

# Federal Circuit Bar *Journal*



- ★ The Supreme Court's Paradigmatic Treatment of the Federal Circuit
- ★ U.S. International Trade Commission Authority Over Articles that Infringe After Importation: Examining *Suprema* Following *Loper Bright*
- ★ Limits of Play: Safeguarding Video Game Modifications with the Federal Circuit's Infringement Nexus
- ★ Guidance for United States Government Termination for Convenience or Illegality

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# The Supreme Court's Paradigmatic Treatment of the Federal Circuit

Nathan Choe\*

## Introduction

Those familiar with patent law likely notice two salient characteristics of the United States Supreme Court's ("Supreme Court") patent jurisprudence. First, a substantial majority of the Supreme Court's decisions principally implicating patent law are unanimously decided. Seminal cases from the past several decades, including *KSR International Co. v. Teleflex Inc.*,<sup>1</sup> *Nautilus, Inc. v. Biosig Instruments, Inc.*,<sup>2</sup> and *Amgen Inc. v. Sanofi*,<sup>3</sup> have all been decided unanimously — disproportionately so compared to decisions implicating other fields like abortion, criminal law, and federal jurisdiction. Second, the same substantial majority of decisions consistently repudiate the prior decisions of the United States Court of Appeals for the Federal Circuit ("Federal Circuit") — the court with nationwide appellate jurisdiction over all U.S. federal patent cases. While many scholars have commented on various, but limited, aspects of the second characteristic, little to no literature does so on the first, and little to none connect the two.

This Article aims to do both. Part I first discusses the Supreme Court's paradigmatic treatment of the Federal Circuit. In particular, this Part analyzes five seminal patent decisions of the recent century and observes they are paradigmatic of the Supreme Court's general treatment of the Federal Circuit in the following manner: (1) the Supreme Court repudiates some aspect of the Federal Circuit's formulation of patent doctrine, usually by repudiating a standard or its application developed by the Federal Circuit; (2) the repudiation is done unanimously; and (3) the Supreme Court leaves behind high-level, and oftentimes ambiguous, guidelines for the lower courts on how to shape

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\* Judicial Law Clerk. J.D., Harvard Law School; B.S.E., Duke University. Thank you Professors Louis Tompro and Richard Re for the discussions and encouragement; the Irving Oberman Memorial Award Committee for Intellectual Property, Law, and Technology at Harvard Law School for reviewing an earlier draft; and the editors at the Federal Circuit Bar Journal for their feedback and edits. The views expressed in this Article, along with any errors, are my own.

<sup>1</sup> 550 U.S. 398 (2007).

<sup>2</sup> 572 U.S. 898 (2014).

<sup>3</sup> 598 U.S. 594 (2023).

the subsequent doctrine, in a manner that leaves intact significant portions of the Federal Circuit's prior formulations.

With this paradigm in mind, Part II provides a brief literature overview of some of the paradigm's thematic takeaways: the Supreme Court's repudiation of the Federal Circuit; its unanimous decision-making; and its concise judicial writing. This Part illustrates that the themes underlying the Supreme Court's paradigm are not foreign to Supreme Court jurisprudence. Amidst what seem to be decisions concerning a wide, but subject-specific, array of patent law principles, scholars can glean a certain commonality that sheds light into the Supreme Court's unanimity. The themes work together to perhaps suggest an intentional move by the Supreme Court in its paradigmatic treatment of the Federal Circuit.

With these themes in mind, Part III proposes a novel (and perhaps ambitious) way of categorizing the Supreme Court's patent decisions since 2000 into three categories based on their varying degrees of unanimity. Section III.A discusses the first category comprising decisions that adhere strictly to the paradigm. These decisions primarily, and pretty much only, concern patent law, and are generally related to interpretations of patent-specific statutes. Strictly unanimous decisions fall neatly within this category. Section III.B discusses the second category comprising decisions that, for the most part, adhere to the paradigm, apart from a few that are accompanied with concurrences and dissents. These cases primarily concern patent law, but the break from unanimity occurs in instances where the issues implicate secondary non-patent issues — a slight, but substantive, deviation from the paradigm. Section III.C discusses the third and final category comprising decisions that do not adhere to the paradigm and do not primarily concern patent law. Present in these decisions is healthy discourse among the Justices, in dissents and concurrences — and accordingly a healthy divergence from unanimity.

