

AMERICAN UNIVERSITY LAW REVIEW

VOLUME 52

APRIL 2003

NUMBER 4

A REVIEW OF RECENT DECISIONS OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

FOREWORD

REFLECTIONS ON THE TWENTIETH
ANNIVERSARY OF THE COURT OF
APPEALS FOR THE FEDERAL

CIRCUIT *The Honorable Haldane Robert Mayer* 761

ARTICLES

FORMALISM AT THE FEDERAL CIRCUIT *John R. Thomas* 771

WHY *RITE AID* IS WRONG *Don Leatherman* 811

AREA SUMMARIES

2002 PATENT LAW DECISIONS OF
THE FEDERAL CIRCUIT *Kristin L. Yohannan* 891
Thomas J. Finn
Gregory S. Cordrey
Kevin T. Kramer

2002 TRADEMARK LAW DECISIONS OF
THE FEDERAL CIRCUIT *Robert Penchina* 999

INTERNATIONAL TRADE DECISIONS OF
THE FEDERAL CIRCUIT:
THREE YEARS OF RIGOROUS REVIEW *Bernd G. Janzen* 1027

FOREWORD

REFLECTIONS ON THE TWENTIETH ANNIVERSARY OF THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT

THE HONORABLE HALDANE ROBERT MAYER*

October 1, 2002, marked the twentieth anniversary of the creation of the United States Court of Appeals for the Federal Circuit. On April 2, 1982, President Reagan signed the court's enabling legislation,¹ and the newly formed court opened for business on October 1st of that year. To commemorate those historic events, the court held a special Twentieth Anniversary Judicial Conference in Washington, D.C., on April 8, 2002, at which I offered some comments on the people and accomplishments of the court in its first two decades. What follows is an adaptation of those remarks, updated as of September 30, 2002, the last day of the court's twentieth year.

The Federal Circuit today is, literally, a different court from the one that existed twenty years ago. Not one of our current active judges was a member of the court at its founding. The original court started with eleven active judges: Chief Judge Howard T. Markey, and Judges Daniel M. Friedman, Giles S. Rich, Philip Nichols, Jr., Oscar H. Davis, Phillip B. Baldwin, Shiro Kashiwa, Marion T. Bennett, Jack R. Miller, Edward S. Smith, and Helen W. Nies.² There were also

* Chief Judge, United States Court of Appeals for the Federal Circuit. I thank Marilyn A. Wennes, Deputy Senior Technical Assistant, for her help in preparing this Article.

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

2. THE UNITED STATES JUDICIAL CONFERENCE COMMITTEE ON THE BICENTENNIAL OF THE CONSTITUTION OF THE UNITED STATES, THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT: A HISTORY 1982-1990, 361 (1991) [hereinafter JUDICIAL

four senior judges at that time: Judges Don N. Laramore, James L. Almond, Jr., Wilson Cowen, and Byron G. Skelton.³

Since then, there have been fifteen appointments to the court. They are, in order: Judges Pauline Newman, Jean G. Bissell, Glenn L. Archer, Jr., Haldane Robert Mayer, Paul R. Michel, S. Jay Plager, Alan D. Lourie, Raymond C. Clevenger, III, Randall R. Rader, Alvin A. Schall, William C. Bryson, Arthur J. Gajarsa, Richard Linn, Timothy B. Dyk, and Sharon Prost.⁴ That has resulted in a complete turnover in full-time judges. Of course, Judge Cowen, Judge Friedman, and Judge Skelton remain with us as senior judges, and we have in them a link to the original court.

In all, there have been twenty-six active judges on the Federal Circuit. Although that number might sound high, in reality the court has been chronically short of judges. Throughout most of its existence—about eighty-two percent of the time—the court has had fewer than twelve active judges, its statutory allotment.⁵ During two brief periods, the number dipped as low as eight. We were aided then by visiting district judges, to whom I now renew our gratitude. So, we consider ourselves quite fortunate to be back at full strength since Judge Prost joined us in the fall of 2001. I hope we can maintain this stability for the foreseeable future.

As you might expect, all of those judges have had many law clerks over the years. In two decades, there have been 491 law clerks to active and senior Federal Circuit judges—or at least, 491 clerkships, because a few clerks have served more than once, and are counted accordingly.⁶ In case you're curious, Judge Rader has had the most clerks—thirty-nine in all. Judge Michel is in second place with thirty-six, and Judge Schall comes in third, with thirty.

CONFERENCE].

