

A Two-Branched Attack on the Jury Right in Patent Litigation

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NOTE

A TWO-BRANCHED ATTACK ON THE JURY RIGHT IN PATENT LITIGATION

Minsuk Han[†]

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INTRODUCTION

The rising publicity of high-profile patent litigation among major companies has focused the attention of both the public and legal scholars on the viability of the current patent system.¹ Indeed, such

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¹ See, e.g., Charles Duhigg & Steve Lohr, *The Patent, Used as a Sword*, N.Y. TIMES (Oct. 7, 2012), <http://www.nytimes.com/2012/10/08/technology/patent-wars-among-tech-giants-can-stifle-competition.html?emc=eta1&pagewanted=all> (discussing the critique that vague and broad patents for software features are being used as important weapons in worldwide legal battles among major smartphone manufacturers). *But see* Steve Lohr, *Smartphone Patent Wars Show the System Works*, *Patent Chief Says*, N.Y. TIMES BITS BLOG (Nov.

publicity has even provoked skepticism from Judge Richard Posner on the necessity of software patents in particular and the patent system in general.² It is also notable that he mistrusted judges' and jurors' abilities to adjudicate complex patent litigation effectively. For example, dismissing eleven claims in a patent dispute between Apple and Motorola Mobility, Judge Posner questioned whether the judge or jury could "really balance 15 or more factors and come up with anything resembling an objective assessment" of the reasonable royalty that the patent infringer must pay to the patentee as a remedy.³

This debate on the viability of the current patent system largely involves a critique on the judge's aptitude for adjudicating patent disputes, a critique on the jury's capability as a fact finder to resolve highly technical factual issues, or both. As to the need for judicial expertise in patent law, the biggest experiment among recent efforts to reform the patent litigation system is a statute implementing what is known as the Patent Cases Pilot Program, or simply the Patent Pilot Program.⁴ The legislation's purpose is to improve the quality of patent-dispute adjudication by creating patent specialists at the district court level.⁵ Fourteen district courts were selected for participation in the Program.⁶ Under the Program, patent cases filed in the participating courts are initially assigned to judges randomly, regardless of whether those judges have been designated to hear patent cases.⁷ A judge who is randomly assigned to a patent case but is not among the

20, 2012, 3:25 PM), <http://bits.blogs.nytimes.com/2012/11/20/smartphone-patent-wars-show-the-system-works-patent-chief-says/> (reporting the defense of the current patent system by David J. Kappos, then-Director of the United States Patent and Trademark Office).

² See Duhigg & Lohr, *supra* note 1 ("I am skeptical whether patents are needed in the software industry to provide adequate incentives." (quoting Judge Posner) (internal quotation marks omitted)); Richard Posner, *Do Patent and Copyright Law Restrict Competition and Creativity Excessively?*, BECKER-POSNER BLOG (Sept. 30, 2012), <http://www.becker-posner-blog.com/2012/09/do-patent-and-copyright-law-restrict-competition-and-creativity-excessively-posner.html>; see also Joe Palazzolo & Ashby Jones, *Apple and Samsung Patent Suit Puts Judge Posner's Worldview on Trial*, WALL ST. J. (July 23, 2012, 7:21 PM), <http://online.wsj.com/news/articles/SB10000872396390443295404577545052739462384> (explaining Judge Posner's critiques of the current patent system and his involvement in the national discussion on whether the patent system is broken).

³ *Apple, Inc. v. Motorola, Inc.*, 869 F. Supp. 2d 901, 911 (N.D. Ill. 2012), *argued*, 12-01548 (Fed. Cir. Sept. 11, 2013). Judge Posner was referring to the *Georgia-Pacific* factors, which are the factors that a court considers in order to determine a "reasonable royalty" in patent infringement actions. See *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116, 1119-20 (S.D.N.Y. 1970), *modified and aff'd sub nom. Georgia-Pacific Corp. v. U.S. Plywood-Champion Papers Inc.*, 446 F.2d 295 (2d Cir. 1971).

⁴ Patent Pilot Program, Pub. L. No. 111-349, 124 Stat. 3674 (2011) (codified at 28 U.S.C. § 137 note (2012)).

⁵ H.R. REP. NO. 109-673, at 3 (2006).

⁶ News Release, Admin. Office of the U.S. Courts, District Courts Selected for Patent Pilot Program (June 7, 2011), *available at* http://www.uscourts.gov/News/NewsView/11-06-07/District_Courts_Selected_for_Patent_Pilot_Program.aspx.

⁷ Patent Pilot Program § 1(a)(1)(B).

designated judges may decline the case.⁸ That case is then randomly reassigned to one of the judges designated to hear patent cases.⁹

As to the jury's ability to find facts, antijury sentiment is particularly prominent in the context of patent litigation. It is thought that the subject matter of patents is likely to be inherently complex.¹⁰ Accordingly, many scholars argue that lay jurors without any technical background would not be able to easily determine the fact-intensive, technical questions arising in patent cases.¹¹ Furthermore, the "black box" effect of jury verdicts could shield any errors that the jury might have made from appellate review.¹²

Historically, such antijury sentiment has found "outlets for [exerting] pressures" on courts through various means.¹³ First, before the Supreme Court stepped in with a more flexible historical test, the Court used a law-equity distinction with reference to those concepts as they existed when the Seventh Amendment was adopted in order to have some cases heard only by a judge.¹⁴ Second, the Court used a law-fact distinction and determined that certain issues are sufficiently legal, even if they have some factual components, and that they should be decided by a judge—even in common law cases where the law-equity distinction would have triggered the litigating party's Seventh Amendment jury right.¹⁵ Lastly, there have been attempts to

⁸ *Id.* § 1(a)(1)(C).

⁹ *Id.* § 1(a)(1)(D). To be eligible for participation in the Program, a district court had to be among the fifteen district courts in which the largest number of patent and plant-variety protection cases were filed in 2010 or have adopted or certified to the Director of the Administrative Office of the United States Courts the intention to adopt local rules for patent and plant-variety protection cases. *Id.* § 1(b)(2)(A); see News Release, *supra* note 6.

¹⁰ See Gregory D. Leibold, Comment, *In Juries We Do Not Trust: Appellate Review of Patent-Infringement Litigation*, 67 U. COLO. L. REV. 623, 623, 624 (1996) (observing that juries have difficulty in comprehending the underlying technology in patents).

¹¹ See, e.g., Arti K. Rai, *Specialized Trial Courts: Concentrating Expertise on Fact*, 17 BERKELEY TECH. L.J. 877, 895 (2002); Leibold, *supra* note 10, at 624.

¹² See Kimberly A. Moore, *Judges, Juries, and Patent Cases—An Empirical Peek Inside the Black Box*, 99 MICH. L. REV. 365, 401 (2000).

¹³ RICHARD H. FIELD, BENJAMIN KAPLAN & KEVIN M. CLERMONT, *MATERIALS FOR A BASIC COURSE IN CIVIL PROCEDURE* 1526 (10th ed. 2010).

¹⁴ See, e.g., *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 477 (1962) (upholding the defendant's right to a jury trial when seeking an accounting in a trademark infringement action); *Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 508 (1959) (upholding the defendant's right to a jury trial when raising a counterclaim and cross-claim under the federal antitrust statute in a declaratory judgment action); see also *infra* Part II.A (discussing the law-equity distinction in Seventh Amendment jurisprudence and how it functions in the context of patent disputes).