## I. Key Paradigmatic Supreme Court Cases

Five seminal Supreme Court cases have significantly affected patent law of the recent century: *KSR*,<sup>4</sup> *Bilski v. Kappos*,<sup>5</sup> *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*,<sup>6</sup> *Amgen*,<sup>7</sup> and *Nautilus*.<sup>8</sup> Despite the five cases

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<sup>4</sup> *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007).

<sup>5</sup> 561 U.S. 593 (2010).

<sup>6</sup> 566 U.S. 66 (2012). This case is often referred to as *Mayo*, and this Article will follow that same convention. However, this Article will also discuss *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 561 U.S. 1040 (2010), which preceded *Mayo* and vacated the first Federal Circuit's judgment. This Article will sometimes refer to this case as *Mayo I*.

<sup>7</sup> *Amgen Inc. v. Sanofi*, 598 U.S. 594 (2023).

<sup>8</sup> *Nautilus, Inc. v. Biosig Instruments, Inc.*, 572 U.S. 898 (2014).

implicating significantly different patent doctrines, these cases neatly formulate the Supreme Court's paradigmatic treatment of the Federal Circuit.

The paradigm comprises three steps. First, the Supreme Court repudiates some aspect of the Federal Circuit's formulation of patent jurisprudence, usually by repudiating the Federal Circuit's rigid or strict application of a bright-line standard.<sup>9</sup> In *KSR*, the Supreme Court repudiated the Federal Circuit's application of its bright-line Teaching-Suggestion-Motivation ("TSM") test for assessing obviousness.<sup>10</sup> In *Bilski*, the Supreme Court repudiated the Federal Circuit's adoption of the Machine-or-Transformation ("MOT") test as the *sole* test for governing patentable processes.<sup>11</sup> In *Mayo*, the Supreme Court repudiated the Federal Circuit's subsequent application of *Bilski*.<sup>12</sup> In *Amgen*, the Supreme Court implicitly repudiated the Federal Circuit's specific formulation of factual considerations governing enablement.<sup>13</sup> And in *Nautilus*, the Supreme Court repudiated the Federal Circuit's "insolubly ambiguous" standard for assessing definiteness.<sup>14</sup>

Second, the Supreme Court repudiates each of these formulations unanimously. All five of the cases, with the minor exception of *Bilski* as discussed below, were decided without dissent with respect to the Court's rejection of the Federal Circuit's approach. Notably, each decision was also relatively concise.

Third, the Court's unanimous repudiation leaves behind high-level, and often ambiguous, guidelines for the lower courts on how to shape the subsequent laws, stopping short of fully dismantling the Federal Circuit's prior doctrinal formulations. One scholar characterized this behavior as "wrist-slapping."<sup>15</sup> In all five cases, much of the evidentiary and factual aspects of the repudiated tests and standards still govern their respective doctrines; and the Supreme Court reorients the Federal Circuit's analysis around the Supreme Court's longstanding, often older, precedent.

### A. *KSR*: Obviousness Doctrine

*KSR* stands as one of the most influential and impactful patent decisions by the Supreme Court. It has been referred to as "the most important patent

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<sup>9</sup> See *infra* Section II.A.

<sup>10</sup> See *KSR Int'l Co. v. Teleflex, Inc.*, 550 U.S. 398, 407 (2007).

<sup>11</sup> See *Bilski v. Kappos*, 561 U.S. 593, 603–04 (2010).

<sup>12</sup> See *Mayo Collaborative Servs. v. Prometheus Lab'ys, Inc.*, 566 U.S. 66, 87–89 (2012).

<sup>13</sup> See *Amgen, Inc. v. Sanofi*, 598 U.S. 594, 615–16 (2023).

<sup>14</sup> See *Nautilus, Inc. v. Biosig Instruments, Inc.*, 572 U.S. 898, 901 (2014).

<sup>15</sup> See Emer Simic, *The TSM Test is Dead! Long Live the TSM Test! The Aftermath of KSR, What Was All the Fuss About?*, 37 AIPLA Q.J. 227, 256 (2009).

case . . . perhaps since the passage of the 1952 Patent Act.”<sup>16</sup> Its rulings and teachings have shaped the obviousness doctrine governing patented claims, and have been especially important to the lifecycle of patents during post grant proceedings<sup>17</sup> and disputed invalidity challenges on appeal.<sup>18</sup> Scholars today regularly discuss *KSR*’s impact on the pharmaceutical,<sup>19</sup> biological and chemical,<sup>20</sup> and electrical technologies.<sup>21</sup> Many of the same scholars study how the Federal Circuit over recent years has been assigned the arduous task of determining the obviousness doctrine’s reach in light of *KSR*.<sup>22</sup> However, fewer contextualize the manner in which the Supreme Court reformed the obviousness doctrine. Though the following Section is specific to *KSR*, it sets the foundational elements of the Supreme Court’s paradigmatic treatment of the Federal Circuit.