3. *Id.*

4. *See id.* (citing nine of the fifteen appointments which took place through June 27, 1990); Judicial Biographies, U.S. Court of Appeals for the Federal Circuit, at <http://www.fedcir.gov/judgbios.html> (last visited Mar. 3, 2003) (providing information on the remaining six and most recent appointments).

5. *See* 28 U.S.C. § 44 (2000) (allowing for twelve judges to be appointed to the Federal Circuit).

6. The statistics covering the entire existence of the Court of Appeals for the Federal Circuit, which appear in this piece, have been compiled specifically for Judge Mayer's remarks at the Twentieth Anniversary Judicial Conference. Therefore, they are internal and not available publicly. For further statistical information, *see* Court Information, U.S. Court of Appeals for the Federal Circuit, at <http://www.fedcir.gov/#information> (last visited Mar. 3, 2003) (listing information on the appeals filed, terminated, and pending from 1997 to 2002); JUDICIAL CONFERENCE, *supra* note 2 (discussing the origins of the Federal Circuit, its jurisdiction, and its staff and judges from 1982 to 1990).

Needless to say, the law clerks have been essential to accomplishing the work of the court. It would be nearly impossible to cope with our work without their assistance. They represent some of the best law school graduates in the country, and the judges rely heavily on their legal research and writing abilities. And because the clerks generally serve only one- or two-year terms, they are a continual source of fresh perspective that we value very highly.

In addition to the law clerks, we also have an excellent core staff to assist us in our work. We have been very fortunate that the rate of turnover among the staff has been quite low compared to that of other organizations. Just to give a few examples, both our court Librarian and our Assistant Circuit Executive for Administrative Services have been with the court since its inception. In addition, our Assistant Circuit Executive and Chief Deputy Clerk for Operations has held various positions in the Clerk's Office since that time.

Our Assistant Circuit Executive for Automation and Technology, who is responsible for meeting the court's computer needs, has served since that position was created in 1997. On our central legal staff, the Senior Technical Assistant has served since 1983, and the Senior Staff Attorney joined the court in 1986. The knowledge and experience of these individuals and other staff members of long standing bring efficiency and stability to the court's day-to-day operations. We appreciate all of the staff for their loyalty and dedicated service.

While we are on the subject of court personnel, I would like to make an important point about the court's legal staff, now known as the Central Legal Office. They provide us with invaluable assistance in legal research during the eight day comment period before precedential opinions are issued and in handling motions. However, unlike the legal staff of other circuit courts, they are not involved in resolving cases on the merits. At the Federal Circuit, all merits dispositions are made by judges. To do otherwise would risk creating a "second class" of litigants before the court, which could undermine confidence in our judicial process.

Now, I'd like to share with you a few statistics on the first twenty years of the court's work. All of the information that follows is current as of September 30, 2002. Since our court began, the Supreme Court has issued forty-four opinions in Federal Circuit cases.⁷

7. *Supra* note 6.

The most recent opinion,⁸ *Franconia Associates v. United States*,⁹ was issued on June 10, 2002. The plaintiffs alleged that the Emergency Low Income Housing Act of 1987 abridged their right to prepay their government mortgage loans, and consequently, caused both a repudiation of the plaintiffs' contracts with the government and a Fifth Amendment taking of their property.¹⁰ The Federal Circuit held that the claims were untimely filed because they had accrued immediately upon passage of the act and had not been filed within the six year statute of limitations.¹¹ The Supreme Court reversed the judgment and remanded, holding that the claims would not accrue until the plaintiffs attempted to prepay their loans and the government dishonored its obligation to accept the prepayment.¹²

The Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.,¹³ decided on June 3, 2002, addressed when a claim "arises under" federal patent law for purposes of Federal Circuit jurisdiction.¹⁴ The Supreme Court, vacating the Federal Circuit's judgment, held that under the "well-pleaded complaint" rule, the Federal Circuit had no jurisdiction over a case in which the complaint does not contain a patent-law claim, even if the answer contains a patent-law counterclaim.¹⁵ Such cases are to be appealed to the regional circuits. That decision, I fear, will impair the integrity of the system Congress envisioned when it created the Federal Circuit. By granting this court exclusive jurisdiction over appeals from cases arising under the patent laws, Congress sought to prevent forum shopping and promote uniformity in the law.¹⁶ That, in turn, reduces uncertainty in the outcome of patent litigation, which permits businesses and investors to make decisions with confidence.¹⁷ Allowing cases involving patent claims to be appealed to the regional circuit courts could seriously undermine those goals.

8. The Supreme Court subsequently decided *White Mountain Apache Tribe and Navajo Nation* on March 4, 2003. See *infra* notes 23-25.