¹⁵ See *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 376–77, 388 (1996); see also *infra* Part II.B (discussing the law-fact distinction in Seventh Amendment jurisprudence and how it functions in the context of patent disputes).

modify some procedural elements of jury trials, such as the number of jurors.¹⁶

This Note analyzes recent developments in patent litigation, which can be characterized as a “two-branched attack” on the Seventh Amendment right to a jury trial. On the one hand, courts have denied the right to a jury trial on the basis of the equitable nature of relief sought by the litigant even when a regulatory framework forces the lawsuit to be brought in a procedural posture where the patentee’s claim will inevitably be equitable in nature.¹⁷ On the other hand, even after the nature of the claim triggers the right to a jury trial, courts oftentimes seem willing to demarcate the line between law and fact so as to take certain questions away from the jury and confer them upon the court itself (i.e., the judge).¹⁸

This Note asserts that recent developments in the patent litigation system pose considerable threats to the Seventh Amendment right to a jury trial. This right has been marginalized in the context of patent disputes as the responsibility of the judge increases, which in turn has renewed the need for specialized judges with expertise in patent law.¹⁹ The evisceration of the jury right is alarming in and of itself, but even more so because the reform efforts spearheaded by the Patent Pilot Program lack due regard for their potential adverse effect on the jury right.²⁰ This Note further argues that the common rationales for changes in the patent litigation system—namely, improving uniformity, predictability, accuracy, and efficiency in patent adjudication—are insufficient to justify further marginalization of the right to a jury trial given the process value that is inherent to jury trials.²¹

Part I of this Note discusses the evolution of the patent litigation system by introducing the structure of the current judicial system and the Patent Pilot Program. Part II outlines two questions that must be answered in order to determine whether a litigant has the right to a jury trial: whether the cause of action triggers the Seventh Amendment jury right, and whether there are any questions for the jury to answer. Part III analyzes the two-branched attack on the jury right in the context of patent litigation—namely, the attack using the line between law and equity on the one hand and that using the line between law and fact on the other. As an attempt to defend the jury right, Part IV analyzes the adverse impact of the Patent Pilot Program on the jury right and argues that the inaccuracy of patent dispute adjudication

¹⁶ See Joan E. Schaffner, *The Seventh Amendment Right to Civil Jury Trial: The Supreme Court Giveth and the Supreme Court Taketh Away*, 31 U. BALT. L. REV. 225, 268–70 (2002).

¹⁷ See *infra* Part III.A.

¹⁸ See *infra* Part III.B.

¹⁹ See *infra* Part IV.B.

²⁰ See *infra* Part IV.A.

²¹ See *infra* Part IV.C.

has been amplified by a phenomenon termed “the myth of reversal rate.” Furthermore, it argues that the rationales for reform are insufficient to justify further marginalization of the jury right and attempts to refute them. In conclusion, the Note calls for alternative routes for improving the patent adjudication system that give due regard for the Seventh Amendment right to a jury trial.

I

THE EVOLUTION OF THE PATENT LITIGATION SYSTEM

In order to discuss the recent developments in patent litigation and the issues of the Seventh Amendment right that are specific to patent disputes, it is important to set the current reform efforts against their historical backdrop. Thus, a brief summary of the evolution of the judicial system for patent litigation follows.

A. The Structure of the Judicial System for Patent Litigation

The Constitution grants Congress the authority to provide patentees with the exclusive right to their inventions for a limited period of time.²² The right is conferred in exchange for public disclosure of the claimed invention.²³ After the U.S. Patent and Trademark Office (PTO) issues a patent, the patentee can enforce the patent by suing for patent infringement in federal court.²⁴ The alleged infringer may assert an affirmative defense or bring a counterclaim that the patent is invalid because the PTO issued it erroneously in the first place.²⁵

Federal district courts “have original jurisdiction [over] any civil action arising under any Act of Congress relating to patents.”²⁶ The courts of appeals originally had appellate jurisdiction over patent disputes (similar to any other case) until Congress created the U.S. Court of Appeals for the Federal Circuit in 1982.²⁷ The Federal Circuit now enjoys exclusive appellate jurisdiction over any case asserting a patent

²² U.S. CONST. art. I, § 8, cl. 8 (“The Congress shall have Power . . . [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”); see 35 U.S.C. § 154(a) (2) (2006 & Supp. V 2011) (setting the duration of the patent term at twenty years).

²³ See *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 985 (Fed. Cir. 1995) (describing that the federal government grants the patentee an exclusive right to make, use, or sell his or her invention for twenty years in exchange for the full disclosure of the invention to the U.S. Patent and Trademark Office), *aff’d*, 517 U.S. 370 (1996).

²⁴ See 35 U.S.C. § 271 (2006 & Supp. V 2011) (enumerating actions that constitute patent infringement); *id.* § 281 (“A patentee shall have remedy by civil action for infringement of his patent.”).

²⁵ See HERBERT F. SCHWARTZ, *PATENT LAW AND PRACTICE* 35–36, 87–88 (2d ed. 1995) (describing the bases for and procedures by which all or part of a patent can be declared invalid in a patent infringement action).

²⁶ 28 U.S.C. § 1338(a) (2012).

²⁷ See Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25 (codified in scattered sections of 28 U.S.C.).

claim.²⁸ Congress intended to bring stability and predictability to patent law by creating the Federal Circuit²⁹ as its exclusive appellate jurisdiction would enable the Federal Circuit to shape the patent law with uniformity.³⁰

B. The Patent Pilot Program

The Patent Pilot Program “represents the next step toward promoting uniformity within patent law and combating the effects of forum shopping in the district courts.”³¹ As Congress intended with the creation of the Federal Circuit, the Patent Pilot Program is expected to improve uniformity of decisions and to prevent forum shopping by encouraging interested judges to become more familiar with patent law and build expertise.³²

The legislative purpose of the Patent Pilot Program is “to authorize the creation of a patent specialists’ pilot program at the U.S. district court level, which is intended to improve the adjudication of patent disputes.”³³ The legislation provides a way for some judges in designated district courts to be exposed to more patent law issues through a modified case allocation method: initial case assignment in a participating district court is not different at all—that is, cases are randomly assigned.³⁴ But nonparticipating judges have the option to decline to accept a patent case.³⁵ The chief judge of the district court

²⁸ 28 U.S.C. § 1295(a) (2012). The Federal Circuit’s exclusive appellate jurisdiction is determined by a variation of “the well-pleaded complaint rule, as appropriately adapted to § 1338(a).” *Christianson v. Colt Inds. Operating Corp.*, 486 U.S. 800, 809 (1988). It extends

only to those cases in which a well-pleaded complaint establishes either that federal patent law creates the cause of action or that the plaintiff’s right to relief necessarily depends on resolution of a substantial question of federal patent law, in that patent law is a necessary element of one of the well-pleaded claims.

Id. at 808–09. Therefore, in *Christianson*, the Supreme Court denied the Federal Circuit’s statutory appellate jurisdiction over a case where the only question truly at issue was patent validity because the complaint raised only antitrust claims under the Sherman Act and the patent-law issue was not necessary to their overall success. *Id.* at 810–13.

²⁹ See Richard H. Seamon, *The Provenance of the Federal Courts Improvement Act of 1982*, 71 GEO. WASH. L. REV. 543, 588–89 & nn.298–301 (2003).

³⁰ S. REP. NO. 97-275, at 4–5 (1981), *reprinted in* 1982 U.S.C.C.A.N. 11, 14–15 (stating that Congress intended to create a forum for an area of law in special need for national uniformity, specifically hoping to increase doctrinal stability in patent law).

³¹ Adam Shartzter, *Patent Litigation 101: Empirical Support for the Patent Pilot Program’s Solution to Increase Judicial Experience in Patent Law*, 18 FED. CIR. B.J. 191, 196 (2008); see Patent Pilot Program, Pub. L. No. 111-349, 124 Stat. 3674 (2011) (codified at 28 U.S.C. § 137 note (2012)).

³² Shartzter, *supra* note 31, at 196.

³³ H.R. REP. NO. 109-673, at 3 (2006).

³⁴ Patent Pilot Program § 1(a)(1)(B).

³⁵ *Id.* § 1(a)(1)(C).

designates certain judges as participating at their request.³⁶ Once a nonparticipating judge declines a patent case, the case is randomly assigned to one of the participating judges.³⁷

The Patent Pilot Program was enacted on January 4, 2011; on June 7, 2011, the Administrative Office of the United States Courts selected fourteen federal district courts to participate in the Program, including the U.S. District Courts for the Northern District and Eastern District of Texas and the Northern District of California.³⁸ For the next ten years, the participating courts will be required to make reports to Congress about the Program's success.³⁹ Specifically, the Patent Pilot Program requires the reports to focus on two questions: (a) the question of efficiency, as measured by the period of time elapsed from the date on which a case is filed to the date on which trial begins or summary judgment is entered; and (b) the question of the accuracy, as measured by the rate of reversal by the Federal Circuit, of such cases on the issues of claim construction and substantive patent law.⁴⁰

These provisions suggest that Congress designed this judicial experiment to verify the proposition that the expertise of the judiciary in patent law will improve the efficiency and accuracy of patent adjudication. Many judges and scholars supported the Patent Pilot Program as a way of helping to resolve the "patent litigation predicament," wherein the reversal rate of district-level patent claim construction decisions was near forty percent.⁴¹

II

THE DETERMINATION OF THE RIGHT TO A JURY TRIAL

Now, against this backdrop of the current landscape of the patent litigation system, this Part will outline the federal jurisprudence on the Seventh Amendment right to a jury trial in the context of patent litigation. In general, to determine the extent of the jury's involvement in any civil case, a court must answer two different questions: first, whether the plaintiff's cause of action triggers the jury right; and second, if it does, whether there are any questions of fact for the jury to answer.

