See id. at 17 (listing “level of ordinary skill in the pertinent art” as one of the “basic factual inquiries” underlying the § 103 condition); KSR Int’l Co. v. Teleflex, Inc. 127 S. Ct. 1727, 1734 (2007) (explaining that “[t]he [Graham] factors continue to define the inquiry that controls.” (citing Graham v. John Deere Co., 383 U.S. 1, 17-18 (1966))).


118. Id. (demonstrating that like those in Pfizer and Takeda, the patent in suit was a follow-on to a basic patent); see U.S. Patent No. 4,382,892 (filed Sept. 2, 1981) (issued May 10, 1983) (patent for the antibiotic compound ofloxacin); Daiichi Pharm. Co., Ltd. v. Apotex, Inc. 441 F.Supp.2d 672, 677 n.8 (D.N.J. 2006) (showing Daiichi’s ‘892 patent expired on Sept. 2, 2001), rev’d sub nom. Daiichi Sankyo Co., Ltd. v. Apotex, Inc., 501 F.3d 1254 (Fed. Cir. 2007).
skill in the pertinent art. According to the Federal Circuit, that error “tainted” the entirety of the district court’s nonobviousness analysis.

Daiichi’s ‘741 patent addressed the problem of creating a topical antibiotic compound for treatment of ear infections that would not risk damage to the ear. Claim 1 of the ‘741 patent recited “[a] method for treating otopathy which comprises the topical otic administration of an amount of ofloxacin or a salt thereof effective to treat otopathy in a pharmaceutically acceptable carrier to the area affected with otopathy.” The district court interpreted the claim term “otopathy” as meaning “bacterial ear infection” and the claim phrase “effective to treat” as meaning “safe and efficacious.”

The district court found that a hypothetical person of ordinary skill in the art pertinent to this invention would have had a medical degree, experience treating patients with ear infections, and basic knowledge about pharmacology and the use of antibiotics. This person would have been a pediatrician or general practitioner, doctors who are often the “‘first line of defense’” in treating ear infections.

The Federal Circuit disagreed, concluding that the person of ordinary skill in the art would have been a specialist in the treatment of ear disease with advanced knowledge of pharmacology. Deeming the district court’s contrary finding clearly erroneous, the Federal Circuit found that “[t]he level of ordinary skill in the art of the ‘741 patent is that of a person engaged in developing pharmaceutical formulations and treatment methods for the ear or a specialist in ear treatments such as an otologist, otolaryngologist, or otorhinolaryngologist who also has training in pharmaceutical formulations.”

Although the Federal Circuit cited several factors relevant to the determination of ordinary level of skill in the art, the dispositive factor in Daiichi was the level of skill of the inventors. The ‘741 patent’s inventors were specialists, not generalists: a university professor specializing in otorhinolaryngology plus two Daiichi employees, one a clinical development

122. Id. at 1255-56.
125. Id. at 1257.
126. Id. at 1256 (“Factors that may be considered in determining level of ordinary skill in the art include: (1) the educational level of the inventor; (2) type of problems encountered in the art; (3) prior art solutions to those problems; (4) rapidity with which innovations are made; (5) sophistication of the technology; and (6) educational level of active workers in the field.” (quoting Envtl. Designs, Ltd. v. Union Oil Co., 713 F.2d 693, 696 (Fed. Cir.1983))); 127. Id. at 1257 (“O]thers working in the same field as the inventors of the ‘741 patent were of the same skill level.”).
The ‘741 patent described the inventors’ tests of ofloxacin on guinea pigs to ensure that the antibiotic did not cause ear damage; “[s]uch animal testing is traditionally outside the realm of a general practitioner or pediatrician,” according to the Federal Circuit. The Daiichi court’s emphasis on the skill level of the inventors is difficult to square with the Supreme Court’s observation in KSR that “[t]he question is not whether [an invention] was obvious to the patentee but whether [the invention] was obvious to a person with ordinary skill in the art.”

Another weakness of Daiichi is the Federal Circuit’s failure to clearly define the nature of the invention. The claims of the ‘741 patent were directed to a method of treatment using the compound ofloxacin, not to the compound itself (which was claimed in a separate, already-expired Daiichi patent). The Federal Circuit’s opinion mistakenly refers to the invention of the ‘741 patent in suit as “the claimed compound.” Daiichi blurs what should have been a brighter analytical line between inventing a chemical compound and discerning new uses for that compound.

The ultimate conclusion of obviousness in Daiichi turned primarily on the disclosure of the prior art Ganz reference. Ganz was directed to the use of ciprofloxacin, known commercially as CIPRO. Ciprofloxacin, like ofloxacin, is a type of gyrase inhibitor. Ganz taught that the use of ciprofloxacin in ear drops was not subject to problems like ototoxicity that normally accompany local treatment of the ear with antibiotics. However, Ganz also referred to gyrase inhibitors (such as ciprofloxacin) as “second choice” antibiotics. According to Ganz, gyrase inhibitors should be “used only in difficult cases and exclusively by the otologist.” The district court viewed Ganz as teaching away from the claimed invention, as well as a document directed only to specialists rather than general practitioners.

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129. Id. (citing no support for this finding).
132. Daiichi Sankyo Co., Ltd. v. Apotex, Inc., 501 F.3d 1254, 1257 (Fed. Cir. 2007) (“[W]hile a general practitioner or pediatrician could (and would) prescribe the invention of the ’741 patent to treat ear infections, he would not have the training or knowledge to develop the claimed compound absent some specialty training such as that possessed by the ’741 patent's inventors.”) (emphasis added).
133. Id. at 1258.
136. Daiichi Pharm. Co., Ltd. v. Apotex, Inc., 441 F.Supp.2d 672, 689 (D.N.J. 2006) (“Ganz adds that for local treatment in the ear gyrase inhibitors ‘should be used only in difficult cases and exclusively by the otologist.’ Therefore Ganz’s disclosure does not support Apotex’s argument that a person ordinary skilled in the art would know that the use of ofloxacin, a gyrase inhibitor,
The Federal Circuit determined that the district court’s incorrect finding on the level of ordinary skill led it to erroneously discount Ganz. The Federal Circuit also rejected the district court’s reliance on the patentee expert’s testimony that it was not safe to extrapolate the safety profile of one antibiotic to another. The Federal Circuit found this testimony “conclusory” and “unsupported,” but did not further explain its negative evaluation.

The Federal Circuit in *Daiichi* did not cite either *KSR* or *Graham*. Because the *Daiichi* opinion was initially issued (on July 11, 2007) as non-precedential, the panel may have simply considered it unnecessary to provide a full-service treatment of nonobviousness jurisprudence. Alternatively, the panel may have deemed the decision non-precedential because of some disagreement between the its members.

Whatever may have been the Federal Circuit’s rationale for originally issuing the *Daiichi* opinion as non-precedential, the opinion escalated in importance when made precedential on September 12, 2007. *Daiichi*’s elevation to precedential status suggests that post-*KSR*, the level of ordinary skill in the pertinent art will need a more rigorous analysis and will become more of a litigation battleground than in prior cases.137

One can even interpret *Daiichi* as heeding an implicit Supreme Court signal that the level of ordinary skill has generally been set too low. Recall that the *KSR* Court imbued the hypothetical person of ordinary skill in the pertinent art with new, non-statutory and undefined qualities; i.e., “common sense,” “ordinary creativity,” and non-“automaton”-ness.138 The Court also suggested that the level of ordinary skill in particular arts can be expected to reach new heights over time, because “as progress beginning from higher levels of achievement is expected in the normal course, the results of ordinary innovation are not the subject of exclusive rights under the patent laws.”139 Although it did not cite *KSR*, the *Daiichi* opinion heeded these signals. The *Daiichi* decision shows that boosting the ordinary level of skill may well result in a conclusion of obviousness.

For a court or patent examiner inclined to hold an invention obvious, *Daiichi* provides a potent tool. The ambiguities in *KSR* can be relied on to press a heightened level of ordinary skill in the pertinent art. As applied to the facts in

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137. *See Daiichi Sankyo Co., Ltd. v. Apotex, Inc.*, 501 F.3d 1254, 1257 (Fed. Cir. 2007) (“The district court was correct that in that case we affirmed the trial court's conclusion that a person having ordinary skill in the relevant art was a person having a medical degree, experience treating patients with osteoporosis, and knowledge of the pharmacology and usage of biphosphonates-the compounds at issue in *Merck*. However, in *Merck* the level of skill in the art was not disputed by the parties. Thus, we simply accepted the district court's finding. That clearly is not the case before us. Therefore, the district court's reliance on the level of skill in the art stated in *Merck* was improper.” (citing *Merck & Co. v. Teva Pharm. USA, Inc.*, 347 F.3d 1367 (Fed. Cir. 2003))).


139. *Id.* at 1746.
Daiichi, however, this tool was ill-used. The pertinent art should be clearly defined before the level of ordinary skill in that art is assessed, and the pertinent art definition should be guided by the patent’s claims. Nor should the ordinary skill level analysis turn on the education and training of the inventors. Section 103 forbids a conclusion of obviousness based on “the manner in which the invention was made.” Similarly, an emphasis on the inventors’ credentials risks disengaging the nonobviousness analysis from its proper perspective, that of a hypothetical person of ordinary skill in the pertinent art—not the inventor.

V. PHARMASTEM: NEW CHALLENGES FOR BIOTECHNOLOGY PATENTING

In July 2007 the Federal Circuit struck down as obvious two patents on a particular type of stem cell technology, relying in part on the Supreme Court’s pronouncements about the nonobviousness requirement in KSR. In PharmaStem Therapeutics Inc. v. ViaCell, Inc., a split panel of the Federal Circuit reversed the District of Delaware’s judgment, entered on jury verdicts, which had sustained the validity of PharmaStem’s previously-reexamined composition and method claims directed to use of stem cells from infant umbilical cord blood. Claim 1 of PharmaStem’s U.S. Patent No. 5,004,681 (filed 1987; issued 1991; twice reexamined) reads:

A cryopreserved therapeutic composition comprising viable human neonatal or fetal hematopoietic stem cells derived from the umbilical cord blood or placental blood of a single human collected at the birth of said human, in which said cells are present in an amount sufficient to effect hematopoietic reconstitution of a human adult; and an amount of cryopreservative sufficient for cryopreservation of said cells.

Claim 13 of PharmaStem’s U.S. Patent No. 5,192,553 (issued 1993 from a 1988 C-I-P application of the 1987 parent application) reads:

A method for hematopoietic or immune reconstitution of a human comprising:

140. See 35 U.S.C. § 103(a) (“Patentability shall not be negatived by the manner in which the invention was made.”).

141. Kimberly-Clark Corp. v. Johnson & Johnson, 745 F.2d 1437, 1454 (Fed. Cir. 1984) (“We hereby declare the presumption that the inventor has knowledge of all material prior art to be dead . . . It should be clear that that hypothetical person is not the inventor, but an imaginary being possessing ‘ordinary skill in the art’ created by Congress to provide a standard of patentability, a descendant of the ‘ordinary mechanic acquainted with the business’ of Hotchkiss v. Greenwood.” (citing 35 U.S.C. § 103)).

142. See PharmaStem Therapeutics, Inc. v. Viacell, Inc., 491 F.3d 1342, 1360 (Fed. Cir. 2007) (“[A] combination of elements ‘must do more than yield a predictable result’; combining elements that work together ‘in an unexpected and fruitful manner’ would not have been obvious.” (quoting KSR, 127 S. Ct. at 1740)).