9. 536 U.S. 129 (2002).

10. *Id.* at 132-33.

11. *Id.* at 133-34.

12. *Id.*

13. 535 U.S. 826, 62 U.S.P.Q.2d (BNA) 1801 (2002).

14. *Id.* at 827, 62 U.S.P.Q.2d (BNA) at 1801.

15. *Id.* at 833, 62 U.S.P.Q.2d (BNA) at 1805.

16. *Id.* at 832 & n.3, 62 U.S.P.Q.2d (BNA) at 1804 & n.3.

17. See *Aerojet-Gen. Corp. v. Mach. Tool Works*, 895 F.2d 736, 744 & n.7, 13 U.S.P.Q.2d (BNA) 1670 (Fed. Cir. 1990) (*en banc*), *overruled by* *The Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 62 U.S.P.Q.2d (BNA) 1801 (2002) (discussing the legislative history of the Federal Courts Improvement Act of 1982, *supra* note 1).

On May 28, 2002, the Court issued its decision in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*¹⁸ The Court agreed with the Federal Circuit that narrowing claim amendments in order to satisfy any Patent Act requirements—not just those made to avoid prior art—may give rise to prosecution history estoppel.¹⁹ However, the Court disagreed with the Federal Circuit’s “complete bar” approach—the notion that, where estoppel applies, the patentee necessarily surrenders all subject matter between the broader and narrower claim language.²⁰ The Court then explained the circumstances under which the doctrine of equivalents would still apply despite a narrowing amendment, and vacated and remanded the case to the Federal Circuit for a determination of whether such circumstances exist.²¹ We will reconsider the case *en banc*.²²

Two other Federal Circuit cases were pending at the Supreme Court at the end of September.²³ *White Mountain Apache Tribe v. United States*²⁴ and *Navajo Nation v. United States*.²⁵ They were argued on December 2, 2002. Both cases concern the nature of the federal government’s fiduciary obligations to the tribes involved.²⁶

You might also be interested to know that, in its first twenty years, the Federal Circuit has issued more than seventy-five judgments *en banc* in whole or in part.²⁷ The most recent of those²⁸ is *Jaquay v.*

18. 535 U.S. 722, 62 U.S.P.Q.2d (BNA) 1705 (2002).

19. *Id.* at 736, 62 U.S.P.Q.2d (BNA) at 1714.

20. *Id.* at 737-38, 62 U.S.P.Q.2d (BNA) at 1715 (rationalizing that a complete bar would defeat the purpose of the doctrine, which is to hold the inventor accountable to the representations made during the application process).

21. *Id.* at 741-42, 62 U.S.P.Q.2d (BNA) at 1717.

22. See *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 304 F.3d 1289, 1291, 64 U.S.P.Q.2d (BNA) 1698 (Fed. Cir. 2002) (ordering a rehearing of the case remanded by the U.S. Supreme Court).

23. The Supreme Court decided *White Mountain Apache Tribe* and *Navajo Nation* on March 4, 2003. *United States v. White Mountain Apache Tribe*, 121 S. Ct. 1126 (2003) (statute providing that government hold property in trust for tribe, subject to government’s right to use property, obligated government to preserve property it used and could fairly be interpreted as mandating compensation for breach of that obligation), *aff’d*, 263 F.3d 1364 (Fed. Cir. 2002); *United States v. Navajo Nation*, 121 S. Ct. 1079 (2003) (statute requiring approval of Secretary of Interior for mineral leases negotiated between tribe and lessee could not be fairly interpreted as mandating compensation for the government’s alleged breach of trust), *rev’d*, 263 F.3d 1325 (Fed. Cir. 2002).

24. 249 F.3d 1364 (Fed. Cir. 2001), *cert. granted*, 535 U.S. 1016 (2002), *aff’d*, 123 S. Ct. 1126 (2003).

25. 263 F.3d 1325 (Fed. Cir. 2001), *cert. granted*, 535 U.S. 1111 (2002), *rev’d*, 123 S. Ct. 1079 (2003).

26. *Id.* at 1325; *White Mountain Apache Tribe*, 249 F.3d at 1364.