³⁶ *Id.* § 1(a)(1)(A).

³⁷ *Id.* § 1(a)(1)(D).

³⁸ For the list of selected district courts, see News Release, *supra* note 6.

³⁹ Patent Pilot Program § 1(c), (e).

⁴⁰ *Id.* § 1(e)(1)(C).

⁴¹ James F. Holderman & Halley Guren, *The Patent Litigation Predicament in the United States*, 2007 J.L. TECH. & POL'Y 101, 102, 119–21.

A. Actions at Law

The right to a jury trial has historically been preserved only for claims asserting legal relief (as opposed to equitable relief), adhering to the classic law-equity distinction.⁴² The Seventh Amendment provides:

In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.⁴³

The members of the Constitutional Convention adopted the Seventh Amendment to appease the Anti-Federalists, who were concerned that the newly formed federal judiciary would be vested with too much power.⁴⁴ However, the language was left so vague that the federal judiciary itself would have to delineate the contours of the jury right provided by the Seventh Amendment.⁴⁵

In *Tull v. United States*, the Supreme Court interpreted the Seventh Amendment to guarantee the right to a jury trial in suits analogous to the common law as of 1791, the year when the Seventh Amendment was adopted.⁴⁶ The Court set forth a two-part test to determine the applicability of the Seventh Amendment right: First, a court must compare the cause of action with an analogous action brought in the courts of England in the eighteenth century, before the merger of the courts of law and equity. Second, the court must look to the remedy sought and determine whether it is of a legal or an equitable nature.⁴⁷ Therefore, in patent litigation, courts have largely recognized the right to a jury trial in cases where the patentee seeks money damages and denied it in cases where the patentee only seeks an injunction or declaratory judgment.⁴⁸

⁴² See Brian D. Coggio & Timothy E. DeMasi, *The Right to a Jury Trial in Actions for Patent Infringement and Suits for Declaratory Judgment*, 13 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 205, 219 (2002).

⁴³ U.S. CONST. amend. VII.

⁴⁴ GEORGE ANASTAPLO, *THE AMENDMENTS TO THE CONSTITUTION: A COMMENTARY* 33-46 (1995).

⁴⁵ See, e.g., Margaret L. Moses, *What the Jury Must Hear: The Supreme Court's Evolving Seventh Amendment Jurisprudence*, 68 GEO. WASH. L. REV. 183, 186 (2000) ("The Founders left the delineation of the scope and content of the Seventh Amendment right to future court decisions.").

⁴⁶ See 481 U.S. 412, 417 (1987).

⁴⁷ *Id.* at 417-18.

⁴⁸ See, e.g., *In re Tech. Licensing Corp.*, 423 F.3d 1286, 1286, 1291 (Fed. Cir. 2005) ("[I]f the patentee has abandoned any claim for damages, the related invalidity claims are triable to the bench, not to a jury."); *Tegal Corp. v. Tokyo Electron Am., Inc.*, 257 F.3d 1331, 1341 (Fed. Cir. 2001) ("[A] defendant, asserting only affirmative defenses and no counterclaims, does not have a right to a jury trial in a patent infringement suit if the only remedy sought by the plaintiff-patentee is an injunction.").

Certain postures specific to patent disputes further complicate the determination of the jury right. First of all, plaintiffs in patent litigation frequently seek both legal and equitable relief—that is, both monetary damages and a permanent injunction against the alleged patent infringer.⁴⁹ Moreover, the complication may be compounded if the lawsuit is brought by an alleged infringer for a declaratory judgment—so-called “reverse” patent litigation, which is different from the conventional patent case where a patentee sues the alleged patent infringer.⁵⁰

The modern view is that the joinder of claims for legal and equitable relief does not deprive a litigant of the right to a jury trial with respect to his or her legal claims.⁵¹ Rather, the nature of the claim asserted by the party determines that party’s right to a jury trial, regardless of whether the party is the plaintiff and regardless of whether the other party seeks legal or equitable relief. In *Beacon Theatres, Inc. v. Westover*, where the plaintiff only sought a declaratory judgment, the Supreme Court upheld the defendant’s right to a jury trial when the defendant asserted a legal counterclaim and cross-claim under the federal antitrust laws and sought damages and a jury trial.⁵² In *Dairy Queen, Inc. v. Wood*, the Court ruled that its *Beacon Theatres* holding applied regardless of whether or not the legal claims were viewed as merely incidental to the equitable claims.⁵³

Hence, in a case where an alleged infringer sues a patentee for a declaratory judgment of the patent’s invalidity, the plaintiff would not be able to demand a jury trial because it only sought equitable relief. However, the patentee defendant may still demand a jury trial if the patentee asserts a counterclaim of patent infringement and seeks monetary damages and an injunction.⁵⁴ In determining the patentee’s Seventh Amendment right to a jury trial, it does not matter that

⁴⁹ 35 U.S.C. § 283 authorizes injunctive relief, and 35 U.S.C. § 284 authorizes damages awards for patent infringement. Analogous to other property rights, the rights conferred by a patent allow the holder not only to obtain damages when the right is violated but also to prevent violations ex ante through injunction. See ROBERT P. MERGES, PETER S. MENELL & MARK A. LEMLEY, *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* 399–400 (6th ed. 2012).

⁵⁰ Coggio & DeMasi, *supra* note 42, at 207, 211.

⁵¹ See *Scott v. Neely*, 140 U.S. 106, 109–10 (1891) (“In the Federal courts [the right to a jury trial] cannot be dispensed with, except by the assent of the parties entitled to it, nor can it be impaired by any blending with a claim, properly cognizable at law, of a demand for equitable relief in aid of the legal action”), *quoted in* *Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 510 (1959); *Kennedy v. Lakso Co.*, 414 F.2d 1249, 1253 (3d Cir. 1969) (“[W]here there are issues which ordinarily would be triable at law before a jury the right to jury trial is not lost because equitable relief also is sought.”).

⁵² 359 U.S. at 502–03, 508, 511.

⁵³ 369 U.S. 469, 473 (1962) (“That [*Beacon Theatres*] holding, of course, applies whether the trial judge chooses to characterize the legal issues presented as ‘incidental’ to equitable issues or not.”).

⁵⁴ See *supra* notes 51–53 and accompanying text.

the patentee is not the plaintiff, that the plaintiff only sought equitable relief, or that the patentee itself also sought equitable relief along with legal relief.

It should be noted that in determining whether the nature of a claim is legal or equitable, courts use a “loose and simpler historical test.”⁵⁵ Accordingly, it seems that, at least in civil disputes, the jury right will “remain expansive, now extended beyond the clearly common-law realm to reach many new causes of action that give legal relief and reach the merged procedure’s various gray areas on the frontier between law and equity.”⁵⁶

B. Questions for the Jury to Answer

Even if the claim triggers the Seventh Amendment right to a jury trial, the jury will not answer all of the questions to be determined; some will be decided by the court. The determination of whether or not a question is for the jury is largely based on the distinction between questions of law and questions of fact—the law-fact distinction.

The Seventh Amendment provides that “[i]n Suits at common law . . . the right of trial by jury shall be preserved, and *no fact tried by a jury*, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.”⁵⁷ This language led the Supreme Court to employ the law-fact distinction to determine which questions the jury should decide.⁵⁸ The distinction has since been widely accepted in the Seventh Amendment jurisprudence.⁵⁹

This prompts an important question: What is a question of fact, as opposed to a question of law? Although there is no bright-line answer to this question, the Court has adopted a “historical-functional” method of analysis.⁶⁰ First, the Court looks at history and precedent to inquire whether the jury must answer the question at issue “in order to preserve the substance of the common-law right as it existed in 1791.”⁶¹ Second, if history and precedent do not resolve the inquiry, the Court turns to functional considerations—that is, an analysis of

⁵⁵ FIELD, KAPLAN & CLERMONT, *supra* note 13, at 1526.

