

## Private Patent Rights, the Patent Bargain and the Fiction of Administrative “Error Correction” in Inter Partes Reviews

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### **Abstract**

*This paper shows that the Framers empowering Congress to act by “securing for limited Times to ... Inventors the exclusive Right to their ... Discoveries” understood that the exclusive patent right is not “granted” but is a preexistent right emanating from the inventor – not from Congress. This exclusive right is only secured by statute, as part of the patent bargain in exchange for the inventor’s public disclosure of the invention. Therefore the right adjudicated in administrative validity review of issued patents is a “private right.” It is shown that the notion of post-issuance administrative “error correction” is fiction, as it overlooks the irreversible and uncorrectable exchange of rights upon patent issuance. It is concluded that only Article III courts can extinguish such private rights and that arguments advanced by proponents of post-issuance administrative patent revocation are therefore deficient in supporting the constitutionality of such proceedings.*

### **1 Introduction**

As the Supreme Court considers in *Oil States v. Greene’s Energy* the constitutional limits on adjudicatory authority of the U.S. Patent and Trademark Office (PTO), it is important to focus on the nature of the action, the remedy sought, and the actual rights adjudicated by the PTO’s Patent Trial and Appeal Board (PTAB) in *inter partes* reviews (IPR).<sup>1</sup> The remedy sought by the petitioner in an IPR adjudication is to cancel patent claims in order to obtain the *private right*<sup>2</sup> to freely practice the invention. The inventor, or patent holder, incurs a loss of its *private right* to exclude others.<sup>3</sup> Under our Constitution, such private rights are normally adjudicated in Article III courts – not in administrative tribunals.

The substantive question at hand is no longer whether or not the patent right is a property right. Contrary to prevailing account of the question presented in the case, both respondents – Greene’s and the Government – concede that the patent right is

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<sup>1</sup> 35 U.S.C. §§ 311-319.

<sup>2</sup> A “right” is defined as a “[t]hat which one person ought to have or receive from another, it being withheld from him, or not in his possession,” Black, Henry Campbell, Joseph R. Nolan, and Michael J. Connolly. *Black’s Law Dictionary*: St. Paul: West Pub. Co. (5th ed.1979) at 1189. The IPR Petitioner obtains a private right because his free use of the invention is no longer “being withheld from him.”

<sup>3</sup> Statements such as “patents are private rights” or “patents are public rights” are meaningless because patent validity challenges may adjudicate private rights (in the case of IPRs), or public rights (in the case of international trade law enforcement proceedings). See [Brief of Amicus Curiae IEEE-USA](#), *Oil States v. Greene’s Energy*, U.S. Supreme Court, No. 16-712, at Section I.B (Aug 31, 2017) (discussing the distinction between private and public rights adjudication).

a property right. They contend, however, that adjudication of those rights is subject to the “public rights” exception, permitting Congress to remove patent validity adjudications from Article III courts and relegate them to an administrative tribunal, the PTO’s Patent Trial and Appeal Board (“PTAB”), whose final fact-finding is conclusive and binding on Article III courts.

In justifying the constitutionality of the IPR statute enacted in the America Invents Act<sup>4</sup> (“AIA”), a common refrain persistently asserted is that even though patents may be regarded as personal property, “patent rights emanate solely from federal statute and are expressly granted ‘subject to’ the power of Congress to define those rights. Patent rights are therefore public rights, derived from a ‘federal regulatory scheme.’”<sup>5</sup> Another reprise is the remedial tenor of the IPR statute: “Congress is authorized to provide for post-issuance error correction” through PTO cancellation of patent claims, says the Respondent in the *Oil States* case.<sup>6</sup> Writing earlier for the Court of Appeal for the Federal Circuit in *MCM v. HP*, finding constitutionality of IPRs, circuit judge Dyk opined that “[t]here is notably no suggestion that Congress lacked authority to delegate to the PTO the power to issue patents in the first instance. It would be odd indeed if Congress could not authorize the PTO to reconsider its own decisions.”<sup>7</sup>

This paper shows that both contentions above are without merit; that the exclusive patent right emanates from the inventor – not from Congress – and therefore the right adjudicated in IPRs is a “private right”; and that the notion of post-issuance “error correction” is fiction, as it overlooks the irreversible and uncorrectable exchange of rights upon patent issuance. These arguments advanced by IPR proponents are therefore deficient in supporting the constitutionality of IPRs.