27. See *supra* note 6.

28. The court subsequently decided *Coast Federal Bank, FSB v. United States*, 323 F.3d 1035 (Fed. Cir. 2003) (*en banc*), on March 24, 2003. Because the court did not decide to rehear that case *en banc* until after September 30, 2002, it is beyond the scope of this Article. See *Coast Federal Bank, FSB v. United States*, 320 F.3d 1338

Principi,²⁹ which issued on September 16, 2002, and concerns the statutory 120-day period for appealing a decision of the Board of Veterans' Appeals ("Board") to the Court of Appeals for Veterans Claims ("Veterans Court").³⁰ That period begins to run from the mailing date of the Board's initial decision.³¹ If, however, the veteran seeks reconsideration of the Board's initial decision within the 120-day period, that decision is "abated," and the period for appeal to the Veterans Court begins anew upon the mailing of the subsequent Board decision.³²

Jaquay's representative tried to file a motion for reconsideration within the 120-day period, but mailed it to a Department of Veterans Affairs regional office, instead of the Board's Washington, D.C. office, as required by regulation.³³ Some ten months later, the motion reached the Board, which denied it. Jacquay appealed to the Veterans Court within 120 days of that denial. The court dismissed for lack of jurisdiction on the grounds that the notice of appeal was not filed within 120 days of the Board's initial decision, and that filing the reconsideration motion with the wrong office neither abated that decision nor reset the 120-day period for appeal to the court.³⁴ On appeal, the *en banc* Federal Circuit reversed and remanded, holding that filing for reconsideration at the regional office satisfied the diligence requirement of *Irwin v. Department of Veterans Affairs*³⁵ and thus triggered equitable tolling.³⁶ The Federal Circuit held that the Board's initial decision was abated by that filing, Jacquay's notice of appeal to the Veterans Court was timely, and the Veterans Court possessed jurisdiction of the case.³⁷

As of September 30, 2002, four cases were pending before the *en banc* Federal Circuit. Two of them have since been decided. In *Schism v. United States*,³⁸ which issued on November 18, 2002, the *en banc* court held that in spite of government officials' promises of free lifetime medical care for career military officers and their

(Fed. Cir. 2003) (order granting rehearing *en banc*).

29. 304 F.3d 1276 (Fed. Cir. 2002).

30. *Id.* at 1279.

31. *Id.* at 1281 (citing to 38 U.S.C. § 7266(a)(1)(2000)).

32. *Id.* at 1284 (citing *Rosler v. Derwinski*, 1 Vet. App. 241, 249 (1991)); *see also id.* at 1279 ("[A] new 120-day period begins to run on the date on which the BVA mails to the claimant notice of its denial of the motion to reconsider." (quoting *Rosler*, 1 Vet. App. at 249)).

33. *Id.* at 1279, 1284 (citing 38 C.F.R. § 20.1001 (2001)).

34. *Id.* at 1278, 1279.

35. 498 U.S. 89, 96 (1990).

36. *Jaquay*, 304 F.3d at 1288-89.

37. *Id.* at 1289.

38. 316 F.3d 1259 (Fed. Cir. 2002) (*en banc*).

dependents, and in spite of the officers' reliance on those promises by serving on active duty for at least twenty years, the promises were unenforceable for want of authority.³⁹ In *Cook v. Principi*,⁴⁰ decided on December 20, 2002, the court held that although the Veterans' Administration (now the Department of Veterans Affairs) failed to give Mr. Cook a proper medical examination before denying his claim for service-connected benefits, that failure did not render the decision denying benefits non-final, and thus, the claim could not be reopened.⁴¹ In doing so, the court held that a breach of the duty to assist the veteran to the extent required by law could not constitute "clear and unmistakable error," one of the two statutory exceptions to finality.⁴² The court also overruled *Hayre v. West*⁴³ insofar as *Hayre* holds that "grave procedural error" constitutes an additional, non-statutory exception to finality.⁴⁴

Two cases still await decision *en banc*. In addition to *Festo*, discussed earlier, there remains *Martinez v. United States*.⁴⁵ In *Martinez*, we asked the parties to brief whether *Hurick v. Lehman*,⁴⁶ a 1986 Federal Circuit case, should be overruled.⁴⁷ *Hurick* holds that a claim based on an alleged unlawful discharge from military service accrues on the date of discharge.⁴⁸ The statute of limitations is not tolled by seeking relief from a military board for the correction of records, and the failure of that board to set aside the discharge does not give rise to a separate claim.⁴⁹

The Federal Circuit is a prolific producer of precedential opinions. In its lifetime, the court has issued over 4000 of them.⁵⁰ On average, therefore, we write more than 200 precedential opinions a year. That is a number I believe we should work to reduce. Too many opinions in well-trod areas of the law contribute to uncertainty and instability.

39. See *id.* at 1300 (explaining that Congress was the only body vested with authority over health care for the armed forces and that it had neither delegated this authority to other entities nor ratified the promises made).

40. 318 F.3d 1334 (Fed. Cir. 2002) (*en banc*).

