

Institutional Pathologies and Distortions in the Patent Law

Jonathan Masur
Assistant Professor of Law
University of Chicago Law School

In recent years both the Patent and Trademark Office and the Federal Circuit have received trenchant criticism for their handling (and mishandling) of patent applications and patent cases. Yet there has never been a full diagnosis of the institutional problems plaguing the patent system and the distortions of patent doctrine they generate. In the absence of such a thorough accounting, the institutional reforms that have been proposed fall short of addressing the central pathologies that plague the patent system. This article aims to fill these lacunae. The patent office produces enormous quantities of useful information but has no reliable mechanism for transmitting that information to the Federal Circuit, in part because the Federal Circuit does not have the proper incentives to accept and utilize that information. At the same time, the Federal Circuit's power to correct patenting errors made by the PTO is asymmetric: patent denials may be appealed immediately to the courts, but patent grants will not see a courtroom until years later (if ever). This skew incentivizes the PTO to be ever more lenient when granting patents, which in turn creates an expansive pressure on the scope of patentable subject matter. The result is an overly formal set of patent doctrines that are unresponsive to technical and economic developments and unintentionally biased towards ever-greater patent rights.

The solution to these distortions—indeed, the only approach that might genuinely eliminate these patenting pathologies—is to grant substantive rule-making power to the PTO. Such authority would allow the PTO to utilize its substantial informational resources in crafting intelligent patent policy, and would permit the agency to design rules that respond to particular technological developments in specific fields. Simultaneously, substantive regulatory authority would restore a degree of symmetry to Federal Circuit review. The PTO would have at its disposal the legal authority necessary to directly challenge the Federal Circuit's view of the law, and the Federal Circuit would have the opportunity to review both expansionary and deflationary PTO policies. Where Federal Circuit hegemony has failed to generate sensible patent policy, competition between the PTO and the Federal Circuit may yet succeed.