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<sup>16</sup> Peter, *KSR v. Teleflex: The Supreme Court’s Big Patent Ruling*, WALL ST. J. (May 1, 2007, 8:07 AM ET), [<https://perma.cc/E5QD-DYGP>]; see Jeanne C. Fromer, *The Layers of Obviousness in Patent Law*, 22 HARV. J.L. & TECH. 75, 76 (2008) (citing same).

<sup>17</sup> See Michael Pomeroy, *Balancing the Scales: Analyzing Motivation to Combine and Avoiding Impermissible Hindsight in 2023*, 23 CHI.-KENT J. INTELL. PROP. 81, 83, 86 (2023) (noting *KSR* to have given “more discretion to district courts as well as the eventual Patent Trial and Appeal Board (‘PTAB’)” without necessarily offering a “clear guidance on how a petitioner is to establish a proper motivation to combine cited references without risking improper hindsight bias”).

<sup>18</sup> See *id.*; see also Jason Rantanen, Lindsay Kriz & Abigail A. Matthews, *Studying Nonobviousness*, 73 HASTINGS L.J. 667, 681 (2022) (observing two datasets to suggest evidence of “a shift in § 103 outcomes at the Federal Circuit in appeals arising from the district courts between the pre- and post-*KSR* periods”).

<sup>19</sup> See Kayla Siletti Brown, Note, *Incremental Improvement of the Patentability Standard of Nonobviousness*, 92 FORDHAM L. REV. 1741, 1756–58 (2024) (noting the “flexible, commonsense approach to obviousness set forth in *KSR* poses problems for the pharmaceutical and biotechnology industries,” as the “problem-oriented” nature of “incremental pharmaceutical and biotechnological R&D” may be “particularly adversely impacted by application of an ‘obvious to try’ analysis” (quoting *Pfizer, Inc. v. Apotex, Inc.*, 480 F.3d 1348, 1367 (Fed. Cir. 2007))).

<sup>20</sup> See Shaun D. Wong, Note, *Flexible Yet Tailored: Developing a Standard for Patent Nonobviousness in Biological and Chemical Technologies Consistent with KSR*, 52 U.C. DAVIS L. REV. 2207, 2218–22 (2019) (observing the Federal Circuit’s inconsistent application of *KSR* when dealing with DNA and small-molecule drugs, classified as biological and chemical technologies respectively).

<sup>21</sup> See Sung Hoon Lee, *Non-Obviousness in Combination Patents After KSR*, 26 FED. CIR. B.J. 229, 260–61 (2016) (observing the Federal Circuit’s reading of *KSR* in various cases involving, e.g., electronic processes, “electronic transaction device[s],” and other electronic devices (quoting *W. Union Co. v. Moneygram Payment Sys.*, 626 F.3d 1361, 1370 (Fed. Cir. 2010))).

<sup>22</sup> See *supra* notes 15–18 and accompanying text.

A brief background: one way to statutorily invalidate a patent claim is by showing that a combination of prior art references would have rendered such a claim obvious to a person having ordinary skill in the art (“POSA”).<sup>23</sup> Take, for instance, a motorized scooter. With the abundance and common use of motorized scooters today, it is likely an inventor today could not obtain a patent for a motorized scooter because it would be obvious to a POSA in light of a combination of existing prior art — say, a mechanical scooter and a motor. Thus a motorized scooter would be obvious to a POSA today because they would have abundant access to motorized scooters in, *e.g.*, printed publication, public use, and the market.<sup>24</sup> However, at *some point* a POSA necessarily first conceived of and reduced to practice a motorized scooter; before that point, the invention could not have been obvious to other POSAs. An ideal patent system would protect that invention against other market participants wishing to obviate that invention with the benefit of hindsight.

Perhaps an oversimplification, but this example illustrates the type of “hindsight-based obviousness analysis” adversely affecting patent owners.<sup>25</sup> To put it bluntly: if today a company faces a patent infringement suit against their motorized scooters, it is difficult for the company to envision, without the benefit of hindsight, what would have been obvious to POSAs around when the patent was effectively filed. To address this problem, the Federal Circuit fashioned through decades of common law the TSM test.<sup>26</sup> Under this test, a patented claim would have been obvious only if some teaching, suggestion, or motivation had existed to combine prior art references in order to address

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<sup>23</sup> 35 U.S.C. § 103 (providing that an invention is not patentable if it “would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains”); see Dan Traficonte & Ben Armstrong, *People Having Ordinary Skills in the Arts*, 37 HARV. J.L. & TECH. 329, 332–33 (2024).