## **2 Congress does not create the patent right — it only creates the statutory *design for securing* the inventor-created right**

Article I, Section 8, Clause 8 of the U.S. Constitution (the “IP Clause”) empowers Congress “To promote the Progress of ... useful Arts, by *securing* for limited Times to ... Inventors the exclusive Right to their ... Discoveries.” (Emphasis added). The IP Clause “is unique in that it is the only one of the Enumerated Powers where the drafters mandated ‘a specific mode of accomplishing the particular authority granted,’ *i.e.*, ‘by securing exclusive rights for limited times to ... inventors in their

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<sup>4</sup> Pub. L. No. 112-29, 125 Stat. 284 (2011).

<sup>5</sup> [Brief for Respondent Greene’s Energy Group, LLC, \*Oil States v. Greene’s Energy\*](#), U.S. Supreme Court, No. 16-712, at 30 (October 23, 2017) (quotations and citation omitted).

<sup>6</sup> Brief for Respondent, Note 5 *supra*, at 18; [Brief for the Federal Respondent, \*Oil States v. Greene’s Energy\*](#), U.S. Supreme Court, No. 16-712, at 16, (October 23, 2017) (“Just as Congress has long authorized Executive Branch employees to determine in the first instance whether patents should be granted, [IPR] is a constitutionally permissible means by which the USPTO may reassess its prior patent grants and, if necessary, correct its own errors.”)

<sup>7</sup> *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284, 1291 (Fed. Cir. 2015)

... discoveries.”<sup>8</sup> The Supreme Court has recognized that this language “is both a grant of power and a limitation.”<sup>9</sup> Thus, Congress is not authorized to create a new exclusive property right in a grant – it is only empowered “to *secure*” the existing rights of the inventors.<sup>10</sup>

At the time the Constitution was adopted, the term “to secure” meant what it means today — “[t]o make certain, to put out of hazard, to ascertain, to protect, to make safe, to insure.”<sup>11</sup> The choice of the word “secure” in the IP Clause rather than “grant” appears deliberate; the Framers were well aware of the word “grant,” having used it 8 times elsewhere in the Constitution.<sup>12</sup> And the term “grant” meant what it means today — “to bestow something that *cannot* be claimed of right.”<sup>13</sup> Thus, the Framers “have intended what they have said”<sup>14</sup> — Congress is empowered only to *secure* that which *can* “be claimed of right” by inventors — “the exclusive Right to their ... Discoveries.” This was amplified by the Supreme Court, holding that “the patent for an invention is not a conveyance of something which the government owns.”<sup>15</sup> And “the patentee receives nothing from the law which he did not have before.”<sup>16</sup>

Before the patent issuance, from the moment of first possession and reduction to practice of a patentable invention, the inventor in fact has an *exclusive* right to the invention. This is because a patentable invention is novel and non-obvious to the world; it would not have been previously known or available to the public and the inventor “could have kept the discovery secret to himself. He need not have disclosed it to anyone,”<sup>17</sup> and therefore necessarily would have remained the *exclusive* user to exploit the invention for a while. However, although the inventor *created* the exclusive right, that right would not have remained *secure*. Enter Congress.

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<sup>8</sup> *Figueroa v. U.S.*, 66 Fed.Cl. 139, 149 (Fed.Cl. 2005) (citation omitted).

<sup>9</sup> *Graham v. John Deere Co.*, 383 U.S. 1, 5 (1966).

<sup>10</sup> *Gibbons v. Ogden*, 22 U.S. 1, 146–8 (1824). See Section 2, note 24 *infra* and accompanying text.

<sup>11</sup> Sheridan, Thomas, *A complete dictionary of the English language*, 2nd ed., London: C. Dilly (1789); Sheridan, Thomas, *A general dictionary of the English language*, London: J. Dodsley, C. Dilly and J. Wilkie (1780) (same).