143. PharmaStem Therapeutics, Inc., 491 F.3d at 1342.

144. Id. at 1347.
(a) isolating human neonatal or fetal blood components containing hematopoietic stem cells;

(b) cryopreserving the blood components;

(c) thawing the blood components; and

(d) introducing the blood components into a suitable human host, such that the hematopoietic stem cells are viable and can proliferate with the host.145

PharmaStem’s predecessor, Biocyte, Inc., applied for a U.S. patent in 1987 based on its inventors’ discovery that the umbilical cord blood of newborn infants is rich in a particular type of stem cell useful for rebuilding the blood and immune system of immuno-compromised adults. The inventors were the first to successfully transplant these hematopoietic stem cells for reconstitution of the human hematopoietic system.146 Biocyte’s work spawned an industry of cryopreserving cord blood stem cells for later use in blood transplant surgeries, with significant advantages over conventional bone marrow transplants.147

The PharmaStem majority (in an opinion authored by Circuit Judge Byrson, joined by Circuit Judge Prost) concluded that the prior art (as described in the patentee’s own specification and considered in previous USPTO reexaminations) not only would have motivated the person of ordinary skill in the art to make the claimed inventions, but also would have provided a reasonable expectation of success in so doing:

While the inventors may have proved conclusively what was strongly suspected before—that umbilical cord blood is capable of hematopoietic reconstitution—and while their work may have significantly advanced the state of the science of hematopoietic transplantations by eliminating any doubt as to the presence of stem cells in cord blood, the mouse experiments and the conclusions drawn from them were not inventive in nature. Instead, the inventors merely used routine research methods to prove what was already believed to be the case. Scientific confirmation of what was already believed to be true may be a valuable contribution, but it does not give rise to a patentable invention. See KSR, 127 S. Ct. at 1732 (“Granting patent protection to advances that would occur in the ordinary course without real innovation retards progress . . . .”) . . . Good science and useful contributions do not necessarily result in patentability.148

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145. Id. at 1348.
146. See id. at 1367 (Newman, J., dissenting).
147. See id. at 1367 and 1376 (Newman, J., dissenting).
148. Id. at 1363-64 (additional citations omitted).
This excerpt from *PharmaStem* illustrates another consequence of *KSR*—the decision has spawned a dangerous regression to outdated terminology. The Federal Circuit has begun to use the terms “invention” and “inventor” as qualitative signals of patentability. In *Pfizer v. Apotex* the Federal Circuit concluded that the claimed chemical compound was “‘the work of a skilled [artisan], not of an inventor.’”149 In *PharmaStem*, the Federal Circuit concluded that the research effort leading to the claimed invention was “not inventive in nature” and involved merely routine research methods of verifying what was already believed to be the case.150 This usage of “invention” and “inventor” as qualitative standards for patentability re-injects the same circularity that mushroomed in patent law jurisprudence following the Supreme Court’s 1850 decision in *Hotchkiss v. Greenwood*.151 To be patentable, an invention had to involve “invention.” Such circularity and imprecision are exactly what the drafters of 35 U.S.C. § 103 sought to lessen.152

One part of the nonobviousness framework seemingly left unaltered by the Court in *KSR* is *Graham*’s treatment of secondary considerations evidence.153 *PharmaStem* indicates, however, that even quite substantial secondary considerations evidence may not suffice to rebut a *prima facie* case when the Federal Circuit is convinced of both motivation to combine and reasonable expectation of success. Offering an extensive dissent in *PharmaStem*, Judge Newman charged the majority with failing to appreciate the commercial success of PharmaStem’s inventions in the face of “extreme skepticism” regarding the use of cord blood as transplant tissue; the inventors’ success drew universal acclaim and catalyzed a new industry of cryo-preserving cord blood. In Judge Newman’s view, the majority also ran afoul of *Dickinson v. Zurko*154 by failing to give due deference to the USPTO’s fact findings concerning the prior art. The USPTO had previously considered the same references in its examinations and

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150. *PharmaStem*, 491 F.3d at 1363.

151. *Hotchkiss v. Greenwood*, 52 U.S. 248, 267 (1850) (explaining that, “[U]nless more ingenuity and skill in applying the old method of fastening the shank and the knob were required in the application of it to the clay or porcelain knob than were possessed by an ordinary mechanic acquainted with the business, there was an absence of that degree of skill and ingenuity which constitute essential elements of every invention. In other words, the improvement is the work of the skilful mechanic, not that of the inventor.”).


153. See *KSR Int’l Co. v. Teleflex, Inc.*, 127 S. Ct. 1727, 1734 (2007) (stating that while the sequence of the Graham factors might be reordered in a particular case, the factors “continue to define the inquiry that controls”).

reexaminations of PharmaStem’s patents. In PharmaStem, Judge Newman concluded, the majority had applied “perfect hindsight” to “rearrange the past.”\(^{155}\)

VI. CONCLUSION

After KSR, it is unquestionably easier to establish a *prima facie* case of obviousness in the chemical arts. As a result, debate has already reframed around other issues, including (1) the level of ordinary skill in the art pertinent to a claimed invention; (2) whether prior art teachings would have been combined with a reasonable expectation of success; and (3) whether a *prima facie* case of obviousness, if established, can be rebutted. The Federal Circuit decisions examined herein show that KSR’s impact in the pharmaceutical and biotechnology arts has been immediate and significant. The Federal Circuit’s opinions in Pfizer and Takeda illustrate two sharply contrasting applications of KSR’s obvious to try definition. Taken with PharmaStem, these decisions signal that the reasonable expectation of success prong for combining or modifying prior art teachings is now pivotal in nonobviousness analyses. Daiichi suggests that KSR may have helped validity challengers bootstrap a conclusion of obviousness by asserting a heightened level of ordinary skill for a re-defined hypothetical person. These initial Federal Circuit applications of KSR show that its impact extends well beyond merely expanding the reasons for combining multiple prior art teachings. Contrary to some predictions, KSR is not limited in application to mechanical combinations. Its impact in the chemical arts will be equally, if not more, significant.

\(^{155}\) PharmaStem, 491 F.3d at 1367, 1368 (Newman, J., dissenting).
### APPENDIX:

*Federal Circuit Decisions in Pharmaceutical and Life Sciences Cases After the Supreme Court’s KSR Decision (April 30, 2007) and Through December 15, 2007*


<table>
<thead>
<tr>
<th>Title</th>
<th>Citation</th>
<th>Precedential?</th>
<th>Date</th>
<th>KSR mentioned?</th>
<th>Judges</th>
<th>Author</th>
<th>Dissenting/Concurring Opinions?</th>
<th>Issue(s)</th>
<th>Outcome</th>
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</thead>
<tbody>
<tr>
<td>Schwarz Pharma, Inc. v. Paddock Laboratories, Inc.</td>
<td>504 F.3d 1371 (Fed. Cir. 2007)</td>
<td>yes</td>
<td>10/12/2007</td>
<td>no</td>
<td>Michel, Lourie, and Moore</td>
<td>Lourie</td>
<td>no</td>
<td>Genuine issues of material fact with respect to infringement under doctrine of equivalents?</td>
<td>Affirmed district court’s judgment in favor of noninfringement.</td>
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<tr>
<td>Title</td>
<td>Citation</td>
<td>Precedential?</td>
<td>Date</td>
<td>ESR-mentioned?</td>
<td>Judges</td>
<td>Author</td>
<td>Dissenting/Concurring Opinions?</td>
<td>Issue(s)</td>
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<tr>
<td>Abbott Laboratories v. TorPharm, Inc.</td>
<td>503 F.3d 1372</td>
<td>yes</td>
<td>10/11/2007</td>
<td>no</td>
<td>Michel, Dyk, Otero (sitting by designation)</td>
<td>Michel</td>
<td>yes, Dyk concurring in part and dissenting in part</td>
<td>Did generic manufacturer of divalproex sodium, held to infringe Abbott's patents, violate injunction by filing repetitive ANDA?</td>
<td>District Court erred in finding generic manufacturer's conduct was within express terms of injunction.</td>
</tr>
<tr>
<td>Nilsen v. Osram Sylvania, Inc.</td>
<td>504 F.3d 1223</td>
<td>yes</td>
<td>10/10/2007</td>
<td>no</td>
<td>Mayer, Lourie, Linares (sitting by designation)</td>
<td>Lourie</td>
<td>no</td>
<td>Variety of inequitable conduct allegations including failure to disclose prior art and wrongfully paying small entity fees.</td>
<td>Affirmed district court's judgment holding 15 patents unenforceable for inequitable conduct.</td>
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<td>Title</td>
<td>Citation</td>
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<td>Date</td>
<td>KSR mentioned?</td>
<td>Judges</td>
<td>Author</td>
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<td>Daiichi Sankyo Co., Ltd. v. Apotex, Inc.</td>
<td>501 F.3d 1254 (Fed. Cir. 2007)</td>
<td>yes</td>
<td>9/12/2007</td>
<td>no</td>
<td>Michel, Archer, Dyk</td>
<td>Archer</td>
<td>no</td>
<td>Would method of treating ear infection have been obvious to properly defined Phosita?</td>
<td>Holding patent invalid for obviousness (reversing district court).</td>
</tr>
<tr>
<td>Forest Laboratories, Inc. v. Ivax Pharmaceuticals, Inc.</td>
<td>501 F.3d 1263 (Fed. Cir. 2007)</td>
<td>yes</td>
<td>9/5/2007</td>
<td>no</td>
<td>Lourie, Friedman, Schall</td>
<td>Lourie</td>
<td>yes, Schall concurring in part and dissenting in part</td>
<td>Were claims to certain enantiomers (active ingredient in Lexapro antidepressant) invalid as anticipated or obvious?</td>
<td>Claims not anticipated not obvious; claims not erroneously broadened in reissue.</td>
</tr>
<tr>
<td>In re Sullivan</td>
<td>498 F.3d 1345 (Fed. Cir. 2007)</td>
<td>yes</td>
<td>8/29/2007</td>
<td>yes</td>
<td>Newman, Lourie, Gajarsa</td>
<td>Lourie</td>
<td>no</td>
<td>Were claims to antiviral composition for treating snakebite victim invalid for obviousness?</td>
<td>Prima facie case of obviousness affirmed, but ITO's decision vacated and remanded because no weight given to rebuttal evidence.</td>
</tr>
<tr>
<td>Title</td>
<td>Citation</td>
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<td>ESR mentioned?</td>
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<tr>
<td>In re Metoprolol Succinate Patent Litigation</td>
<td>494 F.3d 1011 (Fed. Cir. 2007)</td>
<td>yes</td>
<td>7/23/2007</td>
<td>yes</td>
<td>Mayer, Schall, Gajarsa</td>
<td>Gajarsa</td>
<td>yes, Schall dissenting in part</td>
<td>Consolidated patent infringement action against ANDA filers.</td>
<td>Affirmed district court's invalidation of patent claims on ground of obviousness-type double-patenting</td>
</tr>
<tr>
<td>Biomedino, LLC v. Waters Technologies Corp.</td>
<td>490 F.3d 946 (Fed. Cir. 2007)</td>
<td>yes</td>
<td>6/18/2007</td>
<td>no</td>
<td>Rader, Archer, Gajarsa</td>
<td>Archer</td>
<td>no</td>
<td>Was mean-plus-function corresponding structure sufficiently disclosed?</td>
<td>Claims held invalid for indefiniteness.</td>
</tr>
<tr>
<td>Title</td>
<td>Citation</td>
<td>Precedential?</td>
<td>Date</td>
<td>KSR mentioned?</td>
<td>Judges</td>
<td>Author</td>
<td>Dissenting/Concurring Opinion?</td>
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<td>Outcome</td>
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<tr>
<td>Monsanto Co. v. McFarling</td>
<td>488 F.3d 973 (Fed. Cir. 2007)</td>
<td>yes</td>
<td>5/24/2007</td>
<td>no</td>
<td>Lourie, Rader, Bryson</td>
<td>Bryson</td>
<td>no</td>
<td>Challenge to jury's damages award against former licensee of patent on herbicide-resistant soybean seeds.</td>
<td>Sustaining jury's damages award as supported by evidence and not grossly excessive.</td>
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<tr>
<td>Non-Precedential Decisions</td>
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<tr>
<td>Wisconsin Alumni Research Foundation v. Xenon Pharmaceuticals, Inc.</td>
<td>2007 WL 3094979 (C.A.Fed.)</td>
<td>no</td>
<td>10/24/2007</td>
<td>no</td>
<td>Mayer, Gajarsa, Rester (sitting by designation),</td>
<td>per curiam</td>
<td>no</td>
<td>Did WARFs well-pleaded complaint present a claim arising under the patent laws?</td>
<td>No. Appeal transferred to the 7th Circuit.</td>
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<tr>
<td>Title</td>
<td>Citation</td>
<td>Precedential?</td>
<td>Date</td>
<td>KSR mentioned?</td>
<td>Judges</td>
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<td>Dissecting/Concurring Opinions?</td>
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HOW THE SUPREME COURT’S DECISIONS OVER THE LAST DECADE HAVE RE-SHAPED FEDERAL CIRCUIT JURISPRUDENCE

Katherine E. White*

In 1982, Congress created the U.S. Court of Appeals for the Federal Circuit (Federal Circuit) in order to, *inter alia*, provide an appellate forum of nationwide jurisdiction to improve the administration of patent law through centralizing appeals in patent cases.¹ Before the forming of the Federal Circuit, patent cases were appealed to the regional numbered circuits. Nationwide uniformity was possible only through the U.S. Supreme Court (Supreme Court) intervention in resolving conflicts between the circuits. From 1982 to 1996, the Supreme Court appeared to grant the Federal Circuit a honeymoon period to allow the court to develop its own law and create uniformity among the circuits. The honeymoon ended in 1996 when the Supreme Court granted certiorari in *Markman v. Westview Instruments.*² After that case was decided, the landscape for the Federal Circuit changed. Since then, the Supreme Court has been increasingly granting certiorari in patent cases from the Federal Circuit.

