No. 15-1330

IN THE

Supreme Court of the United States

MCM PORTFOLIO LLC,

Petitioner,

v.

HEWLETT-PACKARD COMPANY,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF 13 LAW PROFESSORS AS *AMICI CURIAE* IN SUPPORT OF PETITIONER

Adam Mossoff
Professor of Law
Antonin Scalia Law School
George Mason University
3301 Fairfax Drive
Arlington, VA 22201
(703) 993-9577
amossoff@gmu.edu

Matthew J. Dowd
Counsel of Record
Sushila Chanana
Andrews Kurth LLP
1350 I Street, NW
Washington, D.C. 20005
(202) 662-2700
MatthewDowd@andrewskurth.com
Counsel for Amici Curiae

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INTEREST OF *AMICI CURIAE*[1]

The *Amici Curiae* are thirteen law professors who teach and write on patent law, property law, and constitutional law. They have an interest in both promoting continuity in the evolution of these interrelated doctrines and ensuring that the patent system continues to secure innovation to its creators and owners. They have no stake in the parties or in the outcome of the case. Although *amici* may differ amongst themselves on other aspects of patent law and constitutional law, they are united in their professional opinion that this Court should grant *certiorari* because the Court of Appeals for the Federal Circuit's decision fails to provide proper protection for the constitutional rights of patent owners in the operation of *inter partes* review at the United States Patent & Trademark Office. This failure violates the separation of powers doctrine and undermines the constitutional function of the patent system in promoting innovation. The names and affiliations of the members of the *amici* are set forth in Appendix A below.

SUMMARY OF THE ARGUMENT

The decision by the Court of Appeals for the Federal Circuit directly contradicts this Court's

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[1] Pursuant to Supreme Court Rule 37.6, *Amici Curiae* state that no counsel for any party authored this brief in whole or in part, and that no person or entity other than amici curiae or their counsel made a monetary contribution to the preparation or submission of this brief. Pursuant to Supreme Court Rule 37.2, *Amici Curiae* state that their counsel of record received timely notice of their intent to file this brief, and all parties in this case consented in writing.

longstanding case law that secures constitutional protections in vested private property rights. The petitioner fully addresses the specific legal and constitutional issues arising from the creation and operation of *inter partes* review before the Patent Trial and Appeal Board ("PTAB"), and thus *Amici* offer an additional reason that this Court should grant petitioner's writ of *certiorari*: The Federal Circuit should be reversed to correct its mistaken legal claim that patents are public rights that exist solely at the administrative prerogative of the sovereign. To the contrary, this Court has long recognized and secured the constitutional protection of patents as *private property rights* reaching back to the early American Republic.

In its decision below, the Federal Circuit held that "patent rights are public rights," *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284, 1293 (Fed. Cir. 2015). This conclusion is unprecedented, and it is predicated on a misunderstanding of certain court opinions in which judges have acknowledged the truism that the "public" has an interest at times in the validity of patents. But the public has an interest in the validity of all property rights, and thus this is not a legally coherent ground for defining an entire class of private property rights as "public rights." Moreover, the Federal Circuit compounded its misunderstanding by relying on modern administrative law cases that addressed solely procedural entitlements created by and existing within modern regulatory regimes. *Id.* at 1292–93. Notably, these cases did not address vested property rights recognized as constitutionally protected by this Court for over two hundred years. Thus, the implication of the Federal Circuit's faulty reasoning

is far-reaching and unlimited, undermining fundamental constitutional protections for all vested property rights in administrative proceedings and in which the public generally has an interest.

To make this clear, *Amici* detail the enduring and binding nineteenth-century case law establishing that patents are private property rights protected by the Takings Clause and Due Process Clause. *See* Adam Mossoff, *Patents as Constitutional Private Property: The Historical Protection of Patents under the Takings Clause*, 87 B.U. L. Rev. 689, 700–11 (2007) (discussing this case law). Congress explicitly endorsed this case law in codifying the legal definition of patents as "property" in 35 U.S.C. § 261. *See* Adam Mossoff, *Exclusion and Exclusive Use in Patent Law*, 22 Harv. J. L. & Tech. 321, 343–45 (2009) (discussing the text and legislative history § 261 as "codify[ing] the case law reaching back to the early American Republic that patents are property rights").

Just last term, this Court confirmed the continuing vitality and relevance of the revered legal proposition that patents are private property rights in *Horne v. Department of Agriculture*, 135 S. Ct. 2419, 2427 (2015) (Roberts, C.J.), in which the Court approvingly quoted nineteenth-century case law that "[a patent] confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser" (quoting *James v. Campbell*, 104 U.S. 356, 358 (1882)). This Court also held sixteen years ago that patents are

property rights secured under the Due Process Clause of the Fourteenth Amendment. *See Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 642 (1999) (holding that patents are property rights secured under the Due Process Clause of the Fourteenth Amendment).

