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A Writer Speaks Truth

by University of Akron Law Professor Jay Dratler, Jr.

This post is in response to the iBlawg's recent call for submissions regarding Michael Crichton's New York Times Op/Ed.

Surprised by how apt Michael Crichton's critique was, I looked up his biography. Before becoming a writer, he picked up a *summa* at Harvard, got an M.D. from Harvard Medical School, and did research for two years at the Salk Institute. He therefore has had more scientific and technical training than two-thirds of the Federal Circuit's judges. (See below.)

Congress established the Federal Circuit in 1982, as a specialized court to handle appeals in patent cases. It did so primarily to curtail the "forum shopping" that had arisen due to different federal courts treating patent cases differently.

What happened next was a sobering lesson in unintended consequences: the Federal Circuit spawned much of the nonsense that Crichton satirized.

That court's greatest impact has been in deciding what can be patented. Patent law requires an invention to be novel (new), useful, and "nonobvious." The last criterion is just a proxy for patentable subject matter. It is a direct descendent of Thomas Jefferson's requirement, written into our first patent statute, that a patentable invention be "*sufficiently useful* and *important*." Patent Act of 1790, ch.7, 1 Stat. 109, 109–10 (emphasis added).

Yet in a search for formalistic rules, the Federal Circuit has held inventions "obvious" only if they are "suggested" in prior art. That rule makes "nonobviousness" look much like novelty and effectively reads the criterion out of the statute. *See* Jay Dratler, Jr., *Does Lord Darcy Yet Live? The Case*

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Against Software And Business-Method Patents, 43 SANTA CLARA L. REV. 823, 882–91 (2003).

Far more important, however, is what the Federal Circuit has done to patentable subject matter directly. Before that court's birth, patent lawyers assumed that only concrete inventions, not ideas, could be patented. Their understanding dated back to the old English Statute of Monopolies (.pdf), passed in 1623, which permitted patents for "new *Manufactures*" (emphasis added).

In 1998, the Federal Circuit rejected this age-old principle, decreeing that "business methods" and abstract plans for computer software can be patented. *See* State St. Bank & Trust Co. v. Signature Fin. Group, 149 F.3d 1368, 1373–77 (Fed. Cir. 1998). Its ruling opened the floodgates for the sort of "strategy" patents that Crichton ridicules.

Part of the problem is that the Federal Circuit is a specialized "expert" court without much relevant expertise. According to its official Website, the court has sixteen judges, eleven active and five on senior status. Insofar as their official biographies reveal, only five (31%) have scientific or technical degrees, only two (13%) have worked as scientists or engineers, only four (25%) have been patent attorneys, patent examiners, or patent agents, and only two (13%) have served as trial judges. Furthermore, their expertise is concentrated in a few individual judges, making its distribution even more lopsided than these bare statistics suggest.

The judges' backgrounds explain a lot. Only a person who had never done it could conclude that writing a flow chart for a computer program is "inventing." When I ask my students with programming experience whether they thought they were "inventing" while programming—let alone while writing flow charts—most of them just laugh.

Yet not all blame for the current nonsense lies at the Federal Circuit's feet. Our patent statute has fundamental conceptual flaws that the court's poor decisions have only highlighted.

Invention is not an event, but a process. The idea or conception is only the beginning. Thomas Edison said it best: inventive genius is one percent inspiration and 99 percent perspiration.

The purpose of patent law is to encourage the entire process, not just the "Eureka" inspiration. The Constitution requires patent law to "promote the Progress of… useful Arts." To do so, it must provide incentives not just to *have* inventive *ideas*, but to embody them in products and to test, build, refine, produce, and market the products.

Patents now serve a very practical economic function: they attract the risk capital needed for this entire process. Yet present patent law ignores this economic function. In defining "invention," it focuses on the inventor's mental conception. *See* 1 JAY DRATLER, JR., INTELLECTUAL PROPERTY LAW: COMMERCIAL, CREATIVE, AND INDUSTRIAL PROPERTY § 2.04[3][a], [b] (Law Journal Press 1991 & Supps.) The doctrine of "constructive" reduction to

practice goes even further: it allows an "inventor" to patent a raw idea, without ever making, building, testing or even simulating anything. *See id.* at § 2.04[3][b]. *See also* The Telephone Cases, 126 U.S. 1, 535–36 (1888). Then, in determining what "inventions" are patentable, the law requires "nonobviousness"—a criterion focusing on cognitive difficulty, not the expensive process of bringing an inventive conception into reality and the marketplace.

By focusing on conception to the exclusion of the rest of the inventive process, our patent system encourages patents on "paper inventions"—abstract ideas designed merely to stake a claim to ground on which other inventors are working or later may work, so as to exact a toll from their investment and labor. We now have a "land rush" by "engineers" without laboratories, patent holding companies, and even technically trained patent lawyers-all eager to stake claims to abstract principles and future inventions that others will make real. The Blackberry controversy and the suit against eBay, argued before the Supreme Court, are just the tip of the iceberg. On this point Crichton's satire—if not all of his rhetorical examples (some of which were facetious)—was right on target.

The so-called patent reform bill before the House, Patent Reform Act of 2005, H.R. 2795, 109th Cong. (2005), would provide little remedy. Most commentators see the problem as too many "bad patents" on things that are not inventions in any economic sense. Yet the bill does not even address that problem; it only provides new (and probably expensive) procedures, such as post-grant review, by which to strike down bad patents after they are issued. What else might you expect from a bill that the patent bar drafted?

These issues are hardly the exclusive concern of self-appointed experts. Manufacturing jobs are leaving our shores at an astonishing rate. Soon we Americans may have only three jobs left: (1) shuffling money, (2) serving as the world's breadbasket, or (3) inventing. If our patent system continues to impede innovation as much as promote it, the last of these options will recede from our grasp.

The outlook for a quick solution is not good. Congress has always ceded patent law to special interests and self-appointed experts, and now it has much else (terrorism, energy, and elections, for example) on its mind. The involvement of popular figures like Crichton may change that picture, but doing so will take time. In the meantime, our only hope to restore our patent system to some semblance of economic rationality is for the Supreme Court, in the few patent cases it has agreed to take, to slap the Federal Circuit down hard.

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