⁵⁶ *Id.*

⁵⁷ U.S. CONST. amend. VII (emphasis added).

⁵⁸ See, e.g., *Byrd v. Blue Ridge Rural Electric Coop.*, 356 U.S. 525, 537 (1958) (“[I]n civil common-law actions, [the federal court system] distributes trial functions between judge and jury and, under the influence—if not the command—of the Seventh Amendment, assigns the decisions of disputed questions of fact to the jury.” (footnote omitted)).

⁵⁹ See Ronald J. Allen & Michael S. Pardo, Essay, *The Myth of the Law-Fact Distinction*, 97 *Nw. U. L. Rev.* 1769, 1769 (2003) (“[The law-fact distinction] is the legal system’s fundamental and critical distinction.”).

⁶⁰ See FIELD, KAPLAN & CLERMONT, *supra* note 13, at 1525–27; cf. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 376, 388 (1996) (considering first history and then functional considerations).

⁶¹ *Markman*, 517 U.S. at 376.

which judicial actor is “better positioned than [the other] to decide the issue in question.”⁶²

In *Markman v. Westview Instruments, Inc.*, the Supreme Court applied the historical-functional inquiry and held that patent claim construction is a question of law to be answered by the judge rather than by the jury.⁶³ By so holding, the Court reduced the jury’s role in patent litigation by taking away from it one of the most important components of a patent dispute. In assessing the functional considerations, the Court concluded that a judge, by virtue of his or her training and discipline, would be more likely to give proper interpretation to “highly technical” patents than a jury and would be in a better position to ascertain whether an expert’s proposed definition fully comports with the instrument as a whole.⁶⁴

As a result, many district courts since the *Markman* decision in 1996 have conducted “*Markman* hearings” as part of their standard pretrial-hearing practice to interpret the meaning of patent claims.⁶⁵ Relying on evidence presented by both parties, including “experts skilled in the art,” judges determine how to construct the claims at issue.⁶⁶

III

A TWO-BRANCHED ATTACK ON THE JURY RIGHT IN PATENT LITIGATION

The discussion of the two-step inquiry for determining the questions for the jury reveals that courts have at least two separate avenues by which they can attack the jury’s involvement in civil litigation: they can utilize either the law-equity distinction or the law-fact distinction.⁶⁷ The sequential nature of the inquiry adds another twist that

⁶² *Id.* at 388 (quoting *Miller v. Fenton*, 474 U.S. 104, 114 (1985)) (internal quotation marks omitted).

⁶³ *Id.* at 372 (“[T]he construction of a patent, including terms of art within its claim, is exclusively within the province of the court.”).

⁶⁴ *Id.* at 388–89.

⁶⁵ Rishi S. Suthar, Note, *What Jury? A New Approach to Obviousness After KSR v. Teleflex*, 18 J. INTELL. PROP. L. 295, 304 (2010); see also Shartzter, *supra* note 31, at 220–22 (discussing the prevalence and effect of *Markman* hearings in patent litigation). For example, the U.S. District Court for the Northern District of California has implemented local rules governing procedures for claim construction proceedings. N.D. CAL. LOC. PAT. R. 4, available at <http://www.cand.uscourts.gov/localrules/patent>.

⁶⁶ Suthar, *supra* note 65, at 304 (internal quotation marks omitted); see Paul N. Higbee, Jr., Recent Development, *The Jury’s Role in Patent Cases: Markman v. Westview Instruments, Inc.*, 3 J. INTELL. PROP. L. 407, 407–08 (1996) (“[T]his Recent Development . . . concludes that a specialized rule of patent claim construction allocating a limited, clearly defined task to the jury in the event of genuinely ambiguous claim language would better serve patent litigation. Such a rule would adhere to the policies underlying the current patent statute and further the objectives of patent law.”).

⁶⁷ See *supra* Part II.

further limits the outer contours of the jury right: because the law-fact inquiry comes after the law-equity inquiry, designation as an equitable claim will preclude all questions, whether factual or legal, from reaching the jury.⁶⁸

This Part analyzes how recent developments in patent litigation have marginalized the Seventh Amendment right by employing the framework set forth above—that is, the law-equity and law-fact distinctions. As to the law-equity line, the advent of a new regulatory framework such as the Hatch-Waxman Act has cut back the patentee’s jury right by pushing the patentee to assert an equitable claim in the pharmaceutical industry. As to the law-fact line, the Supreme Court seems ready to take away the question of obviousness from the jury just as it has done with respect to patent claim construction.

A. The Hatch-Waxman Act and *In re Apotex*

A new regulatory scheme can create in a certain industry setting a procedural posture where patentees are always compelled to assert an equitable claim against the alleged infringer in order not to completely forgo their patent infringement claims. Under such circumstances, patentees would never be able to trigger the right to a jury trial. In effect, such a regulatory scheme artificially places the patentee on the equity side of the law-equity line because the scheme makes it impossible for the patentee to wait until the alleged infringer actually infringes the patentee’s right and gives rise to a legal claim for monetary damages.

A good example of such a regulatory scheme is the Hatch-Waxman Act, which created a streamlined procedure known as the Abbreviated New Drug Application (ANDA) in the pharmaceutical industry.⁶⁹ The Hatch-Waxman Act’s legislative purpose is to provide consumers with greater access to many lower-priced drugs by relaxing some of the market-entry impediments for generics.⁷⁰ The Act creates incentives for generic manufacturers to challenge the validity or enforceability of existing patents without undermining the incentives for pharmaceutical companies to continue developing new drugs.⁷¹

⁶⁸ Of course, in such a case, a court will not grant the demand for a jury trial at the beginning and will not bring in the jury for trying issues presented by the equitable claim.

⁶⁹ Drug Price Competition and Patent Term Restoration Act of 1984, Pub. L. No. 98-417, § 101, 98 Stat. 1585, 1585–92 (codified as amended at 21 U.S.C. § 355(j) (2012)).

⁷⁰ See Laura J. Robinson, *Analysis of Recent Proposals to Reconfigure Hatch-Waxman*, 11 J. INTELL. PROP. L. 47, 47, 50–53 (2003).

⁷¹ See *id.* at 52–56; *cf. id.* at 85 (arguing for reconfiguration of the Hatch-Waxman Act to close the loopholes that lead to some flagrant abuses but still noting that the Act has largely been successful in providing lower-priced drugs to a wider population).

Before the Hatch-Waxman Act, generic manufacturers usually had to wait until branded drugs' patents expired.⁷² The ANDA now allows these manufacturers to seek regulatory approval for generic versions of already approved, branded, and patented drugs by making a "Paragraph IV filing" with respect to the patents covering the branded drug.⁷³ The Paragraph IV filing constitutes an act of patent infringement and provides a basis for the patentee to bring a patent infringement suit for declaratory judgment of future infringement.⁷⁴ In effect, by virtue of making the Paragraph IV filing, the applicant can argue that the branded drug's patents are invalid, unenforceable, or would not be infringed by the generic manufacturer's ANDA.⁷⁵

In ANDA-initiated patent disputes, the alleged infringement would be merely prospective because the ANDA applicant has not yet marketed any products; the alleged infringer is only seeking the FDA's approval for its generic drugs. Hence, the patentee would always seek injunctive relief in a Hatch-Waxman litigation, and the patentee's claim will thus never trigger the jury right.⁷⁶

The generic-drug manufacturer is in the same situation. In patentee-initiated Hatch-Waxman litigation, the alleged-infringer defendant has no other option but to raise the counterclaims of patent invalidity and noninfringement. Such counterclaims seek a declaratory judgment—an equitable remedy. Accordingly, no right to a jury trial would be triggered. However, the "marginalizing" effect of the Hatch-Waxman Act would certainly be more alarming in the case of branded-drug-manufacturer patentees than in the case of generic-drug manufacturers. This is because the latter would have voluntarily elected to benefit from the Hatch-Waxman Act and the ANDA and would be able to introduce their products well before the branded-drug manufacturer's patents would otherwise expire after a statutorily determined period of validity.⁷⁷ On the contrary, the

⁷² *Id.* at 52.

⁷³ See 21 U.S.C. § 355(j)(2)(A)(vii)(IV).

