Meeting Summary: SCOTUS Rules! Should Congress Respond?

The February 22, 2018 meeting of the Giles S. Rich American Inn of Court was held jointly with the Edward Coke Appellate Inn of Court. Chief Judge Braden moderated a discussion with distinguished panelists Paul Clement, David Kappos, and Mark Perry about the impact of recent Supreme Court decisions as well as the continuing evolution of patent-eligibility requirements.

The panel discussion started off with a brief summary of three recent Supreme Court decisions: *Lexmark*, *SCA Hygiene*, and *T.C. Heartland*.

- In *Lexmark*, the Court expanded the reach of patent exhaustion by holding that an authorized sale by the patentee exhausts its patent rights regardless of any conditions the patentee attempts to impose or the location of the sale. A tenet of the opinion was the common law doctrine forbidding restraints on the alienation of chattels, which aligned the holding with the first-sale doctrine in copyright law.
- *SCA Hygiene* addressed the issue of whether the equitable defense of laches is capable of barring recovery of damages under the statutory six-year period provided in Section 286. Holding that it cannot, the Court adhered to its reasoning in *Petrella*, a 2014 case that dealt with a similar issue in copyright law and found that, where a statute of limitations has been enacted by Congress, laches cannot bar legal relief.
- In *T.C. Heartland*, the Supreme Court upended thirty years of Federal Circuit precedent by interpreting the patent venue statute to mean that a domestic corporation "resides" only in its state of incorporation. In doing so, the Court adhered to its 1957 *Fourco* decision and found that Congress had not changed the statute's meaning through a later amendment.

Although these three decisions deal with different aspects of patent law, some unifying themes emerged in the panel discussion. First, the Supreme Court appears reluctant to endorse patent-specific rules that deviate from those in other areas of the law. For example, *Lexmark* and *SCA Hygiene* both highlight that the Court will look to similar issues in copyright law despite differences in the statutory framework. Second, when it comes to statutory interpretation, the Court appears to embrace textualist principles—much more so than several decades ago. And third, the Court seems to give significant weight to its prior decisions, even when they are many decades old and have since been called into question. For example, in *T.C. Heartland* the Court stuck by its *Fourco* decision even though it had not been followed for several decades.

The panel also addressed the continuing evolution of Section 101 jurisprudence, as illustrated by the Federal Circuit's recent decisions in *Berkheimer* and *Aatrix Software*. Some panelists expressed concern that *Alice* and its progeny have weakened the U.S. patent system causing innovation to shift to other countries, while others welcomed stricter patent-eligibility standards as a means of invalidating patents that preempt, rather than encourage, innovation. In addition to evolving Section 101 case law, several legislative proposals issued by the ABA, IPO, and AIPLA were discussed.

We would also like to thank our pupilage group for its active participation with special thanks to the members who worked on materials for the meeting