The Supreme Court is always the most important voice in interpreting the laws of the United States. The Court, however, has more force when it is unanimous in its decision-making. Many of the controversial Supreme Court cases discussed in the news are 5 to 4 decisions where any given issue is just one Justice away from receiving a majority. This is not the case in patent cases, where the Supreme Court is uniquely united. In looking at the important patent cases the Supreme Court has heard since 1996, seven have been unanimous, with two having only one dissenter, and one having two dissenters.³ The only case

* Professor of Law, Wayne State University Law School.

² 52 F.3d 967 (Fed. Cir. 1995), cert. granted, 64 U.S.L.W. 3201 (U.S. Sep. 27, 1995) (No. 95-26).
with three dissents was based primarily on a procedural issue regarding scope of review standards on appeal from Executive Agencies.4

I. HOW HAVE RECENT SUPREME COURT DECISIONS RE-SHAPED FEDERAL CIRCUIT JURISPRUDENCE?

The cases the Supreme Court has decided over the last decade have re-shaped Federal Circuit jurisprudence. The recent Supreme Court opinion in KSR International Co. v. Teleflex Inc.5 exposes further how the Court is scrutinizing Federal Circuit patent law jurisprudence. In analyzing the aforementioned cases, one can discern three principles the Federal Circuit should follow:
1. Follow Supreme Court precedent first before resorting to creating new Federal Circuit law,
2. The Supreme Court prefers the Federal Circuit to apply rules in a flexible, rather than in a rigid manner; and
3. Where there is vagueness and indefiniteness in applying a rule, clarify and define.

II. HOW DID THE SUPREME COURT REVEAL THESE PRINCIPLES IN THEIR CASE LAW?

The Supreme Court prefers the Federal Circuit to apply rules flexibly rather than applying them too rigidly. If there is a need for a rigid rule, the Supreme Court wants to be the court to come up with it—more on this later.6 The first case that foreshadowed the Court’s concern over rigid rules was Warner-Jenkinson Co. v. Hilton Davis Chemical Co.7 In that case, the petitioner challenged whether the doctrine of equivalents survived the changes made in the 1952 Patent Act.8 The Supreme Court adhered to the doctrine of equivalents, a doctrine the Court first approved in 1854.9 The Supreme Court embraced using

MedImmune, Inc. v. Genentech, Inc., 127 S. Ct. 764, 777 (2007) (8 to 1) (holding a licensee was not required to terminate or breach its patent license agreement in order to seek a declaratory judgment as to whether patent was invalid or unenforceable); KSR Int’l Co. v. Teleflex Inc., 127 S. Ct. 1727, 1739 (2007) (unanimous) (rejecting the rigid and mandatory application of the Teaching-Suggestion-Motivation to combine test for determining obviousness, in favor of a more flexible approach); Microsoft Corp. v. AT&T Corp., 127 S. Ct. 1746, 1758-59 (2007) (7 to 1, with Chief Justice Roberts not participating) (rejecting extraterritorial protection to software manufacturers where copies of software were made overseas); Dickinson v. Zurko, 527 U.S. 150, 150 (1999) (6 to 3) (holding that Board of Patent Appeals and Interference judges are administrative law judges whose opinions deserve Administrative Procedure Act court/agency standard of review deference).

8. Id. at 25 (“Petitioner’s primary argument in this Court is that the doctrine of equivalents, as set out in Graver Tank in 1950, did not survive the 1952 revision of the Patent Act . . . .”).
different linguistic frameworks in determining the doctrine of equivalents.\textsuperscript{10} Rather than choosing between using the triple identity test,\textsuperscript{11} otherwise known as the function-way-result test, or the insubstantial change test,\textsuperscript{12} the analysis should focus more flexibly on the essential question: “Does the accused product or process contain elements identical or equivalent to each claimed element of the patented invention?”\textsuperscript{13} The Supreme Court chose to recognize that “[d]ifferent linguistic frameworks may be more suitable to different cases, depending on their particular facts.”\textsuperscript{14} Instead of micromanaging, the Supreme Court is contented to allow the Federal Circuit to work out the details in analyzing how to evaluate subject matter to determine equivalents, while applying rules in a flexible way. The Court did, however, choose to limit the Federal Circuit’s application of the doctrine of equivalents through requiring that the court apply the doctrine on an “element-by-element basis.”\textsuperscript{15}

In \textit{Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.},\textsuperscript{16} the Supreme Court admonishes the Federal Circuit for creating a rigid rule that is inconsistent with Supreme Court precedent.\textsuperscript{17} In \textit{Festo}, the Federal Circuit held that any narrowing amendment made for a “reason related to patentability”\textsuperscript{18} triggered prosecution history estoppel such that no range of equivalents was available for that amended claim element.\textsuperscript{19} This we refer to as the complete bar approach.\textsuperscript{20} Although the Supreme Court had never applied a complete bar rule to prosecution history estoppel, the Federal Circuit viewed the flexible bar approach, which allowed some equivalents based on what occurred during prosecution, as unworkable.\textsuperscript{21} The Federal Circuit sought a bright-line rule to solve this problem.\textsuperscript{22} The Supreme Court, however, preferred its own precedent and adhered to its flexible bar approach—unworkable or not.\textsuperscript{23} The Court stated: “The [complete bar approach] is inconsistent with the purpose of applying the estoppel in the first place—to hold the inventor to the representations made

\begin{footnotesize}
\begin{itemize}
\item 10. Warner-Jenkinson, 520 U.S. at 40 (stating “the particular linguistic framework used is less important than whether the test is probative of the essential inquiry”).
\item 11. \textit{Id.} at 39.
\item 12. \textit{Id.}
\item 13. \textit{Id.} at 40.
\item 14. \textit{Id.}
\item 15. \textit{Id.}
\item 17. \textit{Id.} at 738-39.
\item 18. \textit{Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.}, 234 F.3d 558, 563 (Fed.Cir. 2002).
\item 19. \textit{Id.} at 564.
\item 20. \textit{See, e.g., id.} at 574.
\item 21. \textit{Id.} at 575 (“We believe that the current state of the law regarding the scope of equivalents that is available when prosecution history estoppel applies is ‘unworkable’.”).
\item 22. \textit{See id.} at 575 (stating “[i]n patent law, we think that rules qualify as ‘workable’ when they can be relied upon to produce consistent results and give rise to a body of law that provides guidance to the marketplace on how to conduct its affairs”).
\end{itemize}
\end{footnotesize}
during the application process and to the inferences that may reasonably be drawn from the amendment.\textsuperscript{24} The \textit{eBay Inc. v. MercExchange, L.L.C.}\textsuperscript{25} case is another that challenges one of the Federal Circuit’s rules. In that case the Federal Circuit applied its “general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances.”\textsuperscript{26} The Supreme Court granted certiorari specifically to “determine the appropriateness of this general rule.”\textsuperscript{27} Once again, the Supreme Court preferred its own precedent to the Federal Circuit’s and rejected automatic grants of permanent injunctions to patentees upon a finding of patent infringement.\textsuperscript{28} The Supreme Court viewed the principles of equity to be well-established and satisfactory in determining when a plaintiff is to receive an injunction.\textsuperscript{29} Those principles espoused a four-factor test steeped in tradition, which has long been recognized as proper.\textsuperscript{30} According to the Supreme Court, casting aside such an entrenched test should not be taken lightly.\textsuperscript{31}

\textit{KSR International Co. v. Teleflex, Inc.}\textsuperscript{32} is the most recent case where the Supreme Court rejects a rigid application of a rule. That case may have changed Federal Circuit precedent, but it did not change Supreme Court precedent. In \textit{KSR International}, the Court clarifies that it favors general and flexible rules to determine patentability rather than bright-line rules that are applied rigidly and strictly.\textsuperscript{33} The Supreme Court de-emphasizes the importance the Federal Circuit placed on finding a teaching, suggestion, or motivation (TSM) to combine references in published scientific literature when analyzing obviousness.\textsuperscript{34} The Court gives stronger weight to motivations driven by market demand and techniques that would be obvious to one of ordinary skill, but where there may

\textsuperscript{24} Id.
\textsuperscript{25} 126 S. Ct. 1837 (2006).
\textsuperscript{26} MercExchange, L.L.C. v. eBay Inc., 401 F.3d 1323, 1339 (Fed. Cir. 2005).
\textsuperscript{27} eBay Inc. v. MercExchange, L.L.C., 401 F.3d 1323 (Fed. Cir. 2005), \textit{cert. granted}, 74 U.S.L.W. 3051 (U.S. Nov. 28, 2005) (No. 05-130).
\textsuperscript{28} Id.
\textsuperscript{29} Id. at 1839 (setting out the four-factor test) (“A plaintiff must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.”).
\textsuperscript{30} Id. at 1840-41.
\textsuperscript{31} 127 S. Ct. 1727 (2007).
\textsuperscript{32} Id. at 1739 (“[Supreme Court] cases have set forth an expansive and flexible approach inconsistent with the way the [Federal Circuit] applied its [teaching-suggestion-motivation to combine] test here.”).
\textsuperscript{33} Id. at 1741 (“The obviousness analysis cannot be confined by . . . an overemphasis on the importance of published articles and the explicit content of issued patents.”).
be little discussion about them because such methods are common sense.\textsuperscript{35} The Supreme Court adhered to \textit{Graham v. John Deere Co. of Kansas City},\textsuperscript{36} its own precedent, and rejected how the Federal Circuit changed the obviousness inquiry over the years in applying the TSM test.\textsuperscript{37} Unfortunately, the Supreme Court was so enamored with its own precedent that it even brought up those old cases the patent bar has long rejected—cases like \textit{Anderson's-Black Rock, Inc. v. Pavement Salvage Co.},\textsuperscript{38} \textit{Sakraida v. Ag Pro. Inc.},\textsuperscript{39} and my least favorite case, \textit{Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.}\textsuperscript{40} The Supreme Court in \textit{Graham} stated:

Moreover, Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available. Innovation, advancement, and things which add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command must "promote the Progress of * * * useful Arts." This is the \textit{standard} expressed in the Constitution and it may not be ignored. And it is in this light that patent validity "requires reference to a standard written into the Constitution."\textsuperscript{41}

The Supreme Court in \textit{KSR International} seems to be trying to clean up these cases through citing them only in so far as they are consistent with \textit{Graham v. John Deere.}\textsuperscript{42}

\section*{III. WHEN DEFINITENESS IS REQUIRED, A CLEAR RULE IS NEEDED}

It is not that the Supreme Court dislikes rigid or general rules, it is just that the Court seems to want to resort to such rules only when indefiniteness and vagueness are a problem. And the Supreme Court prefers to be the court that creates those rules rather than the Federal Circuit. We see this in \textit{Pfaff v. Wells Electronics, Inc.}\textsuperscript{43} In that case, the Supreme Court held that the current standard the Federal Circuit used to trigger when the statutory bar clock begins, when an invention is "substantially complete," was too vague and indefinite.\textsuperscript{44} The

\begin{thebibliography}{99}
\bibitem{35} Id. at 1740-41.
\bibitem{36} 383 U.S. 1 (1966).
\bibitem{37} \textit{eBay}, 127 S. Ct at 1740-41.
\bibitem{38} 396 U.S. 57 (1969).
\bibitem{39} 425 U.S. 273 (1976).
\bibitem{40} 340 U.S. 147 (1950).
\bibitem{41} \textit{Graham}, 383 U.S. at 6 (citing \textit{Great A. & P. Tea Co.}, 340 U.S. at 154 (concurring opinion)).
\bibitem{42} See \textit{KSR Int'l Co.}, 127 S. Ct. at 1740 (suggesting that "a court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions").
\bibitem{43} 525 U.S. 55 (1998).
\bibitem{44} Id. at 66 n.11 (stating that the totality of the circumstances test has admittedly been criticized as unnecessarily vague).
\end{thebibliography}
Supreme Court agreed with the Federal Circuit that it is important to know what activity will trigger the statutory bar clock running, but a more definite rule was needed.\footnote{Id. at 65-66 ("A rule that makes the timeliness of an application depend on the date when an invention is ‘substantially complete’ seriously undermines the interest in certainty.").} The Supreme Court employs a general rule having two prongs, where the issues are whether (1) the invention is the subject of a commercial offer for sale and (2) whether the invention is ready for patenting.\footnote{Id. at 67.} Thus, this is a general rule that the Supreme Court developed to solve an indefiniteness problem.

IV. HOW DID THE FEDERAL CIRCUIT GET OFF TRACK AND HOW WILL THE SUPREME COURT’S DECADE LONG INVOLVEMENT IN PATENT LAW JURISPRUDENCE AFFECT THE FEDERAL CIRCUIT GOING FORWARD?

