

Why Do Juries Decide If Patents Are Valid?¹

John F. Duffy² & Mark A. Lemley³

The jury trial is a fixture of modern patent litigation. Lawyers, scholars, and judges take for granted that when patent cases go to trial, that trial will almost always be before a jury.⁴ And that jury will decide most, though not all, of the significant issues in dispute – including, most notably, whether the patent is valid. The dynamics of the jury system fundamentally drive both the structure of patent litigation and its outcome. Jurors are more likely than judges to rule for patentees. Lay jurors are reluctant to second-guess the Patent and Trademark Office (PTO) and invalidate a patent the PTO has issued. And the fact that the parties are gearing up for a jury trial affects both the high cost of patent litigation, the structure of pretrial proceedings, and the willingness of the parties to settle and on what terms.

This structure is built on an uncertain foundation. For while patent lawyers take for granted the power of the jury to decide whether the PTO made a mistake in issuing a patent, administrative lawyers assume the opposite: that juries are not entitled to review the decision of an administrative agency. Administrative lawyers assume this because the Supreme Court has held that there is no constitutional right to jury review of administrative agency decisions.⁵

¹ © 2012 John F. Duffy & Mark A. Lemley.

² Professor of Law, University of Virginia.

³ William H. Neukom Professor, Stanford Law School; partner, Durie Tangri LLP. Thanks to Wade Malone for research assistance.

⁴ We reviewed all 840 patent trials held in the United States between January 1, 2000 and June 30, 2011, using data collected from Lex Machina. Of those, 601, or 72%, were jury trials. Most of the remainder were pharmaceutical cases in which no damages are at stake and therefore no right to a jury trial.

⁵ *Cox v. United States*, cite.

And as the Supreme Court held a dozen years ago, the PTO is an administrative agency subject to the normal rules of the Administrative Procedures Act.⁶

The result is a puzzle. Why do we assume that juries should review PTO decisions when we don't do so in other areas of law? The answer can't be that "we've always done it that way," because that's not true. For most of American history, and as recently as 40 years ago, less than 5% of patent trials were before juries at all, even on issues like damages. Indeed, even today we don't always let juries determine patent validity; validity can be determined in a bench trial in a number of instances, and by administrative agencies with no trial at all in still others. Perhaps the answer is "the Seventh Amendment requires it because we did it that way in 1791,"⁷ though as we show in this article the history is rather more complicated. Juries did evaluate the validity of some (though by no means all) patents in the 18th century, but they didn't review the work of an administrative agency in the sense they do today. Further, a jury's determination that a patent was invalid simply meant that the defendant in that case was excused from infringement; it didn't mean (as it does today) that the patent was void.⁸ Indeed, modern-style holdings that a patent was invalid were the province of the writ of *scire facias*, which required petitioning the King or, in one early American case, Congress, and which were conducted in equity, not law, courts.

The most likely explanation for why we give patent validity questions to the jury is not a terribly satisfying one: patent law and administrative law have traditionally been separate fields

⁶ Dickinson v. Zurko, cite.

⁷ The Seventh Amendment provides that [quote], and accordingly courts considering whether the Seventh Amendment compels a jury trial have asked whether the cause of action and remedy are ones that courts in England in 1791 would have tried to a jury. [cites]

⁸ Cite *Blonder-Tongue*.

of endeavor, and patent law has developed its own traditions in isolation from the rules that prevail in other disciplines. If that is the explanation, it doesn't bode well for the "right" to have a jury decide patent validity. The Supreme Court has not been kind in the past to patent law departures from the larger body of jurisprudence. At the end of the day, jury trials of patent validity may be no different.

Because the right to a jury trial is a function of English legal practice at the founding of the Republic, we begin in Part I by reviewing the treatment of patent validity in England in the late 18th Century, and the (somewhat different) treatment afforded in the early United States. Part II considers the practice in the United States from 1836 to 1946, the period during which both the modern patent system and the modern administrative state came into being. Part III discusses the changes that have occurred since 1947, including the quite recent rise of the jury in patent cases, and the surprising dearth of cases considering whether there is a constitutional right to a jury trial on patent validity. Finally, in Part IV we consider how the Supreme Court would decide the issue in light of this history, and what that decision would mean both for patent practice and for administrative law.