<sup>12</sup> *E.g.*, Art. I, § 8, Cl. 9 (empowering Congress to “grant Letters of Marque and Reprisal”); Art. I, § 9, Cl. 8 (“No Title of Nobility shall be granted by the United States.”); Art. I, § 10, Cl. 1 (“No State shall ... grant Letters of Marque and Reprisal ... or grant any Title of Nobility”); Art. II, § 2, Cl. 1 (The President “shall have Power to grant Reprieves and Pardons.”); Art. II, § 2, Cl. 3 (“granting Commissions”); Art. III, § 2, Cl. 1 (claims pertaining to “Lands under Grants” from States).

<sup>13</sup> Sheridan (1789), note 11 *supra*. Emphasis added.

<sup>14</sup> See *Gibbons*, 22 U.S. at 188 (“As men, whose intentions require no concealment, generally employ the words which most directly and aptly express the ideas they intend to convey, the enlightened patriots who framed our constitution, and the people who adopted it, must be understood to have employed words in their natural sense, and to have intended what they have said.”)

<sup>15</sup> *United States v. American Bell Telephone Co.*, 167 U.S. 224, 238-9 (1897).

<sup>16</sup> *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 510 (1917).

<sup>17</sup> *American Bell*, 167 U.S. at 254.

Congress does not create the exclusive patent right — it only creates the statutory *design* and the legal formalities needed for *securing* the inventor-created exclusive right. For example, in addition to administrative requirements and payment of fees, the statutory design in the pre-AIA patent law ensures that:

- (a) The inventor’s right was truly and rightfully *exclusive* to the inventor to begin with at the time of the invention. This means that the applicant himself is the “original and first inventor”<sup>18</sup> and that the invention was not known or in use (novel and non-obvious) at the time it was made.<sup>19</sup> Thus, “Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available. [ ] This is the *standard* expressed in the Constitution and it may not be ignored.”<sup>20</sup>
- (b) That the inventor furnishes a “written description of the invention, and of the manner and process of making and using it,”<sup>21</sup> thereby demonstrating, among other things, that the inventor was actually “*in possession*” of the invention as claimed at the time of the application.<sup>22</sup>

The fact that Congress does not create the patent right – that it only secures the exclusive right of which the inventor is already “in possession” – was repeatedly enunciated by the courts over the years. Chief Justice John Marshall explained that the Constitution and the law, taken together, recognize the “inchoate and indefeasible property in the thing discovered” — a property right in the inventor “from the moment of invention,” which was “only perfected by the patent.”<sup>23</sup> A few years later, the Supreme Court in the landmark case of *Gibbons v. Ogden* elaborated on that point and on the clear distinction between the American constitutional direction to *secure* pre-existing rights and the English monarch bestowing a right that did not previously exist:

What is the power delegated to Congress, and on what principle is it founded? A confined and partial mode of promoting the progress of science and useful arts, viz. by *securing*, for a limited time, to authors and inventors, the exclusive right to their respective writings and discoveries. [The commentary in Federalist No. 43], and the words of the constitution, show that the power is only founded on the principle of literary property extended to inventions. It proceeds upon assuming a pre-existent common law right, which, however, requires to be properly *secured* by adequate remedies. Its principle is entirely different from that on which patents rest in England.

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<sup>18</sup> 35 U.S.C. § 115 (“The applicant shall make oath that he believes himself to be the original and first inventor.”)

<sup>19</sup> 35 U.S.C. §§ 102, 103.

<sup>20</sup> *Graham*, 383 U.S. at 6 (emphasis in original).

<sup>21</sup> 35 U.S.C. § 112.

<sup>22</sup> *Vas-Cath, Inc. v. Mahurkar*, 935 F.2d 1555, 1563–64 (Fed.Cir.1991) (“The applicant must ... convey to those skilled in the art that, as of the filing date sought, he or she was in possession of the invention.”)

<sup>23</sup> *Evans v. Jordan*, 8 F. Cas. 872, 873-74 (C.C.D.Va. 1813). *affd.*, 13 U.S. 199 (1815).