First, how did the Federal Circuit get off track? When the Federal Circuit was formed, it was intended to create national uniformity.\footnote{Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25. See also 28 U.S.C. § 1295(a)(4) (2000).} Giving the Federal Circuit national jurisdiction would prevent the problems that occurred prior to the court’s inception, where a patent might be valid in one regional circuit but not in another. Before the Federal Circuit’s creation, the Supreme Court was forced to step in to handle any disagreements between the circuits. The idea was that the Federal Circuit would eliminate this problem. The only thing is that the Federal Circuit, unlike its predecessor the Court of Customs and Patent Appeals, does not routinely sit \textit{en banc}, as the Supreme Court sits. The Federal Circuit sits, like the regional circuits, in panels of three.\footnote{28 U.S.C. § 46.} This has affected Federal Circuit jurisprudence. Unable to overrule each other, each panel takes a small step away from the next, making distinctions from prior cases so as not to overrule but to distinguish itself from the previous panels. In so doing, the Federal Circuit may have strayed too far from Supreme Court precedent and in trying to create uniformity in developing bright-line rules. It is clear, however, that the Supreme Court is poised to step in when a case is ripe and pull the Federal Circuit back to following Supreme Court precedent.

Perhaps it is the Court’s ruling in \textit{KSR International} that has signaled where the Supreme Court wants the Federal Circuit to go and where it should not tread. It is evident from the cases following \textit{KSR International} that the Federal Circuit is trying harder to carefully apply Supreme Court precedent as it was intended. The Court’s message has been heard. A case in point is \textit{In re Seagate Technology, LLC}.\footnote{497 F.3d 1360 (Fed. Cir. 2007).}
In that case, the Federal Circuit overruled its own precedent in *Underwater Devices Inc. v. Morrison-Knudsen Co.* which set a lower threshold for willful infringement than Supreme Court precedent. *Underwater Devices* uses a standard akin to a negligence standard that does not “comport with the general understanding of willfulness in the civil context.” The Federal Circuit overruled this precedent in response to a recent Supreme Court case, *Safeco Insurance Co. of America v. Burr*, which set forth the meaning of willfulness as a statutory condition of civil liability for punitive damages. The Federal Circuit, in overruling its own precedent, held that “proof of willful infringement permitting enhanced damages requires at least a showing of objective recklessness.” The Supreme Court case *Safeco Insurance*, setting forth the willfulness standard, was completely unrelated to patent law. The case involved the Fair Credit Reporting Act, which imposes liability for failure to comply with its requirements. Punitive damages could be recovered for willful violations. The Supreme Court defined willfulness as comporting with its common law usage, which includes actions taken in reckless disregard. Even though the case was unrelated to patent law, when the Federal Circuit had an opportunity to extend new Supreme Court precedent to a patent case, it did so.

V. PREDICTIONS FOR THE FUTURE

Any Federal Circuit precedent that has carved out special rules for treating patent cases differently than they would be treated using traditional notions of equity is vulnerable to Supreme Court attack. For example, *eBay Inc. v. MercExchange, L.L.C.* signals the end of the presumption of irreparable harm in preliminary injunction cases upon a clear showing of infringement. The Supreme Court was clear on its adherence to applying traditional notions of

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50. 717 F.2d 1380 (Fed. Cir. 1983).
51. In re Seagate, 497 F.3d at 1370-71 (concluding that the Supreme Court requires the “standard civil usage” of “willful” and includes reckless behavior, in contrast to the duty of care set forth in *Underwater Devices* (citing Safeco Ins. Co of Am. v. Burr, 127 S. Ct. 2201, 2209 (2007))).
52. *Id.* at 1371.
54. *Id.* at 2208 (stating “where willfulness is a statutory condition of civil liability, we have generally taken it to cover not only knowing violations of a standard, but reckless ones as well” (citing McLaughlin v. Richland Shoe Co., 486 U.S. 128, 132-33 (1988))).
55. In re Seagate, 497 F.3d at 1371.
57. *Id.*
58. *Id.* at 2208.
59. 126 S. Ct. 1837.
60. See H.H. Robertson Co. v. United Steel Deck Inc., 820 F.2d 384, 390 (Fed. Cir. 1987) (stating “[i]n matters involving patent rights, irreparable harm has been presumed when a clear showing has been made of patent validity and infringement” (citing Smith-Int’l Inc. v. Hughes Tool Co., 718 F.2d 1573, 1581 (Fed. Cir. 1983))).
equitable principles to permanent injunctions. It is only logical that these principles should also be applied to preliminary injunction grant requests.

After *KSR International*, there is an opportunity for the Federal Circuit to address issues presented in biotechnology cases in a different way. Perhaps *In re Deuel* will be looked at with an eye towards evaluating what is “obvious to try.” The Board of Patent Appeals and Interferences (the Board) is already beginning to look at this.

In *Ex Parte Kubin*, the Board addressed whether a claimed nucleotide sequence would have been obvious to one of ordinary skill in the art based on a prior art reference and the teachings of how to isolate its cDNA using conventional techniques. The Board found that despite *Ex Parte Kubin* being factually similar to *In re Deuel*, *Kubin* would not come out the same way. Since *In re Deuel* was decided, the Board concluded that the level of skill in the field has significantly increased. Consequently, *In re Deuel* would not control here. The Board suggested the Supreme Court’s opinion in *KSR International* “recently cast doubt on the viability of *Deuel* to the extent that the Federal Circuit rejected an ‘obvious to try’ test.” After *KSR International*, the Board stated that the “obvious to try” test may be appropriate “in more situations than we previously contemplated.”

Another example of changes to the patent law that might occur in the future concerns an interesting case in which the Supreme Court has granted certiorari, *Quanta Computers v. LG Electronics*. This case addresses to what extent a conditional sale, or at least a sale that is not unconditional, limits the patent exhaustion doctrine. The patent exhaustion doctrine articulates that, upon a valid first sale of a patented product in commerce, either by the patentee or an authorized licensee, patent rights to exclude others from using or selling the patented product are exhausted. The Supreme Court’s precedent treats the first-sale patent exhaustion doctrine as delimiting the patentee’s exclusive

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61. *eBay*, 126 S. Ct. at 1839.
62. 51 F.3d 1552, 1559 (Fed. Cir. 1995).
64. *Id.* at *2.
65. *Id.* at *4.
66. *Id.*
67. *Id.*
68. *Id.* at *5 (citing *KSR Int’l*, 127 S. Ct at 1742).
69. *Id.*
70. *Id.* at *4.
72. *Id.*
The Federal Circuit, however, has applied this doctrine differently. It has allowed patentees to put express restrictions on re-sale or re-use on a sale, thus circumventing the patent exhaustion doctrine. The most notable of these restrictions is a “single-use only restriction” whereby when a product is sold, there is a condition on the sale that the product only be used once. The only limit on these agreements is that they may not carry price-fixing or tying restrictions, as these would be per se illegal under antitrust law.

There are two issues that are critical in the Quanta Computers v. LG Electronics case. First, Supreme Court precedent has never categorically held that method claims are not subject to the patent exhaustion doctrine. Second, the Supreme Court has only made distinctions between applying the patent exhaustion doctrine when a licensee, who was not authorized to sell, makes a sale. Thus, the sale is unauthorized and would not fall within the purpose of patent exhaustion doctrine. In other words, suppose patentee grants a licensee the right to “license to others the right to use a patented machine,” but not the right to sell the machines, or use the machines beyond the expiration of the original term of the agreement. In that case, when the patentee sought to enjoin downstream use of the machine beyond the term of the license, the Supreme Court held that the first-sale doctrine did not apply, because the seller was “only a licensee and never had any power to sell a machine so as to withdraw it indefinitely from the operation of the franchise secured by the patent.”

In contrast, the Federal Circuit held in Mallinckrodt, Inc. v. Medipart, Inc. that conditional sales may be enforced against downstream purchasers after an authorized sale made by the patentee or licensee so long as the restrictions do not have anticompetitive effects. The problem with the Federal Circuit’s analysis is that the downstream purchasers are not in privity with any contracts the patentee had with the licensee and have no direct contractual dealings with the patentee. The only possible way for these restrictions to take hold is if the patent exhaustion doctrine does not apply. The question is should a patentee be able to claim patent infringement to enforce a contract restriction on a purchaser’s right to use the patent article for its only reasonable intended use? This discord

74. Brief for the United States as Amicus Curiae Supporting Petitioners at 7, Quanta Computer, Inc. v. LG Elecs., Inc. (2007) (No. 06-937) [hereinafter Brief for the U.S.].
75. See e.g. Mallinckrodt Inc. v. Medipart Inc., 976 F.2d 700, 709 (Fed. Cir. 1992).
76. Id.
77. Id.
78. Id. at 708.
79. See generally Brief for the U.S. supra note 74, at 13 (citing Motion Picture Patents Co. v. Universal Film Mfg., 243 U.S. 502, 509, 513, 515 (1917)).
80. Id. at 13 (citing Mitchell v. Hawley, 83 U.S. (16 Wall.) 544 (1873)).
81. See Mitchell, 83 U.S. at 548.
82. Id. at 551.
83. 976 F.2d 700, 709 (Fed. Cir. 1992).
between Supreme Court precedent and Federal Circuit precedent makes the *LG Electronics* case a wonderful opportunity for the Court to clarify the scope of the patent exhaustion doctrine. Given that the Supreme Court is fonder of its own precedent that of the Federal Circuit, it is likely the Court will step in and right the ship just as it had to in cases like *Pfaff*, *KSR International*, and *Festo*.

VI. CONCLUSION

The Federal Circuit was created, *inter alia*, to improve the administration of patent law through centralizing appeals through a court with nationwide jurisdiction. The court, however, has been shifting its precedent away from Supreme Court precedent. Over the last decade, the Supreme Court has been increasingly granting certiorari to clarify how patent law is to be interpreted. In analyzing the cases through which the Supreme Court has spoken, it is clear that there are three principles the Federal Circuit should follow: (1) follow Supreme Court precedent first before resorting to creating new Federal Circuit law, (2) the Supreme Court prefers flexible rules over rigid ones, and (3) where there is vagueness, then clarify and define.
(IN)EQUITY IN COPYRIGHT LAW: THE AVAILABILITY OF LACHES TO BAR COPYRIGHT INFRINGEMENT CLAIMS

Misty Kathryn Nall

I. INTRODUCTION

Copyright law creates a system of property rights for certain kinds of intangible products, generally works of authorship. Today copyright law covers a broad ground of work, including not only most artistic, literary, and musical works, but computer software and some kinds of databases. Copyright infringement occurs when a third party violates one or more of the copyright owner’s exclusive rights enumerated in the Copyright Act of 1976, 17 U.S.C. §106. To infringe, the defendant must have reproduced, adapted, distributed, publicly performed, or publicly displayed the copyrighted work in an unprivileged way.

Currently there is a circuit split in the area of copyright law concerning the availability of the equitable defense of laches to bar an infringement claim brought under the Copyright Act of 1976. Although the Copyright Act states that no civil action may be maintained unless brought within the three year statute of limitations, several courts have used the equitable doctrine of laches to bar claims brought within the statutory time period. Conversely, other courts have rejected the use of laches to bar a claim brought within the federal statutory period, citing separation of powers principles.

First, this article will lay out the history and background of the equitable defense of laches. Next, this article will address the historical distinction between law and equity, which culminated in the merger of the two within the Federal Rules of Civil Procedure. Then, to better understand the use of laches, this article will survey the utilization of laches in areas of the law outside the context of copyright law. It is in other areas of law where the distinction between allowing laches as an equitable defense to an equitable claim, but not as a

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1. Marshall Leaffer, Understanding Copyright Law §1.01 (4th ed. 2005) (explaining that the term “copyright” is a misnomer and that today it “goes much farther in protecting works against copying…[m]uch of what we protect in copyright law today, such as performance rights, display rights, and derivative works rights, are more akin to rights to use a work rather than to copy it”).

2. Id.

3. Id. at § 9.01.

4. Id.


defense to a legal claim, appears to further complicate the issue. In order to anticipate how the Supreme Court might address the issue of laches in a copyright infringement case, this article next addresses the Supreme Court’s application of laches throughout history.

The third section of this article lays out the current circuit split regarding the availability of a laches defense in a copyright infringement action. This is primarily accomplished by exploring the contrasting views of the Fourth Circuit and the Ninth Circuit. In addition, the self-proclaimed middle ground approach of the Sixth Circuit is presented. This section concludes by underscoring the importance of resolving the circuit split.