⁷⁴ See Robinson, *supra* note 70, at 56. For the federal courts to grant such equitable relief as a declaratory judgment, there must be an actual controversy where a court can make a specific and conclusive declaration of the rights and legal relations of the parties. 28 U.S.C. § 2201 (2012). An "actual controversy" means a real issue at stake to be granted, and there must be a real, definite, concrete disagreement and risk of immediate and irreparable harm if a contingency is fulfilled. See *Prasco, LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329, 1340–41 (Fed. Cir. 2008) (finding no sufficient showing of risk of patent infringement, hence no actual controversy); *Am. Mach. & Metals, Inc. v. De Bothezat Impeller Co.*, 166 F.2d 535, 536–37 (2d Cir. 1948) (holding that threat to sue constituted an immediate enough harm, hence actual controversy).

⁷⁵ See 21 U.S.C. § 355(j)(2)(A)(vii)(IV).

⁷⁶ See Robinson, *supra* note 70, at 52–53.

⁷⁷ See *id.*

branded-drug manufacturers would have been virtually hauled into court by a Paragraph IV filing.⁷⁸

In *In re Apotex, Inc.*, the Federal Circuit issued an opinion in response to a petition for a writ of mandamus for the right to a jury trial in an ANDA case.⁷⁹ In that case, Apotex sought approval to market a generic version of a branded antibiotic, cefuroxime axetil, by filing an ANDA.⁸⁰ Glaxo Group Ltd. and SmithKline Beecham Corporation (GSK), the marketer of the antibiotic, sued Apotex for patent infringement.⁸¹ In the complaint, GSK sought a declaratory judgment of future infringement of its product and process patents, and it requested both an injunction and damages.⁸² Apotex counterclaimed and sought declaratory judgments of patent invalidity and noninfringement, and it requested a jury trial on its counterclaims.⁸³

The Federal Circuit noted that “the important question when deciding whether a party is entitled to a jury trial in an action involving a declaratory judgment claim is to determine what type of action would have been brought by the declaratory judgment defendant concerning the dispute.”⁸⁴ The court held that “[t]he historical inquiry required by the Seventh Amendment takes as its object the nature of the underlying controversy.”⁸⁵ Affirming the lower court’s decision, the Federal Circuit held that “the unusual circumstances” of the case, which was initiated by an ANDA filing with the FDA, involved only possible future infringement since no infringing products had yet been marketed.⁸⁶ Although GSK initially requested damages for infringement, after Apotex filed the mandamus petition seeking a jury trial, GSK acknowledged that there were no damages.⁸⁷ Hence, the only relief before the court was equitable in nature. The Federal Circuit held that the nature of the underlying controversy was entirely equitable and hence there could be no right to a jury trial.⁸⁸

In re Apotex has not yet been tested, although this is due in part to the lack of precedential value of the court’s order on the petition for a writ of mandamus. This is probably also because the case was merely applying a well-established rule that the right to a jury trial is dictated by the nature of the relief sought and of the underlying controversy in

78 21 U.S.C. § 355(c)(3)(D).

79 49 F. App’x 902, 902 (Fed. Cir. 2002).

80 *Id.* at 902.

81 *Id.*

82 *Id.* at 902–03.

83 *Id.* at 903.

84 *Id.*

85 *Id.* (quoting *In re Lockwood*, 50 F.3d 966, 973 (Fed. Cir. 1995), *vacated sub nom.* Am. Airlines, Inc. v. Lockwood, 515 U.S. 1182 (1995)) (internal quotation marks omitted).

86 *Id.*

87 *Id.*

88 *Id.* at 903–04.

an action for a declaratory relief. However, *In re Apotex* has a significant implication for our discussion of the two-branched attack on the jury right: the case stands for the proposition that a new regulatory scheme can marginalize a civil litigant's Seventh Amendment jury right by pushing the litigant to the equity side of the law-equity line, where it may assert only equitable claims.

In sum, in the pharmaceutical industry, Congress's intent to increase the public's access to low-cost drugs resulted (probably inadvertently) in a marginalization of the constitutionally guaranteed right to a jury trial for the generic-drug manufacturers and the branded-drug-manufacturer patentees. From the perspective of the generic-drug manufacturer, in exchange for benefitting from the Hatch-Waxman Act's ANDA process and getting an accelerated and early approval for marketing generic drugs, it has to give up its Seventh Amendment jury right in its claims for patent invalidity or noninfringement against the patentee. From the perspective of the branded-drug manufacturer, the regulatory scheme forces it to bring suit against the ANDA applicant when no potentially infringing products were ever marketed. Even conceding that the generic-drug manufacturer benefits from the new regulatory framework provided by the Hatch-Waxman Act, Paragraph IV filings haul the patentee into court prematurely; the patentee is without any option to wait so that it can demand a jury trial for its patent infringement suit but reaps no benefits from the new regulatory scheme in this situation.⁸⁹

It should be noted that the court's analysis in *In re Apotex* consisted of a purely historical inquiry without any functional inquiry. The historical inquiry provides no room for the court to consider factors other than the categorical approach to the law-equity distinction. A functional consideration would have allowed the court to consider the practical impact of the "unusual circumstances" on the litigant's Seventh Amendment right under the current regulatory scheme.

Congress has virtually free rein to replicate what happened with the Hatch-Waxman Act and the ANDA. Not only can Congress always create another regulatory framework or modify existing ones in other industries for any number of legislative reasons and effectively create another procedural posture where patentees would have to seek equitable remedies, but it can also force patentees to bring their claims in Article I courts where there is no constitutionally guaranteed right to a jury trial.⁹⁰

⁸⁹ Under the Hatch-Waxman Act, the ANDA is automatically stayed without the court's intervention when the patent holder brings an infringement suit within forty-five days following its notice of a Paragraph IV Certification. See 21 U.S.C. § 355(c)(3)(D) (2012).

⁹⁰ See Leibold, *supra* note 10, at 648.

B. *Markman* and *KSR*

As discussed above, the Supreme Court took away from the jury the question of patent claim construction under its historical-functional method of analysis in *Markman*.⁹¹ This was just the beginning of an attack on the Seventh Amendment right to a jury trial using the law-fact distinction in patent litigation.

In *KSR International Co. v. Teleflex, Inc.*, the Supreme Court held that an invention's obviousness can be shown by ways other than through a jury finding and stated that the "ultimate judgment of obviousness is a *legal determination*."⁹² Teleflex was the licensee of a patent for an accelerator pedal assembly for vehicles and sued its competitor, KSR International, for infringement of the patent.⁹³ Teleflex alleged that KSR International's design modification, which added a modular sensor to the adjustable pedal system with cable-actuated throttles to make the system compatible with vehicles using computer-controlled throttles, infringed its patent claim regarding a position-adjustable pedal assembly with an electronic pedal-position sensor attached to a fixed pivot point.⁹⁴ KSR International asserted that the disputed patent claim was invalid as obvious under 35 U.S.C. § 103.⁹⁵ The Supreme Court agreed and held that the patent claim was invalid since the benefit of mounting a sensor on a fixed pivot point of a pedal was obvious and within the technical grasp of a person of ordinary skill in the relevant art.⁹⁶ The Court held that, *as a matter of law*, KSR International made a sufficient showing that it was obvious to try a combination of certain elements and that the patent claim was not an innovation but rather the result of ordinary skill and common sense.⁹⁷

In order for a claimed invention to be patentable, it cannot have been "obvious . . . to a person having ordinary skill in the art to which said subject matter pertains."⁹⁸ Before the Supreme Court's decision in *KSR*, the Federal Circuit had stated that the "determination of obviousness under 35 U.S.C. § 103 is a legal conclusion involving factual inquiries."⁹⁹ The factual questions include: "(1) the scope and content of the prior art; (2) the level of ordinary skill in the art; (3) the differences between the claimed invention and the prior art; and

⁹¹ See *supra* Part II.B.

⁹² 550 U.S. 398, 427 (2007) (emphasis added) (citing *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966)).

⁹³ *Id.* at 405.

⁹⁴ *Id.* at 409–12.

⁹⁵ *Id.* at 406.

⁹⁶ *Id.* at 421–22.

⁹⁷ *Id.*

⁹⁸ See 35 U.S.C. § 103 (2006 & Supp. V 2011) (setting forth nonobviousness as a condition for patentability).

⁹⁹ *Lockwood v. Am. Airlines, Inc.*, 107 F.3d 1565, 1570 (Fed. Cir. 1997) (citing *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044, 1050 (Fed. Cir. 1988)).