The Federal Circuit's decision in this case directly conflicts with both modern and long-established decisions on the constitutional protection of patents as private property rights. The result of this contradiction with this Court's jurisprudence on patents has a far-reaching, negative impact for the protection of all "exclusive property" under the Constitution. *James*, 104 U.S. at 358. Thus, it is necessary for this Court to reaffirm the precise constitutional and legal status of patents as private property rights by granting petitioner's writ of *certiorari* and reversing the Federal Circuit.

ARGUMENT

This Court unequivocally defined patents as property rights in the early American Republic. In 1824, for instance, Justice Joseph Story wrote for a unanimous Supreme Court that the patent secures to an "inventor . . . a property in his inventions; a property which is often of very great value, and of which the law intended to give him the absolute enjoyment and possession." *Ex parte Wood*, 22 U.S. (9 Wheat.) 603, 608 (1824). In deciding patent cases while riding circuit, Justice Story explicitly relied on real property case law as binding precedent in his

opinions.[2] Justice Story was not an outlier, as many Justices and judges repeatedly used common-law property concepts in their opinions in patent cases, such as "title,"[3] "trespass,"[4] and "piracy."[5] Legally

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[2] *See, e.g.*, *Brooks v. Byam*, 4 F. Cas. 261, 268–70 (C.C.D. Mass. 1843) (No. 1,948) (Story, Circuit Justice) (analogizing a patent license to "a right of way granted to a man for him and his domestic servants to pass over the grantor's land," citing a litany of real property cases and commentators at common law, such as *Lord Coke's Institutes*, *Coke's Littleton*, *Viner's Abridgment*, and *Bacon's Abridgement*); *Dobson v. Campbell*, 7 F. Cas. 783, 785 (C.C.D. Me. 1833) (No. 3,945) (Story, Circuit Justice) (relying on real property equity cases in which "feoffment is stated without any averment of livery of seisin" in assessing validity of patent license).

[3] *See, e.g.*, *Carr v. Rice*, 5 F. Cas. 140, 146 (C.C.S.D.N.Y. 1856) (No. 2,440) (noting that "assignees [of a patent] become the owners of the discovery, with perfect title," and thus "[p]atent interests are not distinguishable, in this respect, from other kinds of property"); *Hovey v. Henry*, 12 F. Cas. 603, 604 (C.C.D. Mass. 1846) (No. 6,742) (Woodberry, Circuit Justice) (instructing jury that "[a]n inventor holds a property in his invention by as good a title as the farmer holds his farm and flock").

[4] *See, e.g.*, *Goodyear Dental Vulcanite Co. v. Van Antwerp*, 10 F. Cas. 749, 750 (C.C.D.N.J. 1876) (No. 5,600) (stating that patent infringement is equivalent to a "trespass" of horse stables); *Burliegh Rock-Drilling Co. v. Lobdell*, 4 F. Cas. 750, 751 (C.C.D. Mass. 1875) (No. 2,166) (noting that the defendants "honestly believ[ed] that they were not trespassing upon any rights of the complainant"); *Livingston v. Jones*, 15 F. Cas. 669, 674 (C.C.W.D. Pa. 1861) (No. 8,414) (accusing defendants of having "made large gains by trespassing on the rights of the complainants"); *Eastman v. Bodfish*, 8 F. Cas. 269, 270 (C.C.D. Me. 1841) (No. 4,255) (Story, Circuit Justice) (comparing evidentiary rules in a patent infringement case to evidentiary rules in a trespass action).

[5] *See, e.g.*, *Pennock v. Dialogue*, 27 U.S. (2 Pet.) 1, 12 (1829) (Story, J.) (recognizing that "if the invention should be pirated, [this] use or knowledge, obtained by piracy" would not prevent the inventor from obtaining a patent); *Batten v. Silliman*, 2 F. Cas.

and rhetorically, federal courts throughout the nineteenth century consistently affirmed that "the [patent] right is a species of property," *Allen v. New York*, 1 F. Cas. 506, 508 (C.C.S.D. N.Y. 1879) (No. 232), and thus infringement is "an unlawful invasion of property," *Gray v. James*, 10 F. Cas. 1019, 1021 (C.C.D. Pa. 1817) (No. 5,719).[6] As Circuit Justice Levi Woodbury explained in 1845: "[W]e protect intellectual property, the labors of the mind, . . . as