The final section of this article advances the theory that laches should not be allowed to bar copyright infringement claims that are brought within the Copyright Act’s statute of limitations. Accordingly, the final section argues that the use of laches is problematic because of separation of powers principles. Therefore, when Congress creates a cause of action and provides both legal and equitable remedies, the statute of limitations for that cause of action should govern. Because the Supreme Court has long held laches is not a defense to an action at law, allowing laches to bar both legal and equitable claims is at odds with precedent. Finally, it is argued that the circuit split be resolved by adopting the Fourth Circuit’s holding that laches cannot be used to bar equitable or legal claims in copyright infringement actions.

II. BACKGROUND

A brief background of the equitable defense of laches is warranted to put the equitable doctrine in proper context. A history of the distinction between law and equity is also supplied. The historical distinction between law and equity helps explain why some modern courts have allowed equitable defenses to equitable claims, while rejecting laches in legal claims. The use of laches in other areas of law is also surveyed, followed by an examination of how the United States Supreme Court has applied laches. A history of the equitable doctrine and a survey of its use is important to properly analyze the role of laches in the area of copyright infringement.

A. The Equitable Defense of Laches

Laches, as defined by the Ninth Circuit, is “an equitable time limitation on a party’s right to bring suit.”7 Laches is an equitable defense based on the maxim “equity aids the vigilant, not those who sleep on their rights.”8 This equitable defense predates the statutory enactment of periods of limitations.9 More simply put, laches refers to the negligent and unintentional failure to protect one’s

9. Ivani Contracting Corp. v. City of N.Y., 103 F.3d 257, 259 (2d Cir. 1997).
Laches can be used to bar a plaintiff’s claim where he or she is “guilty of unreasonable and inexcusable delay that has resulted in prejudice to the defendant.” Laches does not result from a mere lapse of time, but from the fact that during that lapse of time, changed circumstances inequitably work to disadvantage or prejudice another party. The plaintiff must have had knowledge of the existence of a claim or have had reason to inquire about its existence. The defense is based on the notion that it is inequitable for the owner of a copyright, with notice of an intended infringement, to stand inactive and not assert his or her rights.

Where the defense of laches is not allowed, courts refuse to apply a judicially created equitable doctrine when the legislature has supplied a statute of limitations. The Fourth Circuit explains this is because it would be offensive to the doctrine of separation of powers to circumvent the legislature’s determination of the allowable statutory time limit.

B. Law and Equity

The distinction between “legal” and “equitable” claims relates to the remedies available to the plaintiff. A plaintiff seeking equitable relief is typically asking the court to order the defendant to cease doing something, most commonly in the form of injunctive relief. Conversely, legal relief is an order by the court stating that the plaintiff is entitled to something, such as monetary damages. Thus, the main distinction between legal relief and equitable relief relates to the remedies available to the plaintiff.

To put this in historical context, laches predates the statutory enactment of periods of limitations. Before statutory periods existed, the Chancellor in Equity, the “King’s Conscience,” could withhold relief when the plaintiff’s delay in coming to equity was inordinate and had caused prejudice to the defendant.

11. Ivani, 103 F.3d at 259 (quoting Goodman v. McDonnell Douglas Corp., 606 F.2d 800, 804 (8th Cir. 1979)).
14. Haas v. Leo Feist, Inc., 234 F. 105, 108 (S.D.N.Y. 1916) (Hand, J.) (“It must be obvious to everyone familiar with equitable principals that it is inequitable for the owner of a copyright, with full notice of an intended infringement, to stand inactive.”).
15. United States v. Rodriguez-Aguirre, 264 F.3d 1195, 1207-08 (10th Cir. 2001). See also Lyons P’ship, L.P. v. Morris Costumes, Inc., 243 F.3d 789, 797 (4th Cir. 2001) (determining that separation of powers principles state that an equitable timeliness rule adopted by courts cannot bar claims that are brought within the legislatively prescribed statute of limitations).
18. Id.
19. Id.
20. Id.
21. Ivani Contracting Corp. v. City of N.Y., 103 F.3d 257, 259 (2d Cir. 1997).
Equitable claims began to be heard in Chancery and were resolved with flexibility, based on notions of fairness, rather than the strictness that characterized law courts. Modern statutes of limitations trace back to 1624, and are based on the idea that fixing the periods for bringing damages actions is a legislative function that imposes certainty and predictability upon how long a defendant should be subject to a suit.

Although “the American colonies adopted the English bifurcated court system...by the eighteenth century there was a movement to merge law and equity for procedural purposes.” The merger of law and equity was accomplished as a result of the Federal Rules of Civil Procedure, which as adopted in 1938 stated “[t]here shall be one form of action to be known as ‘civil action.’” Following this merger of law and equity, courts have grappled with the availability of legal defenses to equitable claims and vice-versa.

Statutes of limitations are designed to promote justice by preventing surprises through the “revival of claims that have been allowed to slumber until evidence has been lost, memories have faded, and witnesses have disappeared.” Thus, statutes of limitations serve the same interests as the equitable doctrine of laches. While laches is a judicially created doctrine regarding the appropriate time within which a party must bring a suit, statutes of limitations afford plaintiffs what the legislature deems reasonable time to bring a claim. Like laches, statutes of limitations protect defendants and courts from claims seriously impaired by loss of evidence and witnesses. Limitation periods are intended to put defendants on notice of adverse claims, and like laches, to prevent the plaintiff from sleeping on his or her rights.

C. Utilization of Laches in Other Areas of Law

Other areas of law have addressed whether laches is an available defense under statutes where Congress has supplied a statute of limitations. In a suit

23. Ivy, 103 F.3d at 259.
29. Id.
31. Id.
32. Crown, Cork & Seal Co. v. Parker, 462 U.S. 345, 352 (1983). See also Kavanagh v. Noble, 332 U.S. 535, 539 (1947) (“Periods of limitation are established to cut off rights, justifiable or not, that might otherwise be asserted, and such periods of limitation must be strictly adhered to by the judiciary.”).
under the Federal False Claim Act\textsuperscript{33}, the Second Circuit held that laches is not a defense to an action filed within the applicable statute of limitations.\textsuperscript{34} The court held laches was no defense to an action at law.\textsuperscript{35} In a separate case, the Second Circuit held that in an equity action if the applicable legal statute of limitations has not expired, there is rarely an occasion to invoke the doctrine of laches.\textsuperscript{36}

The Eighth Circuit also addressed whether laches could be used to bar claims brought within the federally created statute of limitations period. In a gender discrimination claim, under Title VII of the Civil Rights Act of 1964,\textsuperscript{37} the court held that federal courts could not apply laches to bar a federal statutory claim timely filed under an express statute of limitations.\textsuperscript{38} The Eighth Circuit stated that separation of powers principles dictate that the federal courts could not disregard the express federal statute of limitations.\textsuperscript{39} Separation of powers concerns the separation of the three distinct branches of government.\textsuperscript{40} The doctrine is based on the notion that the “Constitution sought to divide the delegated powers of the new federal government into three defined categories: Legislative, Executive and Judicial.”\textsuperscript{41} Therefore, the Eighth Circuit’s holding stands for the proposition that application of laches to bar a timely claim violates separation of powers principles because it exemplifies an encroachment by the judiciary into the powers granted to Congress.\textsuperscript{42}

In a criminal law case, the Tenth Circuit held that when a limitation on the period for bringing suit has been set by statute, laches will generally not be invoked to shorten the statutory period.\textsuperscript{43} Citing the Fourth Circuit’s holding in \textit{Lyons}, the Tenth Circuit explained that when federal courts exercise their equitable power and consider laches, they are guided by the limitations period for actions at law, and presume that if an equitable claim is brought within the

\textsuperscript{34} United States v. RePass, 688 F.2d 154, 158 (2d Cir. 1982) (citing United States v. Mack, 295 U.S. 480 (1935)).
\textsuperscript{35} \textit{Id.; see also United States v. Milstein, 401 F.3d 53, 63 (2d Cir. 2005) (“Laches is not a defense to an action filed within the applicable statute of limitations.”).}
\textsuperscript{36} Ikelionwu v. United States, 150 F.3d 233, 238 (2d Cir. 1998).
\textsuperscript{38} Ashley v. Boyle’s Famous Corned Beef Co., 66 F.3d 164, 170 (8th Cir. 1995) abrogation on other grounds recognized by O’Donnell v. Vencor, Inc., 465 F.3d 1063, 1069 (9th Cir. 2006); Ledbetter v. Goodyear Tire & Rubber Co., 421 F.3d 1169, 1181 (11th Cir. 2005); Rowe v. Hussmann Corp., 381 F.3d 775, 782 (8th Cir. 2004); Madison v. IBP, Inc., 330 F.3d 1051, 1055 (8th Cir. 2003).
\textsuperscript{39} \textit{Id.}
\textsuperscript{40} U.S. Const. arts. I,II,&III.
\textsuperscript{42} U.S. Const. art. I, § 8, cl. 18. (providing that the “Congress shall have Power – to make all laws necessary and proper for carrying into Execution the foregoing powers”). See cases cited \textit{supra} note 38.
\textsuperscript{43} United States v. Rodriguez-Aguirre, 264 F.3d 1195, 1208 (10th Cir. 2001) (quoting Ikelionwu v. United States, 150 F. 3d 233, 238 (2d Cir. 1998)).
limitations period that it will not be barred by laches.\textsuperscript{44} Notably, however, the Tenth Circuit stated it was possible, in rare cases that a statute of limitations could be cut short by the doctrine of laches.\textsuperscript{45}

In a case involving trade dress rights, the Sixth Circuit held that laches should rarely bar a case before the statute of limitations has run.\textsuperscript{46} The Court further determined that there is a strong presumption that a plaintiff’s delay in bringing suit for monetary relief is not unreasonable, as long as the statute of limitations has not yet run.\textsuperscript{47} Similar to the Tenth Circuit, the Sixth Circuit has held that in cases outside the area of copyright infringement that laches is an available defense to cut short the statute of limitations only in rare cases.\textsuperscript{48}

The Ninth Circuit has taken a different approach to the availability of the laches defense. In an action brought under the Age Discrimination in Employment Act (ADEA),\textsuperscript{49} the Ninth Circuit held that the doctrine of laches was inapplicable when Congress provided a statute of limitations to govern the action.\textsuperscript{50} Because Congress provided a statute of limitations to govern ADEA actions, the plaintiff’s claims could not be barred by laches.\textsuperscript{51} It should be noted that this holding is at odds with the Ninth Circuit’s ruling that laches can be used to bar a claim in a copyright infringement action.\textsuperscript{52}

Presented with a claim pursuant to the Employee Retirement Income Security Act (ERISA),\textsuperscript{53} the Seventh Circuit determined that the statute of limitations could be contracted by the doctrine of laches.\textsuperscript{54} The Seventh Circuit held that laches was an available defense whether a suit was at law or equity, because as with many equitable defenses, the defense of laches is equally available in suits at law.\textsuperscript{55} The Seventh Circuit reasoned that because various tolling doctrines can be used to lengthen the period for suit specified in a statute of limitations, laches could be used to contract the period within which a suit must be brought.\textsuperscript{56}

\begin{itemize}
\item \textsuperscript{44} Id. (citing Lyons P’ship, L.P. v. Morris Costumes, Inc., 243 F.3d 789, 797-99 (4th Cir. 2001)).
\item \textsuperscript{45} Rodriguez-Aguirre, 264 F.3d at 1208.
\item \textsuperscript{46} Herman Miller, Inc. v. Palazzetti Imps. & Expns., Inc., 270 F.3d 298, 321 (6th Cir. 2001) (quoting Tandy Corp. v. Malone Hyde, Inc., 769 F.2d 326, 365-66 (6th Cir. 1985)).
\item \textsuperscript{47} Id.
\item \textsuperscript{48} Id.
\item \textsuperscript{49} 29 U.S.C. § 621-634 (2000).
\item \textsuperscript{50} Miller v. Maxwell’s Int’l Inc., 991 F.2d 583, 586 (9th Cir. 1993).
\item \textsuperscript{51} Id.
\item \textsuperscript{52} See Danjaq L.L.C. v. Sony Corp., 263 F.3d 942, 953 (9th Cir. 2001) (holding laches may sometimes bar a claim that was statutorily timely, although such an application of laches is rare).
\item \textsuperscript{53} 29 U.S.C. § 1001-1461 (2000).
\item \textsuperscript{54} Teamsters & Employers Welfare Trust v. Gorman Bros. Ready Mix, 283 F.3d 877, 881 (7th Cir. 2002).
\item \textsuperscript{55} Id.
\item \textsuperscript{56} Id.; see also Hutchinson v. Spanierman, 190 F.3d 815, 823-24 (7th Cir. 1999) (holding that in a case determining ownership of an art collection that the doctrine of laches may be used to bar a claim brought within the statute of limitations).
\end{itemize}
In the Second Circuit, the court addressed the availability of laches in a legal claim for damages for civil rights violations under 42 U.S.C. §1983. There, the court held that laches was not a defense to an action filed with the applicable statute of limitations. Noting the importance of an express limitations period, the court explained that statutes of limitations represented a value judgment on the part of the legislature. Citing separation of powers principles, the court stated that laches could not be used to cut short the statute of limitations period. The Second Circuit notably added that any cases holding laches was available to bar legal and equitable claims “disregard[] history.” Therefore, according to the Second Circuit, laches is not an available defense to legal claims brought within the federal statutory period of limitations. In its ruling the Second Circuit did not address laches as a defense to equitable claims, but noted in dicta that such an application of laches was problematic.