*They are exclusive rights, not merely secured, but created and granted; they are monopolies for things invented or imported, and do not suppose or act on any pre-existent right; but grant a right, the origin and efficacy of which is derived from its being a gift from the crown, permitted and legalized by act of Parliament.*

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[Under the IP Clause] Congress has no power to *grant* them. It has no authority to make *exclusive grants of any kind*; that power remains solely in the States, as a part of their original sovereignty, which has never come within the purview of the federal constitution. A patent, in England, and every country but this, implies, the *creation* and gift of a right, by force of the sovereign power, conferring upon an individual a monopoly, in which he had no pre-existent right. ... The power delegated to Congress, *does not authorize it to create any right, or to give any right*; it only enables that body to *secure* a pre-existent common law right, and for that purpose it may create and give a remedy.<sup>24</sup>

In 1829, the Supreme Court noted that, under the Constitution, “the right is created by the invention, and not by the patent.”<sup>25</sup> The Court explained that a patent is a “title” and thus an act of invention before an application for a patent is “like an inchoate right to land, or an inceptive right to land, ... that to be made available, it must be prosecuted with due diligence, to the consummation or completion of the title.”<sup>26</sup> Similarly, in *Gayler v. Wilder*, the Court recognized “the discoverer of a new and useful improvement is vested by law with an inchoate right to its exclusive use, which he may perfect and make absolute by proceeding in the manner which the law requires. [The inventor] possessed this inchoate right at the time of the assignment [of the application].”<sup>27</sup>

The fact that the inventor’s exclusive right is among rights secured by congressional legislation does not mean that it can be extinguished by legislative courts. Indeed, were this principle to apply consistently, it would make Article III courts optional for *every* statutory cause of action, stripping them of their constitutional jurisdiction. It would exceed separation of powers limits by countenancing a doctrine under which what Congress giveth, Congress can taketh away on whatever terms it pleases.

In sum, the patent right adjudicated in IPR originates from the inventor – it is quintessentially a *private right*. It is not a government entitlement conferred on the inventor as “new property”<sup>28</sup> which the inventor did not have before. And as an impartial adjudicator among private parties, the PTAB *does not* adjudicate “public rights” because it *does not* adjudicate disputes “which arise between the

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<sup>24</sup> *Gibbons v. Ogden*, 22 U.S. 1, 146–8 (1824). Emphasis added.

<sup>25</sup> *Pennock v. Dialogue*, 27 U.S. 1, 12 (1829).

<sup>26</sup> *Id.*, at 18.

<sup>27</sup> *Gayler v. Wilder*, 51 U.S. 477, 493 (1850).

<sup>28</sup> *Goldberg v. Kelly*, 397 U.S. 254, 262, n8 (1970) (explaining that when legislature creates statutory entitlements they essentially amount to “new property,” citing Charles A. Reich, *The New Property*, 73 *Yale L.J.* 733 (1964)).

Government and persons subject to its authority in connection with the performance of the constitutional functions of the executive or legislative departments.”<sup>29</sup> These particular aspects distinguish the rights adjudicated in IPR from those at issue in other Supreme Court cases dealing with the public rights exception to Article III adjudications.

In consideration for securing the exclusive patent right – a valuable perfection of the inventor’s inchoate private right – the inventor discloses the invention to the public, an exchange known as the patent bargain, discussed below.

### 3 The Irreversible Patent Bargain

The notion of the patent bargain – disclosure of an invention in exchange for a secured exclusive right to the invention – was introduced by Joseph Barnes, one of the early American patent commentators. Barnes was involved in crafting proposed amendments to the bill that became the Patent Act of 1793 based on the “principles” he had set forth in his treatise.<sup>30</sup> In his 1792 treatise, Barnes explained that

a system for securing property in the products of genius, is a mutual contract between the inventor and the public, in which the inventor agrees, on proviso that the public will secure to him his property in, and the exclusive use of his discovery for a limited time, he will, at the expiration of such time, cede his right in the same to the public: thenceforth the discovery is common right, being the compensation required by the public, stipulated in the contract, for having thus secured the same.<sup>31</sup>

The earliest Supreme Court decision referring to the *quid pro quo* of the patent bargain was *Pennock v. Dialogue* in 1829.<sup>32</sup> The Court recognized this principle in several decisions thereafter.<sup>33</sup> In *Eldred v. Ashcroft*,<sup>34</sup> the Court explained that

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<sup>29</sup> *Crowell v. Benson*, 285 U.S. 22, 50 (1932).