<sup>24</sup> See 35 U.S.C. § 102.

<sup>25</sup> Brendan Seth O’Brien O’Shea, Note, *What Is Obvious: Empirical Assessment of KSR’s Impact*, 45 AIPLA Q.J. 517, 522 (2017) (noting the Federal Circuit’s decision to create the “best defense” to “hindsight-based obviousness analysis” in the “decades following *Graham*” (quoting *In re Dembiczak*, 175 F.3d 994, 999 (Fed. Cir. 1999))).

<sup>26</sup> See *id.* (quoting *In re Dembiczak*, 175 F.3d at 999); see also *Al-Site Corp. v. VSI Int’l, Inc.*, 174 F.3d 1308, 1323–24 (Fed. Cir. 1999) (citing *In re Rouffet*, 149 F.3d 1350, 1355 (Fed. Cir. 1998)); Pomeroy, *supra* note 17, at 84 (noting a recent Federal Circuit decision to be “at odds with well-established case law prohibiting the use of impermissible hindsight in the obviousness analysis — the very thing that the TSM test was created to avoid” (footnotes omitted)).

the “precise” problem purported to be solved by the patented claim.<sup>27</sup> For instance, if an inventor had claimed a motorized scooter, that claim would have been obvious under the TSM test only if: (1) there existed a combination of prior art references covering the claimed motorized scooter (like one patent disclosing a mechanical scooter and another disclosing a motor); and (2) there separately existed a teaching, suggestion, or motivation to combine these references to make a motorized scooter (like an explicit reference discussing the benefits of sticking a motor onto a scooter for faster travel).<sup>28</sup>

The intuition underlying the TSM test makes sense. Patent challengers today have the significant benefit of hindsight: access to countless prior art references and countless more permutations thereof to map onto patented claims.<sup>29</sup> The TSM test in turn provided patent owners with a “bulwark against hindsight” often used with attorney argument and expert testimony supporting obviousness challenges.<sup>30</sup> This bright-line TSM test provided patent owners with some level of clarity as a defense against challengers.<sup>31</sup>

However, decades later, the Supreme Court in *KSR* repudiated the Federal Circuit’s application of the TSM test.<sup>32</sup> In doing so, the Supreme Court followed a paradigmatic approach. At step 1, the Supreme Court repudiated

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<sup>27</sup> See R. Polk Wagner, “A Teaching, Suggestion, or Motivation to Combine”: *Bringing Structure and Clarity to the Obviousness Analysis*, 155 U. PA. L. REV. PENNUMBRA 96, 97 (2006).

<sup>28</sup> For another example, see *Al-Site Corp. v. VSI Int’l, Inc.*, 174 F.3d 1308 (Fed. Cir. 1999). In *Al-Site*, the patented claims related to eyeglasses with a [piece] on its nose bridge that could be hung on a [cantilevered support] — like hooking keys onto a key hook. *Id.* at 1315. The patent challenger found prior art disclosing eyeglasses with a security tag on its nose bridge, and argued that these eyeglasses could similarly be hung on a [cantilevered support] because one could punch a hole through the security tag to do so. *Id.* at 1324. The Federal Circuit rejected this obviousness claim because the prior art did not disclose any particular teaching or suggestion for a POSA to do this. *Id.*

<sup>29</sup> See Pomeroy, *supra* note 17, at 84–85 (noting hindsight bias to be “a natural result of people’s subjective and unconscious tendency to incorrectly assign a high predictability to a past event based on their present knowledge that the event has occurred,” with the bias “generally disfavor[ing] patent owners, as inventions that were difficult to conceive may appear simple and trivial decades later”).

<sup>30</sup> Jun Wu, Note, *Rewinding Time: Advances in Mitigating Hindsight Bias in Patent Obviousness Analysis*, 97 KY. L.J. 565, 574 (2009).

<sup>31</sup> See *infra* note 53 for further discussion of courts importing artifacts of the TSM test to provide clarity to the resulting *KSR* guidelines.