D. The Supreme Court and the Application of Laches

The United States Supreme Court has yet to address whether laches is an available defense in an infringement claim under the Copyright Act when both legal and equitable remedies are available. However, what the Supreme Court has said about laches in other contexts is pertinent to how it may potentially resolve the present circuit split regarding copyright law. As mentioned, supra, the merger of law and equity was accomplished by the adoption of the Federal Rules of Civil Procedure, which stated that “[t]here shall be one form of action to be known as ‘civil action.’” The Supreme Court has recognized that the doctrine of laches survived as a limitation upon granting relief in equity, stating in United States v. Mack that, “[l]aches within the term of the statute of limitations is no defense at law.” The Mack decision preceded the merger of law and equity in the federal courts. Therefore, the question

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58. Id.
59. Id. (quoting Ashley v. Boyle’s Famous Corned Beef Co., 66 F.3d 164, 170 (8th Cir. 1995))
60. Id. (quoting O’Donnell v. Vencor, Inc., 465 F.3d 1063, 1069 (9th Cir. 2006); Ledbetter v. Goodyear Tire & Rubber Co., 421 F.3d 1169, 1181 (11th Cir. 2005); Rowe v. Hussmann Corp., 381 F.3d 775, 782 (8th Cir. 2004); Madison v. IBP, Inc., 330 F.3d 1051, 1055 (8th Cir. 2003).
61. Id. (“The prevailing rule…is that when a plaintiff brings a federal statutory claim seeking legal relief, laches cannot bar that claim, at least where the statute contains an express limitations period within which the action is timely.”).
62. Id. at 261.
63. Id., 103 F.3d 257 at 261.
64. Ruga, supra note 27, at 671.
65. FED. R. CIV. P. 2.
67. Id. See also FED. R. CIV. P. 2.
becomes, after the merger of law and equity in the federal court system, what the role of legal defenses to equitable claims is, and vice-versa.68

Before the merger of law and equity, the Supreme Court acknowledged that equitable defenses were not available to actions at law.69 In a case, before the merger of law and equity involving the recovery of real estate, the Court held that where there is concurrent jurisdiction in the courts of common law and the courts of equity, the limitation period prescribed by the court of law will govern the court of equity in determining whether a claim is barred.70 Therefore, in a series of cases, the Court held that if both courts had concurrent jurisdiction in a matter, the time limit prescribed by the courts at law would govern in the equity court.71 The Court explained its rationale by stating that “[e]quity courts in cases of concurrent jurisdiction usually consider themselves bound by the [s]tatute of [l]imitations which govern the courts of law in like cases, and this rather in obedience to the [s]tatute of [l]imitation than by analogy.”72 Therefore, in early cases the Court noted that equity courts considered themselves bound by the statute of limitations governing the courts of law.

Although the merger of law and equity occurred decades ago, the current circuit split shows the issue has not yet been resolved. In recent dicta, the Supreme Court reiterated the distinction by volunteering that “application of the equitable defense of laches in an action at law would be novel indeed.”73 Therefore, the Court noted that application of laches to an action at law would be unconventional; leading to the interpretation that the Court affirmatively rejected the idea of applying equitable defenses to legal claims, while leaving open the possibility for allowing equitable defenses to equitable claims.74

The view that laches and similar equitable defenses can be used to bar equitable claims is based on a Supreme Court holding in Holmberg v. Armbrrecht that statutes of limitations are not controlling measures of equitable relief.75 Holmberg concerned the federal right to enforce liability imposed76 on shareholders of a joint land bank where the sole remedy was equity.77 While noting that statutes of limitations are not controlling measures of equitable relief, the Court explained that statutes of limitations have been drawn upon by equity for guidance in determining whether the plaintiff has inexcusably slept on his or

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68. See Ruga, supra note 27.
70. Clarke v. Boorman’s Ex’rs, 85 U.S. 493, 505 (1873).
71. Id.; see also In Re Broderick’s Will, 88 U.S. 503, 518 (1874); Badger v. Badger, 69 U.S. 87, 94 (1864); Babcock v. Wyman, 60 U.S. 289, 300 (1856).
73. Oneida County v. Oneida Indian Nation, 470 U.S. 226, 244-45 n.16 (1985).
74. See Ruga, supra note 27.
77. Id.
78. Holmberg, 327 U.S. at 395.
her rights. Therefore, it is acknowledged that in prior decisions the Court has allowed equitable defenses to defeat equitable claims brought within the applicable statute of limitations. However, Justice Stevens’ recent dissent in Oneida County v. Oneida Indian Nation noted that the Court was wary of allowing equitable defenses to enter the context of enforcing federal statutes.

III. FACTS

In this section the current circuit split is examined by laying out the three views on the availability of laches in a copyright infringement action. The continuum of diverging views begins with the Fourth Circuit approach, which bars the use of laches in both legal and equitable claims under the Copyright Act. The Sixth Circuit claims to take the middle ground approach and only allows the use of laches to bar a timely infringement claim in rare circumstances. As opposed to the Fourth Circuit’s rejection of laches, the Ninth Circuit holds that laches can be used to bar equitable and legal claims in copyright infringement actions. After laying out the three different approaches to the availability of laches, this section explains why the circuit split must be resolved for the effective protection of copyrights.

A. The Current Circuit Split Regarding Laches in Copyright Infringement Claims

1. The Ninth Circuit’s Application of Laches

The courts that have ruled on the availability of a laches defense to copyright infringement claims have reached different conclusions. Although the majority of circuits have held that laches is an available defense to a copyright

79. Id.
82. Chirco v. Crosswinds Cnty’s, Inc., 474 F. 3d 227, 234 (6th Cir. 2007) (holding that laches was available regardless of whether the suit is at law or in equity in unusual circumstances). See also Herman Miller, Inc., v. Palazzetti Imps. &.Exps., Inc., 270 F.3d 298 (6th Cir. 2001) (holding that only rarely should laches bar a case before the statute of limitations has run).
infringement claim, the Fourth Circuit minority view does not allow laches as a defense.

The Ninth Circuit has held that a laches defense is available in a copyright infringement action. For instance, in *Danjaq L.L.C. v. Sony Corp.*, Danjaq claimed that it owned the rights to the movie hero, James Bond, while Sony claimed that it transformed the character into a marketable movie hero and had a significant stake in the Bond movies. The appellate court was asked to determine whether the plaintiff waited too long to claim its share of the rights to the James Bond franchise. The court held that the plaintiff's claims were barred in their entirety by the doctrine of laches and therefore, both equitable and legal claims were barred. Although the plaintiff argued that laches may never bar an infringement claim brought within the statute of limitations, the court rejected this contention and held laches may bar a statutorily timely claim. The Ninth Circuit determined that if a defendant was able to show harm from the delay, the court may defeat the claim based on laches in extraordinary circumstances.

2. The Fourth Circuit’s Application of Laches

As opposed to the Ninth Circuit, the Fourth Circuit has ruled that the doctrine of laches never bars an infringement claim brought within the statute of limitations. In *Lyons Partnership, L.P. v. Morris Costumes, Inc.*, the plaintiff owned all of the intellectual property rights to the popular children’s television character “Barney.” The plaintiff brought an infringement claim seeking injunctive relief and damages to prevent the defendant from marketing costumes that looked like “Barney.” The district court concluded that the defendant had infringed on the plaintiff’s copyrights. However, the court entered a judgment in favor of the defendant, determining that the claims were barred by the statute of limitations and laches because the plaintiff was aware of the infringement.

The Fourth Circuit disagreed and determined that where Congress has provided a

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88. Id. at 947.
89. Id. at 942.
90. Id.
91. *Danjaq*, 263 F.3d at 955.
92. Id. at 954.
94. Id. at 795.
95. Id. at 795-96.
96. Id. at 796.
97. Id.
statute of limitations period for a cause of action, a court should not apply laches to overrule the legislature’s judgment as to the time limit for actions brought under the statute. The Fourth Circuit held that separation of powers principles precluded the court from applying the judicially created doctrine of laches to bar a federal statutory claim that had been timely filed under the statute of limitations. In its holding, the Fourth Circuit determined that laches could not be used to bar equitable or legal claims when an applicable statute of limitations period existed.

3. The Sixth Circuit’s Application of Laches

As opposed to the Fourth Circuit’s holding, the majority of federal circuit courts that have addressed the issue of laches as a defense have allowed its application. For example, the Sixth Circuit held that laches is an available affirmative defense under the Copyright Act. In Chirco v. Crosswinds Communities, Inc., the plaintiff had copyrighted design plans for residential developments. The plaintiff brought an infringement claim, alleging that the defendant began building condominiums copied from the plaintiff’s copyrighted plans. Following the discovery process at the district court level, it was determined that the plaintiff knew of the construction plans for at least 18 months prior to filing the federal action. By that time, 168 of the planned 252 units had been constructed, 141 sold and 109 occupied by the buyers. The district judge granted the defendant’s motion for summary judgment because the plaintiff did not diligently pursue an infringement claim. On appeal, the Sixth Circuit held laches was available in the circuit. The court also noted that laches could be argued regardless of whether the suit was at law or in equity and was equally available in both.

99. Id. at 797.
100. Id. at 798.
101. Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc., 342 F.3d 149, 165 (2d Cir 2003); Jacobsen v. Deseret Book Co., 287 F.3d 936, 949 (10th Cir. 2002) (holding that in rare cases a statute of limitations can be cut short by the doctrine of laches, but declining to do so); Roulo v. Russ Berrie & Co., 886 F.2d 931, 942 (7th Cir. 1989).
102. Chirco v. Crosswinds Cmty’s, Inc., 474 F.3d 227, 229 (6th Cir. 2007). See also Broad. Music, Inc. v. Roger Miller Music, Inc., 396 F.3d 762, 783 n.13 (6th Cir. 2005) (noting that although circuits are split as to whether laches is an available defense under the Copyright Act, laches is an available affirmative defense in a copyright action in the Sixth Circuit).
103. Chirco, 474 F.3d at 229-30.
104. Id. at 230.
105. Id.
106. Id.
107. Id.
108. Chirco v. Crosswinds Cmty’s, Inc., 474 F.3d 227, 236 (6th Cir. 2007).
109. Id. at 234. (quoting Teamsters & Employers Welfare Trust v. Gorman Bros. Ready Mix, 283 F.3d 877, 881 (7th Cir. 2002)).
In its decision, the Sixth Circuit cautioned that it was taking the middle ground between the Fourth Circuit’s prohibition on the application of laches and the more expansive application of the doctrine in the Ninth Circuit.\(^{110}\) The court stated that the defense of laches could be applied in “unusual circumstances,” and noted that a delay within the statute of limitations period is reasonable absent compelling reasons.\(^{111}\) Therefore, the Sixth Circuit has held that the doctrine of laches can be applied in copyright infringement cases, while at the same time claiming to limit the cases where the defense is allowed.\(^{112}\)

B. The availability of laches in copyright infringement claims: Why the Circuit split needs to be resolved

The current circuit split could be resolved if the Supreme Court granted certiorari in a case concerning the availability of the laches defense under the Copyright Act. This is important because inconsistency among the circuits encourages litigation, causing difficulty in planning on a national level.\(^{113}\) Circuit splits can be a difficult obstacle for businesses and individuals operating in two or more federal circuits.\(^{114}\) Additionally, circuit splits encourage forum shopping.\(^{115}\) Forum shopping can easily occur in copyright cases because venue might properly lie in every federal district court in the country.\(^{116}\) Uniform application of the law is important for attorneys taking copyright infringement cases, as well as copyright holders. Pending Supreme Court intervention, the defense remains in limbo – able to defeat infringement claims in some circuits and not recognized in others.\(^{117}\) Therefore, it is important that the Supreme Court resolve the circuit split regarding the availability of the laches defense in copyright infringement claims to prevent forum shopping and allow uniform application of the law.