(4) so-called ‘secondary’ considerations, *e.g.*, long felt need, unexpected results, commercial success.”¹⁰⁰ In particular, the “presence or absence of a motivation to combine references in an obviousness determination is a pure question of fact.”¹⁰¹ Hence, the Federal Circuit had the view that the jury could decide the “legal” question of obviousness by determining some “factual” questions.

Nevertheless, the Supreme Court in *KSR* reversed the Federal Circuit’s judgment, which had rejected the district court’s grant of summary judgment invalidating the patent on the ground of obviousness.¹⁰² The Court’s statement that the “ultimate judgment of obviousness is a legal determination”¹⁰³ and its instructions to “the court” in analyzing the question of obviousness throughout the opinion seem to suggest that the Supreme Court espouses a view, as it did in *Markman* with respect to the question of claim construction, that the judge “has the final say on the ultimate outcome of obviousness in patent infringement cases.”¹⁰⁴

The Supreme Court’s willingness to take away more issues from the jury, as suggested by the opinion in *KSR*, has unveiled the possibility of an extreme reduction of the jury’s role in patent litigation.¹⁰⁵ For example, one proposal has suggested that juries should render opinions on certain matters, such as obviousness, in “a solely advisory capacity.”¹⁰⁶ Citing Rule 39(c) of the Federal Rules of Civil Procedure, this commentator suggests:

[T]he advisory jury would aid the judge by making non-binding findings of fact pursuant to the *Graham* inquiries, and rendering an opinion on whether they believe the invention is obvious. The judge would then perform an independent analysis on the issue, incorporating the jury’s advisory findings as he deems fit.¹⁰⁷

In sum, the Supreme Court’s decisions in *Markman* and *KSR* illustrate that the involvement of the jury in patent infringement litigation has been marginalized not only through the law-equity distinction but also through readjusting the law-fact line. The combination of a new regulatory scheme that affects the nature of a party’s claim in patent disputes and the Court’s movement toward reclassifying more and

¹⁰⁰ *Atlas Powder Co. v. E.I. DuPont de Nemours & Co.*, 750 F.2d 1569, 1574 (Fed. Cir. 1984); *see also Winner Int’l Royalty Corp. v. Wang*, 202 F.3d 1340, 1348 (Fed. Cir. 2000) (listing the same factors).

¹⁰¹ *In re Gartside*, 203 F.3d 1305, 1316 (Fed. Cir. 2000).

¹⁰² 550 U.S. at 427–28.

¹⁰³ *Id.* at 427.

¹⁰⁴ Suthar, *supra* note 65, at 311.

¹⁰⁵ *See, e.g., id.* at 320 (arguing that the Seventh Amendment should not apply to obviousness determinations due to the complexity of patent suits and advocating for reduction of the jury’s function on questions of obviousness to a nonbinding, advisory role).

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

more questions as questions for the court can substantially impair the contours of the jury right in the context of patent litigation. As discussed below, the various policy rationales that may seem to justify such impairment of the jury right do not warrant further marginalization of the right to a jury trial in patent litigation. Rather, they are completely antithetical to the underlying rationale for having a jury decide certain issues, which is to provide a countervailing force against the federal judiciary.¹⁰⁸

The current landscape is such that, assuming that the Court has classified the question of obviousness as a legal one, ten of the eighteen issues to be resolved in a typical patent infringement suit are questions of law and eight are questions of fact.¹⁰⁹

IV

DEFENDING THE RIGHT TO A JURY TRIAL

Utilizing the two-branch analytical framework from Part III, this Part first shows that the Patent Pilot Program, representing recent efforts to reform the patent system, may have an adverse impact on the contours of the Seventh Amendment jury right in the future. After introducing “the myth of reversal rate,” this Part attempts to defend the constitutional right by evaluating the validity of the rationales behind such efforts.

A. The Patent Pilot Program and Its Dangers

It might seem that the advent of specialized judges with expertise in patent law would only help to improve the quality of patent dispute adjudication without any impact on the jury right. There is no visible, direct connection between the Patent Pilot Program and the Seventh Amendment right. The former only concerns the pool of judges to whom patent cases will be assigned whereas the latter only concerns the right to have a jury and the jury’s role as a fact finder.

However, the notion of “expert judges” poses an indirect threat to the right to a jury trial since it views expertise on the side of the court as a solution for many existing or potential problems arising in the patent litigation system. Congress and the courts are thus becoming more and more amenable to the idea of curtailing the jury’s role

¹⁰⁸ See *infra* Part IV.B.

¹⁰⁹ See Philippe Signore, *On the Role of Juries in Patent Litigation* (pt. 1), 83 J. PAT. & TRADEMARK OFF. SOC’Y 791, 811 (2001) (classifying the following as questions of law: *claim interpretation*, validity, enablement, prior use or sale, *obviousness*, prosecution history estoppel, inequitable conduct, methodology of damages calculation, conception, and inventorship; and classifying the following as questions of fact: utility, written description, best mode, novelty, literal infringement, infringement by equivalents, reversed doctrine of equivalents, and amount of damages).

and involvement in patent litigation and of giving more power to the judge. This will have the effect of marginalizing the actual content of the Seventh Amendment jury right.

The historical-functional inquiry from *Markman* becomes extremely relevant here. In *Markman*, the Supreme Court used the “functional” side of the two-part inquiry to stress why judges are better equipped to handle the issue of patent claim construction, and it ultimately concluded that that issue should be taken away from the jury and vested in the judge.¹¹⁰ If the Patent Pilot Program manages to build a pool of “specialized” patent judges, the same functional inquiry will provide the Court with a very convenient avenue through which a certain issue can be categorized as a question of law. All it would need to say is that expert patent judges are “better positioned” than lay jurors to decide a given question because they have had more experience with patent cases and thus have gained a competitive advantage.

Whether or not the Patent Pilot Program actually improves the quality of patent adjudication by participating courts, the advent of “expert patent judges” would allow the Supreme Court to diminish the role and involvement of the jury in patent litigation and give more power to the judge than ever before.

B. The Myth of Reversal Rate

Similar to when it first created the Federal Circuit, Congress still craves uniformity, predictability, and efficiency in patent adjudication in its recent reform efforts, as evidenced by the Patent Pilot Program. The rationale of uniformity posits that the creation of expertise in patent law among trial judges would improve the accuracy of decisions.¹¹¹ Empirical studies have shown the magnitude of the relative impact of specialized patent experience on the probability of reversal on appeal: the more patent cases a trial judge has decided and the more appeals from his or her decisions have been made to the Federal Circuit, the more likely the judge’s patent decision (e.g., claim construction) has been reviewed and subsequent patent cases would be correctly decided.¹¹² The improvement of accuracy would in turn ensure the predictability of district courts’ patent case adjudication

¹¹⁰ See *supra* text accompanying notes 60–64.

¹¹¹ See Jay P. Kesan & Gwendolyn G. Ball, *Judicial Experience and the Efficiency and Accuracy of Patent Adjudication: An Empirical Analysis of the Case for a Specialized Patent Trial Court*, 24 HARV. J.L. & TECH. 393, 406 (2011).

¹¹² *Id.* at 436–38; Shartzter, *supra* note 31, at 231–32 (“[T]he likelihood of affirmance rises as more . . . patent cases [of the judges in the Program] are appealed to the Federal Circuit. . . . [T]hese judges apply lessons learned from prior Federal Circuit review to their future patent opinions.”).

thereafter. Ultimately, this would reduce the duration of patent dispute resolution—at least, that is what the efficiency rationale posits.¹¹³

However, in discussing these policy rationales and the current dire “predicament” of patent litigation of a fairly high reversal rate (hovering at forty percent¹¹⁴), one important part of the big picture is being disregarded—the myth of reversal rate. Before we take the “high” reversal rates as they are, the numbers should be reevaluated by considering the recent changes made to the law-fact distinction. The reclassification of certain issues as questions of law may have a causal connection with the high reversal rate because a lower court’s judgment as to a question of law is afforded less deference by the reviewing court and is subject to de novo review by the appellate court.