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1028, 1029 (C.C.E.D. Pa. 1855) (No. 1,106) (decrying defendant's "pirating an invention"); *Buck v. Cobb*, 4 F. Cas. 546, 547 (C.C.N.D.N.Y. 1847) (No. 2, 079) (recognizing goal of patent laws in "secur[ing] to inventors the rewards of their genius against the incursions of pirates"); *Dobson*, 7 F. Cas. at 785 (concluding that patent-assignee has been injured by "the piracy of the defendant"); *Grant & Townsend v. Raymond*, 10 F. Cas. 985, 985 (C.C.S.D.N.Y. 1829) (No. 5,701) (noting that the patented machine had "been pirated" often); *Earle v. Sawyer*, 8 F. Cas. 254, 258 (C.C.D. Mass. 1825) (No. 4,247) (Story, Circuit Justice) (instructing jury that an injunction is justified by defendant's "piracy by making and using the machine").

[6] *See also Ball v. Withington*, 2 F. Cas. 556, 557 (C.C.S.D. Ohio 1874) (No. 815) (noting that patents are a "species of property"); *Carew v. Boston Elastic Fabric Co.*, 5 F. Cas. 56, 57 (C.C.D. Mass. 1871) (No. 2,398) (explaining that "the rights conferred by the patent law, being property, have the incidents of property"); *Lightner v. Kimball*, 15 F. Cas. 518, 519 (C.C.D. Mass. 1868) (No. 8,345) (noting that "every person who intermeddles with a patentee's property . . . is liable to an action at law for damages"); *Ayling v. Hull*, 2 F. Cas. 271, 273 (C.C.D. Mass. 1865) (No. 686) (discussing the "right to enjoy the property of the invention"); *Hayden v. Suffolk Mfg. Co.*, 11 F. Cas. 900, 901 (C.C.D. Mass. 1862) (No. 6,261) (instructing jury that a "patent right, gentlemen, is a right given to a man by law where he has a valid patent, and, as a legal right, is just as sacred as any right of property"); *Gay v. Cornell*, 10 F. Cas. 110, 112 (C.C.S.D.N.Y. 1849) (No. 5,280) (recognizing that "an invention is, within the contemplation of the patent laws, a species of property").

much a man's own, and as much the fruit of his honest industry, as the wheat he cultivates, or the flocks he rears." *Davoll v. Brown*, 7 F. Cas. 197, 199 (C.C.D. Mass. 1845) (No. 3,662).

This case law is directly relevant to this case, because it underscores this Court's decision in *McClurg v. Kingsland*, 42 U.S. (1 How.) 202, 206 (1843), which held that Congress cannot retroactively limit the property rights in patents that had been secured by subsequently repealed patent statutes. Justice Baldwin's opinion for the unanimous Court states bluntly that "a repeal [of a patent statute] can have no effect to impair the right of property then existing in a patentee, or his assignee, according to the well-established principles of this court." *Id.* In sum, a patent issued to an inventor created vested property rights, and "the patent must therefore stand" regardless of Congress's subsequent repeal of the statutes under which the patent originally issued. *Id.*

In reaching this decision, Justice Baldwin relied on the "well-established principles of this court" in affirming the constitutional security provided to the vested property rights in patents. *Id.* Further confirming the private property status of patents, Justice Baldwin continued the practice of invoking real property cases as determinative precedent for defining and securing property rights in patents. *See id.* (citing *Society for the Propagation of the Gospel in Foreign Parts v. New Haven*, 21 U.S. (8 Wheat.) 464 (1823) (addressing the status of property rights in land under the treaty that concluded the Revolutionary War)). In relying on such "well established principles" set forth in *Society*, the

McClurg Court explicitly established in 1843 that patents are on par with private property rights in land as a matter of constitutional doctrine, a point the Federal Circuit directly contradicts in this case.

Furthermore, this Court and lower federal courts in the late nineteenth century repeatedly and consistently held that patents are private property rights that are secured under the Constitution. *See, e.g.*, *United States v. Burns*, 79 U.S. 246, 252 (1870) (stating that "the government cannot, after the patent is issued, make use of the improvement any more than a private individual, without license of the inventor or making compensation to him"); *Cammeyer v. Newton*, 94 U.S. 225, 234 (1876) (holding that a patent-owner can seek compensation for the unauthorized use of his patented invention by federal officials because "[p]rivate property, the Constitution provides, shall not be taken for public use without just compensation"); *McKeever v. United States*, 14 Ct. Cl. 396, 420–21 (1878) (rejecting the argument that a patent is a "grant" of special privilege, because the text and structure of the Constitution, as well as court decisions, clearly establish that patents are private property rights).