Prior to 1958, no federal statute of limitations governing civil actions for copyright infringement existed.\(^{118}\) Some federal courts relied upon the forum state’s limitations period governing tort actions, while others applied state limitation periods governing causes of actions such as conversion or trover.\(^{119}\)

\(^{110}\) Id. at 232-33

\(^{111}\) Id. at 233-34.

\(^{112}\) Id.

\(^{113}\) Marybeth Herald, Reversed, Vacated and Split: The Supreme Court, the Ninth Circuit, and the Congress, 77 Or. L. Rev. 405, 431 (1998) (reasoning that inconsistency in the law resulting from circuit splits can encourage litigation in jurisdictions where the law is not settled, promote forum shopping, and create a public perception that laws are irrational).

\(^{114}\) Id.

\(^{115}\) Id.

\(^{116}\) Id.

\(^{117}\) 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT §12.06[A] (2007).


\(^{119}\) Id.
The wide divergence of time limits for filing suit meant that forum shopping became a common practice,120 which prompted Congress in 1957 to enact 17 U.S.C.A. § 115(b), establishing a uniform three year statute of limitations for civil copyright actions.121 In 1976, the Copyright Act underwent extension revision and a virtually identical statute of limitations provision was enacted by 17 U.S.C. § 507(b).122 In light of the reasoning for the passage of the Copyright Act, it is important that the Supreme Court resolve the circuit split to stabilize the area of copyright law and deter forum shipping.

The Copyright Act was passed because the divergence of time limits for filing suit encouraged forum shopping.123 The current split concerning the defense of laches under the Copyright Act again brings about the possibility that forum shopping will occur. The present problems plaguing this arena of copyright law are exactly the problems the statute sought to prevent. Therefore, it is important that the circuit split is resolved to preserve the stability of copyright infringement litigation.

IV. ANALYSIS

This section argues that the circuit split should be resolved by adopting the Fourth Circuit’s view on laches. This theory is advanced on the idea that allowing laches to bar a claim brought within the federally prescribed statute of limitations places judicial discretion over legislative judgment. In addition to a violation of separation of powers principles, it is also argued that courts applying laches to bar legal actions are at odds with Supreme Court precedent stating laches can never bar an action at law. In light of the fact that laches has been rejected in other areas of law the equitable defense should also be rejected in copyright infringement claims. Further, Justice Steven’s recent Supreme Court dissent rejecting the use of equitable defenses to bar equitable claims illustrates the fact that the Supreme Court has not wholeheartedly accepted this defense. Finally, this section argues that because laches and statute of limitations provisions were both created to bar stale claims, it is not necessary to utilize laches when there is an applicable statute of limitations period.

A. Why the Circuit Split Should be Resolved by Adopting the Fourth Circuit’s Approach and Rejecting the Application of Laches

The circuit split should be resolved by following the Fourth Circuit decision in Lyons Partnership, L.P. v. Morris Costumes, Inc., which rejected laches as a

120. Id.
122. Id.
defense to a copyright infringement action. The Fourth Circuit determined that a laches defense cannot bar legal or equitable claims that are brought within the legislatively prescribed statute of limitations. In Lyons, the Fourth Circuit appropriately acknowledged the separation of powers principles, preventing a laches defense to defeat a claim brought within the statute of limitations period. Accordingly, the Lyons decision recognized that while courts might not agree with a legislative statute, the judiciary should defer to Congressional legislation.

Moreover, the Supreme Court should adopt the Lyons decision because it acknowledges that when Congress creates a cause of action and provides both legal and equitable remedies, the statute of limitations for that cause of action should control. To accept laches as a defense to copyright infringement claims would set a dangerous precedent. Copyright holders no longer have the protection of the statute of limitations Congress created. This leads to uncertainty as to when to bring a claim, which ultimately creates even more litigation. Additionally, because it is often necessary for the party to explore all legal avenues available before bringing a claim, allowing a laches defense in copyright infringement actions brings uncertainty in copyright law. Further, it is important that copyright holders retain the security the statute of limitations created. Therefore, to bring stability to copyright infringement litigation and adhere to separation of powers principles, following the Fourth Circuit’s decision in Lyons is the best way to resolve the circuit split.

B. Rejecting the Sixth and Ninth Circuit Approaches: Why the Use of Laches is Improper

As opposed to the Fourth Circuit’s decision in Lyons the Sixth Circuit has determined that laches is an available defense in rare cases when a claim is brought within the statute of limitations. For example, in Chirco v. Crosswinds Communities, Inc., the court held that in cases with unusual circumstances, laches could be used to bar equitable and legal claims. Citing earlier Sixth Circuit precedent, the court held that laches was an available

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125. Id.
126. Id. at 798 (“[A] court should not apply laches to overrule the legislature’s judgment as to the appropriate time limit to apply for actions brought under the statute. Separation of powers principles thus preclude us from applying the judicially created doctrine of laches to bar a federal statutory claim that has been timely filed under an express statute of limitations.”).
127. Id. (stating that when Congress creates a cause of action “its statute of limitations for that cause of action should govern, regardless of the remedy sought”).
128. Id.
129. Chirco v. Crosswinds Cmty’s, Inc., 474 F. 3d 227, 234 (6th Cir. 2007) (holding that laches was available regardless of whether the suit is at law or in equity in unusual circumstances). See also Herman Miller, Inc., v. Palazzetti Imps. & Exps., Inc., 270 F.3d 298, 321 (6th Cir. 2001) (holding that only rarely should laches bar a case before the statute of limitations has run).
130. Chirco, 474 F. 3d at 234.
defense in copyright actions. However, while allowing a laches defense, the court cautioned that in the Sixth Circuit, there is a strong presumption that the plaintiff’s delay in bringing a suit is reasonable.

The Sixth Circuit claims to take the middle ground between the approach of the Fourth Circuit and that of the Ninth Circuit. However, like the Ninth Circuit, the court allows laches to bar both legal and equitable claims. Nonetheless, the Sixth Circuit differs from the Ninth Circuit by limiting the instances in which laches can be used. This is accomplished by the court’s dicta stressing that, in the absence of compelling reasons, the plaintiff’s delay is presumed to be reasonable, and laches will not apply. Therefore, it appears that the Ninth Circuit’s application of laches is more expansive than the Sixth Circuit’s, although both circuits allow laches to defeat legal and equitable claims under the Copyright Act.

1. Respecting Separation of Powers Principles

Similar to the Sixth Circuit’s determination that laches is an available defense, the Ninth Circuit holds that laches can be used to bar legal and equitable claims. In Danjaq L.L.C. v. Sony Corp., the court found there had been “extraordinary delay,” which caused prejudice to Danjaq. The court held that laches was an appropriate defense “despite the statute of limitations.” The court further acknowledged that it was following earlier circuit precedent

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131. Id. at 233 (quoting Broad. Music, Inc., v. Roger Miller Music, Inc., 396 F.3d 783, n. 13 (6th Cir. 1995) (“[L]aches is available as an affirmative defense in a copyright action in the Sixth Circuit.”).

132. Chirco, 474 F.3d at 232. See e.g. Ford Motor Co. v. Catalanotte, 342 F.3d 543, 550 (6th Cir. 2003) (presumption that trademark infringement action is alive if brought within the analogous statute of limitations period); Elvis Presley Enters., Inc., v. Elvisly Yours, Inc., 936 F.2d 889, 894 (6th Cir. 1993) (there is a strong presumption in a trademark infringement case that delay within the statute of limitations period is reasonable absent “compelling reasons”); Patton v. Bearden, 8 F.3d 343, 348 (6th Cir. 1993) (holding there is a strong presumption that laches will not apply when the statute of limitations in contract action has not run, absent a compelling reason); Tandy Corp. v. Malone & Hyde, Inc., 769 F.2d 362, 365 (6th Cir. 1985) (stating that if the statute of limitation has not elapsed there is a strong presumption that delay is reasonable and that only rarely should laches bar a claim before the statute has run).

133. Chirco, 474 F.3d at 232-33 (“The Sixth Circuit has carved out a middle ground between the Fourth Circuit’s strict prohibition on application of the laches doctrine in cases involving a statute with an explicit limitations provision and somewhat more expansive application of the doctrine by the Ninth Circuit.”).

134. Compare Chirco 474 F.3d at 234 (holding laches can be used to bar legal and equitable claims) with Danjaq 263 F.3d at 947 (holding that laches can be used to bar legal and equitable claims).

135. See supra note 134 and accompanying text.


137. Id. at 952.

138. Id. at 954.
where it had previously been held that laches may sometimes bar a statutorily timely claim.139

The Ninth Circuit based its holding on previous precedent permitting laches to bar a statutorily timely claim,140 despite contrary authority.141 In an earlier Ninth Circuit case, the court held that laches could not bar a claim brought within the federal statute of limitations.142 However, in Danjaq, the court curiously did not reference any earlier contrary authority in the circuit.143 Furthermore, the holding in Danjaq, allowing laches to bar equitable and legal claims, is not in accord with the separation of powers principles. The Ninth Circuit’s ruling places judicial discretion ahead of legislative judgment because it bars both the legal and equitable claims of the plaintiff, thereby frustrating the statutory period of limitations.144 While the availability of a laches defense when the remedy sought is equitable is uncertain, the availability of a laches defense for a legal remedy has been rejected by the Supreme Court.145 Therefore, the Ninth Circuit’s decision in Danjaq allowing laches to bar legal claims to a cause of action brought within the statute of limitations is at odds with Supreme Court precedent.

Additionally, the Ninth Circuit’s holding in Danjaq incorrectly allowed laches to bar equitable claims brought by the plaintiff. In the past the Supreme Court has allowed equitable defenses to defeat equitable claims brought within the applicable statute of limitations.146 Although the Supreme Court has permitted equitable defenses to bar equitable claims,147 in resolving the circuit split the Court should follow the Fourth Circuit’s holding in Lyons and reject laches as a defense to claims, both equitable and legal, brought before the statute of limitations has expired.

139. Id. (citing Kling v. Hallmark Cards Inc., 225 F.3d 1030, 1039 (9th Cir. 2000)).
140. Id. at 954 (“We have already determined that laches may sometimes bar a statutorily timely claim.”).
141. Kling v. Hallmark Cards, Inc., 225 F.3d 1030, 1039 (9th Cir. 2000) (allowing laches despite statute of limitations). But see Miller v. Maxwell’s Int’l, Inc., 991 F.2d 583, 586 (9th Cir. 1993) (“Because Congress provided a statute of limitations to govern ADEA actions…[those] claims cannot be barred by laches.”).
142. Miller v. Maxwell’s Int’l, Inc., 991 F.2d 583, 586 (9th Cir. 1993).
143. Danjaq, 263 F.3d at 942. See also Kling, 225 F.3d 1030.
144. Danjaq, 263 F.3d at 947.
145. See e.g. County of Oneida v. Oneida Indian Nation, 470 U.S. 226, 244 n.16 (1985) (“[A]pplication of the equitable defense of laches in an action at law would be novel indeed.”); Holmberg v. Armbrecht, 327 U.S. 392, 395 (1946) (“If Congress explicitly puts a limit upon the time for enforcing a right which it created, there is the end of the matter. The Congressional statute of limitation is definitive); United States v. Mack, 295 U.S. 480, 489 (1935) (Cardozo, J.) (“Laches within the term of the statute of limitations is no defense at law.”); Cross v. Allen, 141 U.S. 528, 537 (1891).
147. Ruga, supra note 27. See e.g. Russell v. Todd, 309 U.S. 280 (1940).
2. The Supreme Court Has Not Closed the Door on Barring Equitable Defenses to Equitable Claims

While the Court has allowed laches to bar equitable claims brought within the statute of limitations period, a recent dissent in line with the <i>Lyons</i> holding suggests that the Supreme Court is vacillating in its view on the availability of laches in equitable claims. In <i>Oneida County v. Oneida Indian Nation</i>, Justice Stevens called into question the propriety of allowing equitable defenses to bar enforcement of federal statutes.\(^\text{148}\) Allowing equitable defenses to enter the realm of enforcing federal statutes was questioned by Justice Stevens because of a concern for separation of powers principles.\(^\text{149}\) Justice Stevens noted that the <i>Oneida</i> claim arose “under federal common law, not under any congressional enactment, and in this context the Court would not risk frustrating the will of the legislature.”\(^\text{150}\) Therefore, the fact that laches violates separation of powers principles when the defense is used to circumvent the will of Congress was explicitly noted in Justice Stevens’ dissent.