The case of claim construction illustrates this causal connection very well. After the *Markman* Court held that claim construction is a question of law,¹¹⁵ the Federal Circuit in *Cybor Corp. v. FAS Techs., Inc.* held that it will review a lower court’s claim construction de novo.¹¹⁶ A study of 651 claim constructions from 1996 to 2003 found that the reversal rate declined after *Markman* but continuously rose for five years after the Federal Circuit’s decision in *Cybor Corp.*¹¹⁷ Therefore, what happened in the current discussion of accuracy of patent adjudication, as measured by the reversal rate of district-level claim construction decisions, can be explained in two steps. First, starting from the notion that lay jurors do not understand highly technological aspects of the patents involved, courts and scholars have taken, or have tried to take, more and more questions away from the jury and conferred them on the judge by framing them as questions of law (e.g., claim construction, obviousness).¹¹⁸ The functional considerations of the historical-functional inquiry used in *Markman* will provide the Court with a convenient avenue for doing this.¹¹⁹ Second, the determinations of such questions of law are now subject to de novo review by appellate courts, increasing the reversal rate, which is in turn used to support arguments for the specialized patent courts as a means to improve the accuracy of patent adjudication.¹²⁰

113 See Kesan & Ball, *supra* note 111, at 427–29 (“[I]ncreasing the level of specialized patent experience may have a moderate impact on the duration of patent cases at the district court level, especially if there is an increase in the judge’s recent experience with patent litigation.”).

114 See Holderman & Guren, *supra* note 41, at 102.

115 See *supra* text accompanying notes 63–66.

116 138 F.3d 1448, 1451 (Fed. Cir. 1998) (en banc).

117 Kimberly A. Moore, *Markman Eight Years Later: Is Claim Construction More Predictable?*, 9 LEWIS & CLARK L. REV. 231, 245–46 (2005).

118 See *supra* Part III.B.

119 See *supra* text accompanying notes 63–64.

120 See Holderman & Guren, *supra* note 41, at 107–08, 119–21; see also Gregory J. Wallace, Note, *Toward Certainty and Uniformity in Patent Infringement Cases After Festo and*

In sum, the perceived necessity of expertise in the judiciary may have a strong correlation with the Supreme Court's concurrent application of a more stringent standard of review and the reclassification of certain issues as questions for the court.¹²¹ Additionally, the higher reversal rate that followed such reclassification may lead us to doubt whether the functional analysis upon which the Supreme Court relied in *Markman* and the predictability argument really hold water.¹²²

C. Uniformity, Predictability, Accuracy, and Efficiency

As mentioned above, many policy considerations, including uniformity, predictability, accuracy, and efficiency, are used to advocate various proposals to improve the patent litigation system in the United States. Such advocacy may amount to a comparison of the jury's ability to answer a certain question with the ability of experts in the relevant field. In suggesting that the question of obviousness should not be left to a jury, one patent law scholar discredits the ability of juries relative to that of PTO staff members. He states: "Giving juries greater deference than the PTO [in regard to the question of obviousness] is not a preferable policy choice since juries are notoriously unpredictable and easily swayed by factors beyond the scope of an objective obviousness inquiry."¹²³ Compared to the jury, the PTO is an "expert administrative agency charged with the specific task of determining the patentability of inventions."¹²⁴

However, such rationales cannot justify the further marginalization of the Seventh Amendment right to a jury trial. First, as a general matter, the common intuition that judges are more competent than

Markman: A Proposal for a Specialized Patent Trial Court with a Rule of Greater Deference, 77 S. CAL. L. REV. 1383, 1410 (2004) (arguing for the creation of a trial-level patent court in the United States); *supra* text accompanying notes 38–41 (suggesting that Congress designed the Patent Pilot Program to verify the proposition that judicial expertise in patent law will improve efficiency and accuracy in patent adjudication).

¹²¹ See Matthew Beutler, *How a Comparative Analysis of Federal Circuit Standards of Review Supports Limiting the Role of Juries in Determinations of Obviousness*, 92 J. PAT. & TRADEMARK OFF. SOC'Y 451, 454 (2010) (observing that the level of deference to lower bodies is a significant issue in review of obviousness determinations); Craig Allen Nard, *Deference, Defiance, and the Useful Arts*, 56 OHIO ST. L.J. 1415, 1415 (1995) ("[S]tandards of review influence dispositions in the Federal Circuit far more than many advocates realize." (quoting Judge Paul R. Michel, then-judge of the Federal Circuit) (internal quotation marks omitted)); see also Signore, *supra* note 109, at 812 (arguing that the law-fact classification of various patent issues can be employed as a means to limit the jury's role because the jury's role is limited to answering only some questions of fact at issue in a trial).

¹²² De novo review of the lower court's claim construction by the appellate court may "only add uncertainty and expense" and create "serious problems in judicial administration" because district courts will "have to retry . . . patent cases should the Federal Circuit reach a different claim construction." MERGES, MENELL & LEMLEY, *supra* note 49, at 298, 311.

¹²³ See Beutler, *supra* note 121, at 470.

¹²⁴ See *id.* at 470–71.

juries finds no support in the empirical literature.¹²⁵ Even in patent litigation in particular, the notion that juries are biased one way or the other is subject to serious dispute.¹²⁶ For example, against the view espoused by many scholars that juries grant excessive royalties, Professor Einer Elhauge argues that current patent remedies often result in royalty rates that are too low to sufficiently reward socially optimal inventions because of hindsight bias; difficulties in communicating the value of a patent; and the court's intentional ignorance of complexity to avoid high administrative costs, which would be required to incorporate all of the factors relevant to an accurate calculation of the optimal royalty.¹²⁷

Second, the right to a jury trial has a process value that concerns about efficiency or accuracy cannot easily override. "Process value" refers to a "value[] by which we can judge a legal process to be good as a process, apart from any good outcome it may yield in the case at hand."¹²⁸ In other areas of the law, we are willing to tolerate some inefficiency for the sake of process value.¹²⁹ It is not apparent why we treat concerns such as efficiency and accuracy as the most important in our reform efforts in patent litigation. Even if we are not willing to tolerate inefficiency in patent litigation, we should guard against any further adverse impact on the constitutional right to a jury trial when we continue current patent litigation reform efforts. Furthermore,

¹²⁵ See Kevin M. Clermont & Theodore Eisenberg, *Trial by Jury or Judge: Transcending Empiricism*, 77 CORNELL L. REV. 1124, 1174 (1992) ("[N]either litigants in weighing the choice between judge and jury nor policymakers in weighing drastic proposals to restrict that choice should proceed on the simplistic prevailing views of reality."); see also VALERIE P. HANS & NEIL VIDMAR, *JUDGING THE JURY* 116–29 (1986) (arguing that based on various empirical studies of jury verdicts, actual jury incompetence is "a rare phenomenon").

¹²⁶ The Federal Circuit affirms findings of fact by judges in the same percentage of cases as it affirms those by juries. Moore, *supra* note 12, at 397. For an argument that the juries are biased toward patentees, see Mark A. Lemley, Jamie Kendall & Clint Martin, *Rush to Judgment? Trial Length and Outcomes in Patent Cases*, 4 AIPLA Q.J. 169, 172–75 (2013) (arguing that juries are more favorable to patentees than judges based on an empirical study wherein 51.3% of 158 bench trials ruled for the patentee while 62.9% of 466 jury trials ruled for the patentee). However, not only does the 11.6% difference have a questionable statistical significance but also such an empirical study tends to ignore the selection effect to reach a simple conclusion in haste. See Clermont & Eisenberg, *supra* note 125, at 1173 ("[B]ecause they hear different sets of cases, one cannot conclude from the very high win ratio . . . that the judge is more favorable toward plaintiffs than the jury. Instead, the high win ratio probably reflects only the selection of tremendously strong cases for the judge, a set on which jury verdicts might have been no different from, or possibly more favorable than, judicial decisions.").

¹²⁷ Einer Elhauge, *Do Patent Holdup and Royalty Stacking Lead to Systematically Excessive Royalties?*, 4 J. COMPETITION L. & ECON. 535, 556–57 (2008).

¹²⁸ KEVIN M. CLERMONT, ROBERT A. HILLMAN, SHERI LYNN JOHNSON & ROBERT S. SUMMERS, *LAW FOR SOCIETY: NATURE, FUNCTIONS, AND LIMITS* 101 (2010).

¹²⁹ See FIELD, KAPLAN & CLERMONT, *supra* note 13, at 281 ("[W]e care about how the system handles disputes and our care extends beyond the procedure's outcome-value efficacy.").

the notion of relying on experts for a “better” disposition of cases runs directly afoul of the fundamental idea upon which the Seventh Amendment was added to the Constitution in the first place.¹³⁰ Will the judges who are to build expertise in patent law now become an ever-potent power that has lost its ever-weakening counterbalance—the jury of our peers?