In *Cammeyer*, for example, this Court expressly rejected an argument by federal officials that a patent was merely a public grant by the sovereign and thus they could use it without authorization. Citing the Takings Clause, the *Cammeyer* Court bluntly stated that "[a]gents of the public have no more right to take such *private property* than other individuals." *Id.* at 234–35 (emphasis added). Thus, the *Cammeyer* Court held that the Constitution protects patent-owners against an "invasion of the

private rights of individuals" by federal officials. *Id.* at 235 (emphasis added).

By resting its decision on the premise that "patent rights are public rights," *MCM Portfolio LLC*, 812 F.3d at 1293, the Federal Circuit directly contradicts these numerous, longstanding, and binding decisions of this Court. Furthermore, the two primary administrative law cases relied on by the Federal Circuit, *see id.* at 1292–93, are inapplicable in determining whether the PTAB is respecting vested property rights secured under the separation of powers doctrine and under other substantive constitutional provisions, such as the Due Process Clause of the Fifth Amendment or the Seventh Amendment. These two modern cases address solely creatures of modern administrative statutes—procedural entitlements solely created in and adjudicated by modern regulatory regimes. *See, e.g.*, *Atlas Roofing Co. v. Occupational Safety & Health Review Comm'n*, 430 U.S. 442, 455–56 (1977) (addressing procedural rights within the administrative regime created by the Occupational Safety and Health Act of 1970); *Tull v. United States*, 481 U.S. 412, 425–27 (1986) (addressing procedural rights within administrative regime created by the Clean Water Act of 1972). Decisions by this Court addressing modern regulatory procedural entitlements are distinct from the constitutionally protected private property rights in patents long recognized by this Court and by Circuit Courts for over two hundred years.

This Court recently and repeatedly confirmed the principle that patents are private property rights that are secured under the Constitution. *See, e.g.*,

Horne, 135 S. Ct. at 2427; *Fla. Prepaid*, 527 U.S. at 642. This Court also warned the Federal Circuit in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 739 (2002), that it must respect "the legitimate expectations of inventors in their property" and not radically unseat such expectations by changing doctrines that have long existed since the nineteenth century. Moreover, Chief Justice John Roberts specifically stated in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), that nineteenth-century patent law should be accorded significant weight in modern patent law in determining the nature of the private property rights secured to patent-owners. *Id.* at 393–94 (Roberts, C.J., concurring).

CONCLUSION

For the foregoing reasons, *Amici* urge this Court to grant petitioner's writ of certiorari and correct the contradictions created in both patent law and constitutional law by the Federal Circuit concerning the status of patent rights as private property rights secured under the Constitution.

Respectfully submitted, May 27, 2016

Adam Mossoff
Professor of Law
Antonin Scalia Law School
George Mason University
3301 Fairfax Drive
Arlington, VA 22201
(703) 993-9577
amossoff@gmu.edu

Matthew J. Dowd
Counsel of Record
Sushila Chanana
Andrews Kurth LLP
1350 I Street, NW
Washington, D.C. 20005
(202) 662-2700
MatthewDowd@
andrewskurth.com

Appendix A — FULL LIST OF AMICI CURIAE[*]

Daniel R. Cahoy
Professor of Business Law
Smeal College of Business
Penn State University

Eric R. Claeys
Professor of Law
Antonin Scalia Law School
George Mason University

Gregory Dolin
Associate Professor of Law
University of Baltimore School of Law

James W. Ely, Jr
Milton R. Underwood Professor of Law, Emeritus
Vanderbilt University Law School

Richard A. Epstein
Laurence A. Tisch Professor of Law,
New York University School of Law
Kirstin Bedford Senior Fellow,
Hoover Institution
James Parker Hall Distinguished Service Professor of Law Emeritus,
University of Chicago Law School

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[*] Institutions of all signatories are for identification purposes only. The undersigned do not purport to speak for their institutions, and the views of *Amici* should not be attributed to these institutions.

Matthew P Harrington
Professor of Law
Faculty of Law
University of Montreal

Ryan Holte
Assistant Professor of Law
Southern Illinois University School of Law

Justin (Gus) Hurwitz
Assistant Professor of Law
University of Nebraska College of Law

Irina D. Manta
Professor of Law
Maurice A. Deane School of Law
Hofstra University

Adam Mossoff
Professor of Law
Antonin Scalia Law School
George Mason University

Sean M. O'Connor
Professor of Law
University of Washington School of Law

Kristen Osenga
Professor of Law
University of Richmond School of Law

Mark Schultz
Associate Professor of Law
Southern Illinois University School of Law