In light of Justice Stevens’ dissent in <i>Oneida</i>, it is argued that the Supreme Court has not closed the door on whether laches is available to defeat equitable claims. Additionally, Justice Stevens noted that separation of powers principles make the utilization of laches problematic when there is a federal statute involved.\(^\text{151}\) This acknowledgement that the use of a judicially created doctrine to frustrate the congressional statute of limitations period violates separation of powers principles is in line with the Fourth Circuit’s holding in <i>Lyons</i>.\(^\text{152}\) Therefore, the circuit split should be resolved by following the Fourth Circuit’s decision in <i>Lyons</i>, rejecting the Sixth Circuit’s holding in <i>Chirco</i> and the Ninth Circuit’s holding in <i>Danjaq</i>.

3. Allowing Laches to Bar Actions at Law is at Odds with Established Supreme Court Precedent

The Supreme Court has not addressed the availability of a laches defense in a copyright infringement action. However, the Court has addressed the availability of a laches defense when a statute includes a statute of limitations. The Court stated that if Congress supplied a time limit upon enforcing a right, then the Congressional statute of limitation was definitive.\(^\text{153}\) This holding


\(^\text{149}\) Id. (“[i]n deference to separation of powers, the Court has been circumspect in adopting principles of equity in the context of enforcing federal statutes.”).

\(^\text{150}\) Id. at 262.

\(^\text{151}\) Id. at 262 n.12.


\(^\text{153}\) Holmberg v. Armbrrecht, 327 U.S. 392, 395 (1946) (“If Congress explicitly puts a limit upon the time for enforcing a right which it created, there is the end of the matter. The Congressional statute of limitation is definitive.”).
illustrates that the Supreme Court has rejected laches as an available defense if the cause of action is at law.  

In regards to applying equitable defenses to legal claims, the Supreme Court has held that laches is not available before the statute of limitations has expired.  

In dicta, the Court stated that “application of the equitable defense of laches in an action at law would be novel indeed.” 

Therefore, in light of this view espoused by the Court, allowing a laches defense to legal claim in a copyright infringement action would not be appropriate. The Court’s holding that laches is generally not available to bar legal claims before the expiration of the applicable statute of limitations indicates that the Court would similarly not allow a laches defense to a legal claim under the Copyright Act.

4. A Laches Defense to Bar Timely Claims Has Been Rejected in Other Areas of the Law

The Second Circuit follows the majority approach and allows laches in a copyright infringement action. However, when the court addressed the availability of laches outside of the copyright context, it came to a different conclusion. In a case involving a civil rights claim, the Second Circuit stated that laches was not an available defense for actions at law filed within the applicable statute of limitations. The court based its holding on similar Eighth Circuit precedent which does not allow laches in deference to separation of powers principles. Therefore, the Second and Eighth Circuits are line with the Fourth Circuit’s decision that laches is not a defense to an action at law. However, the Second and Eighth Circuits allow laches as a defense to an equitable claim. The holdings of the Second and Eighth Circuits appropriately acknowledge deference should be given to the legislature when they have created

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155. United States v. Mack, 295 U.S. 480, 489 (1935) (Cardozo, J.) (“Laches within the term of the statute of limitations is no defense at law.”); Cross v. Allen, 141 U.S. 528, 537 (1891) (holding that in a suit to enforce a mortgage, “[t]he question of laches and staleness of claim virtually falls with that of the defense of the statute of limitations. So long as the demands secured were not barred by the statute of limitations, there could be no laches in prosecuting a suit.”).

156. County of Oneida v. Oneida Indian Nation, 470 U.S. 226, 244 n.16 (1985).


158. Ivani Contracting Corp. v. City of N.Y., 103 F.3d 257, 260 (2d Cir. 1997) (citing United States v. RePass, 688 F.2d 154, 158 (2d Cir. 1982)).

159. Id. (citing Ashley v. Boyle’s Famous Corned Beef Co., 66 F.3d 164, 168-69 (8th Cir. 1995) (“separation of powers principles dictate that federal courts not apply laches to bar a federal statutory claim that is timely filed under an express statute of limitations.”) abrogation on other grounds recognized by O’Donnell v. Vencor, Inc., 465 F.3d 1063, 1069 (9th Cir. 2006); Ledbetter v. Goodyear Tire & Rubber Co. 421 F.3d 1169, 1181 (11th Cir. 2005); Rowe v. Hussmann Corp., 381 F.3d 775, 782 (8th Cir. 2004); Madison v. IBP, Inc., 330 F.3d 1051, 1055 (8th Cir. 2003).

160. Ivani, 103 F.3d at 260.
a statutory period of limitations. Therefore, the precedent of these two circuits properly follows Supreme Court precedent rejecting a laches defense to actions at law.

Conversely, the Seventh Circuit is at odds with the approach of the Second and Eighth Circuits regarding the availability of laches. In Teamsters & Employers Welfare Trust v. Gorman Bros. Ready Mix, involving an ERISA claim, the Seventh Circuit held that laches can be used to shorten the statute of limitations period. Additionally, the Seventh Circuit stated that laches may bar claims brought within the statute of limitations, regardless of whether the claim was at law or in equity. The Seventh Circuit claimed that the defense of laches is equally available in suits at law. This is a confusing result considering the Supreme Court has held for over a hundred years that a laches defense is not available to an action at law.

In addition to holding that laches is an available defense, the Seventh Circuit noted that it was mindful of courts invoking a presumption against the use of laches to shorten the statute of limitations. In referring to the holding in Ivani Contracting Corp. v. City of N.Y., which stated laches could not be used to bar a timely claim, the Seventh Circuit dismissed the idea that separation of powers principles were related to the use of laches. The Seventh Circuit claimed that when Congress fails to enact a statute of limitations, a court borrows a state statute of limitations, but permits it to be abridged by the doctrine of laches. This reasoning is misguided because it is not relevant what a court does when Congress fails to enact a statute of limitations. The important point is that when

162. United States v. Mack, 295 U.S. 480, 489 (1935) (Cardozo, J.) ("Laches within the term of the statute of limitations is no defense at law."); Cross v. Allen, 141 U.S. 528, 537 (1891) (holding that in a suit to enforce a mortgage, "the question of laches and staleness of claim virtually falls with that of the defense of the statute of limitations. So long as the demands secured were not barred by the statute of limitations, there could be no laches in prosecuting a suit.").
164. See 283 F.3d 877, 881 (7th Cir. 2002).
165. Id.
166. Id.
168. Teamsters 283 F.3d at 881 (citing Herman Mills, Inc., v. Palazetti Imps. & Exps., Inc., 270 F.3d 298, 321 (6th Cir. 2001); United States v. Rodriguez Aguirre, 264 F.3d 1195, 1207-08 (10th Cir. 2001)).
169. Id. (stating that the Ivani holding was made on the "odd grounds" that barring a timely statutory claim by means of a judge-made doctrine is in tension with separation of powers). See Ivani Contracting Corp. v. City of N.Y., 103 F.3d 257, 260 (2d Cir. 1997).
170. Teamsters, 283 F.3d at 881.
Congress does enact a statute of limitations, it should be followed and when the judiciary supplants congressional judgment with its own, separation of powers principles are violated. As Justice Stevens noted in Onedia, application of laches to bar claims arising under federal common law does not risk “frustrating the will of the Legislature.” However, when there is an applicable federal statute of limitations circumvented separation of powers issues arise.

5. Laches is Not Necessary When an Applicable Statute of Limitations Period Exists

The doctrine of laches is rooted in public policy grounds, which require, for the peace of society, the discouragement of stale demands. Laches is an equitable doctrine that depends upon the facts of each case, unlike the statute of limitations which is its legal equivalent. To put it in its simplest form, laches is a judiciously created doctrine, whereas a statute of limitation is a legislative enactment. Legal literature, dominated by judicial opinions, has a bias in favor of doctrines that vest power in the hands of the judiciary. Courts decline to express reservations about laches because it vests them with nearly full discretion to dismiss a claim they believe ought to be barred. However, because Congress has provided legal and equitable remedies for an infringement cause of action, intervention by the judiciary is unnecessary. Further, Congress has supplied a statute that allows for the uniform governance of copyright infringement actions, and applying laches to circumvent the limitations period is not necessary to confuse infringement litigation.

While public policy led to the development of the laches doctrine in courts of equity, a laches defense is not necessary in copyright infringement claims. Under the Copyright Act, Congress created the cause of action and provided both legal and equitable remedies. Additionally, Congress did provide a statute of limitations period. Like laches, statutes of limitations promote

172. Oneida, 470 U.S. at 262 (Stevens, J., dissenting).
176. Gail L. Heriot, A Study in the Choice of Form: Statute of Limitations and the Doctrine of Laches, 1992 BYU L. REV. 917, 918 (1993) (reasoning that the popularity of the laches doctrine among courts is “hardly proof of its superiority over the statute of limitations,” but rather suggests that legal opinions are biased in favor of doctrines that vest power in the hands of the judiciary).
177. Id. at 918-19 (declaring that laches is “wrongheaded precisely because it vests too much power and discretion in the hands of the courts”).
178. Lyons, 243 F.3d at 799.
179. Id.
justice, by preventing surprise through the revival of a claim that has become stale.181 Statutes of limitations give plaintiffs what the legislature deems a reasonable time to bring claims, and also protect defendants and courts from claims in which the search for the truth may seriously be impaired by the loss of evidence.182 Because statutes of limitations seek to bring about similar ends as the doctrine of laches, it is not necessary to utilize laches to defeat the legislatively created period within which to bring copyright infringement claims.

C. Why the Approach of the Fourth Circuit Should be Adopted

The Fourth Circuit’s approach is superior because it follows Supreme Court precedent, rejecting a laches defense to an action at law.183 Additionally, the Fourth Circuit represents the minority view that holds laches cannot be used to bar legal or equitable claims.184 This approach allows copyright holders to be entitled to the full three year statute of limitation that Congress deemed was appropriate.185 By following the Fourth Circuit’s approach, there will not be issues involving different applications of laches based on judicial discretion. Each copyright holder will have three years to bring a claim, and infringers will know that after three years a stale claim cannot be brought. Furthermore, when a congressionally created statute of limitations period exists, application of laches to bar a timely claim frustrates the will of Congress thereby violating separation of powers principles. In light of the rationale for the statute of limitations and separation of powers principles, the Fourth Circuit’s approach represents the best balance of both interests.

IV. CONCLUSION

For copyright holders, being able to protect their copyrighted work against infringement is of utmost importance. Additionally, it is important that copyright law is uniform throughout different jurisdictions to prevent inconsistent application and forum shopping. Recognizing these two important goals, Congress passed the Copyright Act.186 Before passage of the Act, potential litigants regularly engaged in forum shopping, which plagued the area of copyright law. Because these issues have resurfaced, it is of prime importance that the circuit split be resolved to bring uniformity and stability to the copyright law arena.

While it is important that the current split be resolved to allow uniform application of copyright law, it is equally important to follow the Fourth

183. See supra note 169 and accompanying text.
184. Lyons, 243 F.3d at 799.
186. Id.
Circuit’s approach embodied in Lyons.187 Rejection of the laches defense to equitable or legal claims under the Copyright Act acknowledges the merger of law and equity that was implemented with the Federal Rules of Civil Procedure. Within the Copyright Act, Congress supplied both equitable and legal remedies, while maintaining a statute of limitations.188 Regardless of the remedy sought, the three year statute of limitations is applicable. When the judiciary circumvents the federal statute and supplants its own judgment as to the timeliness of a claim, it is a violation of the separation of powers principles. Instead, the courts should defer to statutory periods of limitations as to timeliness and not allow laches to bar equitable or legal claims. Where Congress fails to supply an applicable statute of limitations, the judiciary should use laches to decide timeliness.

Therefore, in cases of copyright infringement arising under the Copyright Act, the doctrine of laches should not be applicable to bar either equitable or legal claims. While the Supreme Court holds that laches is not applicable to actions at law, it should also determine that laches is not available as a defense to equitable actions. Further, Justice Stevens recent dissent underscores the separation of powers problems inherent in allowing laches to be used to bar equitable claims where there is a federal statute.189 In resolving the circuit split, the Court should adopt the principles embodied in Justice Steven’s Oneida dissent as well as the Lyons decision, thereby barring equitable defenses in copyright infringement claims.

In light of the rationale behind the Copyright Act, it is important that the circuit split is resolved in a manner that properly protects copyright holders. Furthermore, it is imperative that the judiciary observe separation of powers principles and give adequate deference to the Congressional determination as to the appropriate period within which a claim is to be brought. By taking these steps, copyright holders can be assured they have adequate legal recourse to protect themselves from infringement. The best way to insure uniform protection of copyrights is to reject laches as a defense to claims brought within the congressionally determined statute of limitations.

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189. Oneida County v. Oneida Indian Nation, 470 U.S. 226, 262 n.12 (1985) (Stevens, J., dissenting) (stating that “[i]n deference to separation of powers, the Court has been circumspect in adopting principles of equity in the context of adopting principles of equity in the context of enforcing federal statutes”).