Third, the “peculiarly complex” nature of patent issues may be exaggerated.¹³¹ In many careful discussions of whether juries are appropriate in patent trials, scholars question whether juries can understand the underlying subject matter, which is often highly technical.¹³² However, it is a mistaken and dangerous approach to place patent disputes into a different box merely because they may involve a highly technical or unusual subject matter.¹³³ Many types of civil litigation require giving factual questions of an extremely complicated nature to the jury. In many complex commercial cases (e.g., securities litigation and antitrust litigation) and tort cases (e.g., medical malpractice actions), the jury finds facts in part by considering expert witness testimony presented by both sides.¹³⁴

An empirical study of jury comprehension in antitrust cases finds that the jurors “did have serious problems in comprehending vital in-

¹³⁰ See Paul D. Carrington, *The Seventh Amendment: Some Bicentennial Reflections*, 1990 U. CHI. LEGAL F. 33, 34–35 (noting that the Seventh Amendment was added to prevent substantive rights from “vanish[ing] in the hands of” federal judges). The Seventh Amendment was proposed to comfort numerous Anti-Federalists who feared that “the judicial power created by Article III could be extended to every civil case, thereby absorbing the state judiciaries.” Devon Curtis Beane, Note, *Whose Right Is It Anyway? The Evisceration of an Infringer’s Seventh Amendment Right in Patent Litigation*, 2011 U. ILL. L. REV. 1853, 1856.

¹³¹ See Richard C. Reuben, *Re-Tailoring Jury Trial Rights: Dry-Cleaning Patent Case Raises Larger Seventh Amendment Issues*, A.B.A. J., Feb. 1996, at 42.

¹³² See, e.g., 5 MARTIN J. ADELMAN, *PATENT LAW PERSPECTIVES* § 7.6 [2][a] (2013) (arguing that jurors are not sophisticated enough to appreciate details of patent claims); Janine Robben, *Who Decides? Specialized Courts vs. the Jury of Peers*, OR. ST. B. BULL., Apr. 2005, at 9, 9 (quoting Professor Joe Miller as saying, “A jury is a great way to figure out whether someone’s run a light and caused an accident[.] . . . It’s not good at determining whether this microchip infringed this patent.” (internal quotation marks omitted)).

¹³³ See *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1464 (Mayer, C.J., concurring) (“[J]uries regularly render verdicts in civil cases based on complex forensic and documentary evidence of equal or greater difficulty than seen in patent cases.”).

¹³⁴ An e-mail that a leading intellectual property trial attorney received from a jury foreperson illustrates this. See William F. Lee, WilmerHale, Lecture at Cornell Law School: *Jury Trials in Complex Intellectual Property Litigation: Do They Work?*, at slides 28–29 (Oct. 7, 2013) (slides on file with author). In *Qualcomm Inc. v. Broadcom Corp.*, involving digital video compression technology, the jury had to find whether two mathematical formulae, called “discrete cosine transform” and “integer transform[],” were materially different from each other. 539 F. Supp. 2d 1214, 1225–26 (S.D. Cal. 2007), *aff’d in part, vacated in part*, *Qualcomm Inc. v. Broadcom Corp.*, 548 F.3d 1004 (Fed. Cir. 2008); see Lee, *supra*, at slides 23–24 (discussing the *Qualcomm* case). The e-mail from the jury foreperson showed that the jurors were able to compare the two formulae themselves using a book written by the expert witness. Lee, *supra*, at slides 28–29.

formation.”¹³⁵ However, the study concludes “with confidence” that because “a plethora of variables” affect the jury comprehension by enhancing or inhibiting understanding, we cannot make *ex ante* determinations whether a certain litigation matter is too complex for the jury to decide.¹³⁶ How, then, can a categorical argument that patent disputes present too “peculiarly complex” or “highly technical” questions for the jury survive? If the jury system presents certain challenges, we should analyze and resolve them by discussing any jury trials that involve complex, highly sophisticated factual issues rather than treating and carving out challenges in patent jury trials as something different in nature.¹³⁷

Lastly, the discussion of efficiency in patent jury trials needs to be put into perspective by looking into some statistics:

Only about 3% of all patent cases are actually tried by juries. . . . With no more than about 62 patent jury trials per year that reach trial, the number of prospective jurors present at voir dire for patent cases is probably not more than about 3,000 and the number of selected jurors that actually serve on patent cases is approximately 744 per year.¹³⁸

Although the number of patent lawsuits is rising, the statistics have largely remained the same. For example, among 4,042 patent lawsuits terminated in 2012, 72 lawsuits were terminated during or after jury trials.¹³⁹ In 2011, the number was only 58 out of 3,581 lawsuits terminated.¹⁴⁰

Given the astronomical cost of litigation for individual patent jury trials, the efficiency considerations in the patent litigation reform efforts certainly have strong merits. However, to the extent that the number of jury trials in patent cases is not as high as one might ex-

¹³⁵ ARTHUR D. AUSTIN, *COMPLEX LITIGATION CONFRONTS THE JURY SYSTEM: A CASE STUDY* 99 (1984) (presenting a study of jury comprehension using antitrust cases where the jurors were faced with complicated concepts and exhibits).

¹³⁶ *Id.* at 105.

¹³⁷ See Reuben, *supra* note 131, at 42 (“Fiddling with the distinction between law and fact provides one way to get at the complexity problem, albeit indirectly, and if it works in the patent context, why not other ‘complex’ areas of federal law, such as antitrust or securities?”).

¹³⁸ Signore, *supra* note 109, at 819–21 (analyzing statistics on the number of patent cases tried by juries between 1997 and 2000). However, the author of that quotation also noted that “[o]ver the past thirty years, juries have . . . become significantly more attractive to parties of patent cases.” See *id.* at 821.

¹³⁹ ADMIN. OFFICE OF THE U.S. COURTS, TABLE C-4: U.S. DISTRICT COURTS—CIVIL CASES TERMINATED, BY NATURE OF SUIT AND ACTION TAKEN, DURING THE 12-MONTH PERIOD ENDING SEPTEMBER 30, 2012, at 3 (2013), <http://www.uscourts.gov/uscourts/Statistics/JudicialBusiness/2012/appendices/C04Sep12.pdf>.

¹⁴⁰ STATISTICS DIV., ADMIN. OFFICE OF THE U.S. COURTS, 2011 ANNUAL REPORT OF THE DIRECTOR: JUDICIAL BUSINESS OF THE UNITED STATES COURTS 151 tbl.C-4 (2012), available at <http://www.uscourts.gov/uscourts/Statistics/JudicialBusiness/2011/JudicialBusiness2011.pdf>.

pect, the pursuit of efficiency in patent dispute resolution cannot ultimately justify further marginalization of the contours and content of the jury right under the Seventh Amendment.

CONCLUSION

As explored in this Note, the strong antijury sentiment in patent litigation is finding manifold outlets to marginalize the jury's role and involvement in patent dispute resolution, including attacks using the law-equity and law-fact distinctions. William Blackstone characterized the right to a jury trial as "the glory of the English law" and "the most transcendent privilege which any subject can enjoy."¹⁴¹ In 1935, the Supreme Court stated that jury trials should be "regarded as the normal and preferable mode of disposing of issues of fact in civil cases" and that "any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care."¹⁴² The Court later reemphasized the importance of the jury right by stating:

The right of jury trial in civil cases at common law is a basic and fundamental feature of our system of federal jurisprudence which is protected by the Seventh Amendment. A right so fundamental and sacred to the citizen, whether guaranteed by the Constitution or provided by statute, should be jealously guarded by the courts.¹⁴³

It is very encouraging that we have seen many active movements to improve the American patent litigation system given the importance of the system as a vital vehicle for innovation and prosperity in the current era of technical innovation. However, the current debate on recent developments lacks due regard for their potential adverse impact on the Seventh Amendment right to a jury trial, which has already been exposed to manifold attacks. In light of the inherent importance of the jury right, we must actively seek means by which we can not only bring about effective improvements in the system but also preserve the ever-marginalized jury right in the context of patent disputes.

¹⁴¹ 3 WILLIAM BLACKSTONE, COMMENTARIES *379.

¹⁴² *Dimick v. Schiedt*, 293 U.S. 474, 485–86 (1935).

¹⁴³ *Jacob v. New York City*, 315 U.S. 752, 752–53 (1942).