<sup>30</sup> Edward C. Walterscheid, “Novelty & the Hotchkiss Standard,” 20 *Fed. Circuit B.J.* 219, 241 (2010) (“It is difficult not to conclude that section 2 of the 1793 Act was derived from language proposed by Barnes.”)

<sup>31</sup> Joseph Barnes, “*Treatise On The Justice, Policy, And Utility Of Establishing An Effectual System For Promoting The Progress Of Useful Arts, By Assuring Property In The Products Of Genius,*” at 25 Philadelphia: Francis Bailey (1792) (emphasis added).

<sup>32</sup> *Pennock*, 27 U.S. at 23 (If an invention is already commonly known and used when the patent is sought, “there might be sound reason for presuming, that the legislature did not intend to grant an exclusive right,” given the absence of a “quid pro quo.”)

<sup>33</sup> *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred International, Inc.*, 534 U.S. 124, 142, (2001) (“The disclosure required by the Patent Act is ‘the quid pro quo of the right to exclude.’ ” (quoting *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 484 (1974))); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 161 (1989) (“the quid pro quo of substantial creative effort required by the federal [patent] statute”); *Brenner v. Manson*, 383 U.S. 519, 534 (1966) (“The basic quid pro quo ... for granting a patent monopoly is the benefit derived by the public from an invention with substantial utility.”); *Universal Oil Prod. Co. v. Globe Oil & Ref. Co.*, 322 U.S. 471, 484 (1944) (“As a reward for inventions and to encourage their disclosure, the United States offers a seventeen-year monopoly to an inventor who refrains from keeping his invention a trade secret. But the quid pro quo is disclosure of a process or device in sufficient detail to enable one skilled in the art to

under the patent *quid pro quo*, the “immediate disclosure is not the objective of, but is *exacted* from, the patentee. It is the *price paid* for the exclusivity *secured*.”<sup>35</sup>

The recognition that the public receives valuable consideration from the inventor – the publication of the full enabling detailed disclosure of the invention, which is “the price paid for the exclusivity secured” – further underscores the private right nature of the underlying source of the patent right.

#### 4 The Fiction of “Error Correction” in Post-Issuance Review

The notion that an IPR can merely “correct” an error — that the PTO simply “reconsiders” its prior decision and is given a chance for a “do over” — is fiction. First, the exchange of rights upon patent issuance is *irreversible* and therefore *uncorrectable*. The public disclosure of the invention made under the patent *quid pro quo* in exchange for secured exclusive right cannot be erased and the *status quo ante* cannot be restored; one cannot unring the bell. An IPR adjudication that cancels patent claims *voids* the exchange of rights under the patent bargain, but it does so in only one direction. The inventor’s invention that might have otherwise remained a trade secret becomes irreversibly part of the public domain. Moreover, the substantial investments that the patentee may have made in reliance on the exclusive patent right cannot be returned; investment-backed expectations are conclusively gutted without judicial review. In short, *there can be no “do over” of the patent bargain*.

Second, there is no assurance that the PTAB will do any better job than the PTO examiners, or that it will *actually* correct an error. In fact, the PTAB record indicates otherwise – that IPR error correction is illusory: if a PTAB final decision “corrects” an issued patent, why are subsequent “corrections” of the same patent again and again in up to a dozen IPRs necessary?<sup>36</sup> This is definitely not about a “do over” – it is a “do over, and over, and over...” scheme.

Furthermore, rather than striving to “correct errors,” the PTO admitted that in certain cases it expanded PTAB panels with selected judges in repeated

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practice the invention once the period of the monopoly has expired.”); *American Bell*, 167 U.S. at 239 (“But in order to induce him to make that invention public, to give all a share in the benefits resulting from such an invention, Congress, by its legislation made in pursuance of the Constitution, has guarantied to him an exclusive right to it for a limited time”).

<sup>34</sup> 537 U.S. 186 (2003).

<sup>35</sup> *Id.*, at 216. Emphasis added.