41. *Id.* at 1347-48.

42. See *id.* at 1344 (stating that in order to constitute clear and unmistakable error, the error must be outcome determinative and it must have been based upon evidence in the record of the original decision).

43. 188 F.3d 1327 (Fed. Cir. 1999).

44. *Cook*, 318 F.3d at 1348; see also *Hayre*, 188 F.3d at 1333 (discussing "grave procedural error" and its effect on the finality of decisions).

45. 272 F.3d 1335 (Fed. Cir. 2001) (*sua sponte* granting hearing *en banc*).

46. 782 F.2d 984 (Fed. Cir. 1986).

47. *Martinez*, 272 F.3d at 1335.

48. *Hurick*, 782 F.2d at 986.

49. *Id.* at 987.

50. See *supra* note 6.

The number of precedential opinions, however, reflects only a fraction of our caseload. As of September 30, 2002, 30,593 appeals have been filed since the court began.⁵¹ About forty-three percent of those have come from the Merit Systems Protection Board. Twenty-two percent have come from the district courts, eleven percent from the Court of Federal Claims, seven percent from the Patent and Trademark Office, and five percent from the Court of Appeals for Veterans Claims.⁵² The Boards of Contract Appeals and the Court of International Trade have each contributed about four percent. That accounts for ninety-six percent. The remaining four percent of appeals have come from our "writs" category, the International Trade Commission, the Department of Veterans Affairs, our congressional "personnel" category, the Secretary of Commerce, the Secretary of Agriculture, and the Office of Personnel Management.

That quick review of the various sources of our appeals illustrates how broad and varied our court's jurisdiction really is. Of course, that was the idea from the very beginning. When Congress created the Federal Circuit, it was well aware of concerns that the new court would be overly specialized. So it conferred on us the combined jurisdiction of two predecessor courts, which was quite diverse, as well as appeals from the Merit Systems Protection Board and appeals from the district courts in patent cases.⁵³ And because we have jurisdiction over patent "cases," not "issues," we frequently encounter many other types of questions not committed to our exclusive jurisdiction.⁵⁴

Congress also intended to expand our jurisdiction as the need arose, and indeed it has done so. Since 1982, we have received jurisdiction over at least ten new types of cases, including those involving veterans' benefits, the Vaccine Injury Compensation Program, and energy cases that previously went to the Temporary Emergency Court of Appeals.⁵⁵

It has also been Congress's aim that the Federal Circuit should hold hearings outside of Washington, D.C. from time to time. Thus, in keeping with our statutory mandate, we have heard arguments in other circuits on twenty-eight occasions in the first twenty years.⁵⁶

51. *Id.*

52. *Id.*

53. See 28 U.S.C. § 1295 (2000).

54. See *Atari, Inc. v. JS&A Group, Inc.*, 747 F.2d 1422, 1435-36, 223 U.S.P.Q. 1074 (Fed. Cir. 1984) (discussing jurisdiction over patent "cases" as opposed to "issues"), *overruled on other grounds by* *Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 46 U.S.P.Q.2d (BNA) 1097 (Fed. Cir. 1998) (*en banc* in relevant part).

55. See JUDICIAL CONFERENCE, *supra* note 2, at pt. V (discussing the types of cases that come before the Federal Circuit).

56. See 28 U.S.C. § 48 (2000) (authorizing the Federal Circuit to hold court

And we have heard arguments in every regional circuit in the country. These hearings have been held not only at federal courthouses, but also at law schools in those areas. We believe this provides law students with a valuable chance to observe the appellate process in general, and the work of this court in particular. Our judges have also typically participated in continuing legal education programs hosted by local bar associations. And of particular value, we take those opportunities to meet with the district judges whose work we see, but whom we rarely get to meet. We always enjoy these opportunities to share our views with the judges, and the lawyers who practice before us, and to learn what's on their minds, as well.

On a personal note, my association with the Federal Circuit goes back to the mid-1970s when what was to become the court was but a gleam in the eye of Professor Dan Meador of the law school at the University of Virginia, who I see as the "father" of the court. Traditionalist that I am, I can recall demurring to the idea in conversations with Dan. Even after my former boss, Chief Justice Burger, indicated his support, I still was not sure. Little did I know that I was destined to spend my judicial career with the Federal Circuit: first as a trial judge keeping a wary eye on it, and for the past fifteen years on the court.

This twentieth anniversary is an opportune time to take stock and see how the court is faring. It is appropriate to pause and glance back. But it is the future that should command our attention. This Federal Circuit issue is a good place to begin that process.