<sup>36</sup> See [Brief of Amici Curiae Thirty-Nine Affected Patent Owners](#), *Oil States v. Greene’s Energy*, U.S. Supreme Court, No. 16-712, at 18-27 (Aug 30 2017) (*e.g.*, E-watch’s patents undergone an average of 4 IPRs per patent; Cascades Projection’s single patent undergone a series of 6 IPRs; Daniel Flamm’s patents undergone an average of 9 IPRs per patent; and Zond’s patents have undergone an average of a dozen IPRs per patent).

adjudications to reach preferred substantive results.<sup>37</sup> As such, there are no real checks on the PTAB “correction” mechanism – the PTAB decision is conclusive as to fact-finding.<sup>38</sup>

Once a patent is issued, the patent bargain is struck and each party delivers on its part of the “contract,” with the inventor doing so *irreversibly*. The patent is presumed valid and even if challenged with prior art that was not considered by the PTO, only clear and convincing evidence can invalidate it.<sup>39</sup> The contention that the government can subsequently unilaterally void its obligation on mere preponderance of evidence without compensation or judicial review is breathtaking. The Supreme Court addressed this very issue in *McCormick Harvesting Machine Co. v. Aultman*: “when a patent has received the [requisite Officers’ signature], and has had affixed to it the seal of the Patent Office, it has passed beyond the control and jurisdiction of that office, and is not subject to be revoked or cancelled by the President, or any other officer of the Government.”<sup>40</sup>

After issuance, the patent holder’s rights involved do not depend on the nature, quality, or errors of the PTO examination process. The role of the agency has terminated. In fact, such rights had been secured and recognized even without examination — before Congress established the examination of patent applications under the Patent Act of 1836.<sup>41</sup> Prior to 1836, issued patents were presumed valid owing to the evidence given by the inventor to the Office under oath, declaring “that such invention, art, or discovery hath not, to the best of his or her knowledge or belief, been known or used either in this or any foreign country,”<sup>42</sup> and “that he does verily believe, that he is the true inventor or discoverer.”<sup>43</sup> The fact that the Office had not substantively examined the application did not diminish the patent holder’s property rights in any way and any challenge to the patent’s validity could be made but only in the federal courts. Indeed, the Patent Act of 1800 contained a prospective proviso “that every patent which shall be obtained pursuant to the act for any invention, art or discovery, which it *shall afterwards* appear had been known or used previous to such application for a patent, shall be utterly void.”<sup>44</sup>

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<sup>37</sup> [Brief of Amicus Curiae Unisone Strategic IP, Inc., \*Oil States v. Greene’s Energy\*](#), U.S. Supreme Court, No. 16-712, at 16-17 (Aug 30 2017) (Describing PTAB panel stacking to ensure that the PTO Director’s “policy position is being enforced by the panels.”)

<sup>38</sup> 35 U.S.C. § 319 provides for Federal Circuit review, but such review is deferential to the PTAB, requiring only substantial evidence. See *MCM*, 812 F.3d at 1287.

<sup>39</sup> *Microsoft Corp. v. i4i Limited Partnership*, 564 U.S. 91 (2010).

<sup>40</sup> *McCormick Harvesting Machine Co. v. Aultman*, 169 U.S. 606, 608 (1898).

<sup>41</sup> Patent Act of 1836, Pub.L. No. 24–357, 5 Stat. 117,119 §7 (1836).

<sup>42</sup> Patent Act of 1800, Ch. 25, §1, 2 Stat. 37 (1800).

<sup>43</sup> Patent Act of 1793, Ch. 11, §3, 1 Stat. 318-323 (1793).

<sup>44</sup> Patent Act of 1800, Ch. 25, §1, 2 Stat. 37 (1800).

The decision in *McCormick Harvesting* was directly on point, as it pertained to “error correction.”<sup>45</sup> Here, the Supreme Court held that “[t]he only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever, is vested in the courts of the United States, and not in the department which issued the patent.”<sup>46</sup> The Court reasoned that for the Patent Office “to attempt to cancel a patent ... considered invalid by the examiner would be to deprive the applicant of his property *without due process of law*, and would be *in fact an invasion of the judicial branch of the government by the executive*.”<sup>47</sup>

The common refrain on this issue asserted by IPR proponents, is that “*McCormick* did not address Article III and was decided according to the then-existing patent statute” which in 1898 gave no unilateral authority to the Patent Office to cancel issued patents.<sup>48</sup> But this too is fiction, as *McCormick*’s reasoning is clearly constitutionally-based. Admittedly, one can reasonably argue that the first part of *McCormick*’s statement about patent cancellation cited above – that doing so “would be to deprive the applicant of his property without due process of law” – can be interpreted as stating a void in statutory authority, even though it points to a Fifth Amendment infirmity. This is because Congress ostensibly could have cured this type of infirmity by providing procedural due process through a statutory scheme for canceling claims in existing patents. However, the second part of *McCormick*’s holding – that it “would be in fact an invasion of the judicial branch of the government by the executive” – has no possible statutory cure. Instead, this holding in *McCormick* is purely constitutional, pointing out the constitutional infirmity of exceeding the separation of powers limits. Contrary to Respondent’s contention, this holding in *McCormick* has nothing to do with statutory void and everything to do with Article III; curing it requires amending Article III of the Constitution. While *McCormick*’s holding may not be a Fifth Amendment holding, it is certainly an Article III holding.

## 5 The Administrative Mythical Ghost of Reexamination

Proponents of IPRs point to the long existence of post-issuance “error correction” at the PTO in (a) *ex parte* reexamination, a procedure enacted in 1980 that withstood constitutional challenges at the Federal Circuit, and (b) *inter partes* reexamination enacted in 1999. Because such long-established proceedings also allow the PTO to cancel claims in issued patents, proponents contend, Congress is similarly within its power to establish IPRs. This argument, however, glosses over critical aspects of reexaminations.

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<sup>45</sup> *McCormick*, 169 U.S. at 610 (1898) (“the object of a patentee applying for a reissue is not to reopen the question of the validity of the original patent, but to rectify *any error* which may have been found to have arisen from his *inadvertence or mistake*.”) (Emphasis added).

<sup>46</sup> *McCormick Harvesting*, 169 U.S. at 609.

<sup>47</sup> *Id.*, at 612.

<sup>48</sup> Brief for Respondent, Note 5 *supra*, at 40.

First, PTO's *ex parte* reexamination decisions were not conclusive – they were subject to *de novo* fact-finding review under 35 U.S.C. §145 in a civil action before an Article III court. It was only the AIA in 2011 that eliminated the path to such protective judicial review.<sup>49</sup> Second, before the AIA's conversion of *inter partes* reexamination into IPR, this type of proceeding was never challenged on constitutional grounds in any court. It was the AIA that stripped patent owners of their long-standing, fundamental, statutory right to challenge adverse decisions of the PTO by civil action in federal district court not just in IPRs but also in reexaminations. The notion that a Supreme Court decision finding IPRs unconstitutional would necessarily bring down the 1980 reexamination statute is a myth – it would only mean that Congress must restore the *ex parte* reexamination statute as it existed in 2011 and that any new *inter partes* proceeding contain similar Article III protections.

## 6 Conclusion

The exclusive patent right is not a creature of Congress. That right originates with, and is created by, the inventor. It is only *secured* by statute subject to the Constitution, as part of the patent bargain in exchange for the inventor's public disclosure of the invention and of the manner and process of making and using it. No PTO "error correction" in an issued patent is possible because the public disclosure (that might have been otherwise kept as a common-law trade secret) cannot be returned – the exchange of rights upon patent issuance is *irreversible* and *uncorrectable*. The patent is presumed valid and any assertion to the contrary is a defense in a dispute, a case or controversy that must be the exclusive province of Article III courts.

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<sup>49</sup> The AIA amended *nunc pro tunc* 35 U.S.C. §§ 306, 141, and 145 to eliminate *de novo* review of *ex parte* reexaminations under 35 U.S.C. §145. See Charles E. Miller, and Daniel P. Archibald. "Beware the Suppression of District-Court Jurisdiction of Administrative Decisions in Patent-Validity Challenges under the America Invents Act: A Critical Analysis of Legislative Black Swan in an Age of Preconceived Notions and Special-Interest Lobbying." 95 *J. Pat. & Trademark Off. Soc'y*, 124 (2013).