<sup>32</sup> *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 419 (2007) (“Helpful insights, however, need not become rigid and mandatory formulas; and when it is so applied, the TSM test is incompatible with our precedents.”). To be clear, the Supreme Court did not explicitly overturn or reject the TSM test; it even admitted there “is no necessary inconsistency between the idea underlying the TSM test and the *Graham* analysis.” *Id.*

the Federal Circuit's use of this bright-line test as too "rigid," "mandatory," "narrow," "formalistic," and "confi[n]g."<sup>33</sup> At step 2, and in need of something "expansive and flexible" like its precedent,<sup>34</sup> the Supreme Court unanimously rejected the Federal Circuit's application of the TSM test due to its "incompatib[ility]"<sup>35</sup> with Supreme Court precedent including *Graham v. John Deere Co. of Kansas City*.<sup>36</sup> And at step 3, the Supreme Court provided several key considerations for the Federal Circuit, which would continue to serve as high-level guidelines for subsequent development of the obviousness doctrine.<sup>37</sup>

**Step 1.** The Supreme Court's repudiation of the Federal Circuit's application of the TSM test was supposedly inconsistent with Supreme Court precedent — in particular, the *Graham* factors.<sup>38</sup> However, the *Graham* factors alone do not provide much beyond the statutory language of § 103.<sup>39</sup> And, relevant here, *KSR*'s objective was to point out the "narrow conception of the obviousness inquiry reflected in [the Federal Circuit's] application of the TSM test."<sup>40</sup> But the Federal Circuit, in creating the TSM test through common law, most certainly *had* considered *Graham*;<sup>41</sup> it probably did not

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<sup>33</sup> *Id.*; see Wong, *supra* note 20, at 2215–16 ("Rather, it rejected the Federal Circuit's narrow focus and rigid application of the TSM test in its obviousness inquiry.").

<sup>34</sup> *KSR*, 550 U.S. at 415; see Fromer, *supra* note 16, at 76.

<sup>35</sup> *KSR*, 550 U.S. at 402, 419.

<sup>36</sup> 383 U.S. 1 (1966). *Graham* is frequently cited for its four-factor framework it provides for applying § 103: (1) determine the scope and content of the prior art; (2) determine the differences between the prior art and the claimed invention; (3) determine the level of skill of someone skilled in the art (the PHOSITA); and (4) determine whether the PHOSITA would have found the invention obvious in light of the prior art. See MPEP § 2141 (9th ed. Rev. 1, Nov. 2024).

<sup>37</sup> See *KSR*, 550 U.S. at 419–20; *Honeywell Int'l Inc. v. 3G Licensing, S.A.*, 124 F.4th 1345, 1353 (Fed. Cir. 2025).

<sup>38</sup> See *supra* note 36 and accompanying text.

<sup>39</sup> Compare the statutory language of § 103, below, to the *Graham* factors—each part of the statute labeled with the relevant *Graham* factor:

A patent for a claimed invention may not be obtained, notwithstanding that the claimed invention is not identically disclosed as set forth in section 102, if the [2] differences between the claimed invention and the prior art are such that [4] the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention [3] to a person having ordinary skill in the art [4] to which the claimed invention pertains . . . .

35 U.S.C. § 103.

<sup>40</sup> *KSR*, 550 U.S. at 419.

<sup>41</sup> See, e.g., *Al-Site Corp. v. VSI Int'l, Inc.*, 174 F.3d 1308, 1324 (Fed. Cir. 1999) (citing *Graham*, 383 U.S. at 17–18); *In re Rouffet*, 149 F.3d 1350, 1355 (Fed. Cir. 1998) (citing same).

find its factors useful in application due to their resemblance of the statutory language, thus necessitating the bright-line rule.<sup>42</sup> Nevertheless, the most appropriate reading of *KSR* under step 1 is that the Supreme Court's repudiation should strictly be limited to the application of the TSM test.<sup>43</sup>

**Step 2.** *KSR* was decided unanimously. The unanimity suggests the Supreme Court's strong adherence to the paradigm, a pattern that becomes more apparent when compared to patent decisions that do not follow it.<sup>44</sup>

**Step 3.** *KSR* provided lower courts with a laundry list of guidelines for applying the obviousness inquiry against the backdrop of *Graham*. Some of these guidelines have required the obviousness inquiry: (1) be directed to a POSA, not the patentee;<sup>45</sup> (2) not restrict prior art to its "primary purpose;"<sup>46</sup> (3) be wary of hindsight bias;<sup>47</sup> and (4) consider predictability, as to the prior arts' use or the invention's results.<sup>48</sup> However, beyond these guidelines, *KSR* did not fashion a concrete test or a standard, but instead what some consider amounting to a "wholly content-free" "return" to the *Graham* factors.<sup>49</sup> One

<sup>42</sup> See O'Shea, *supra* note 25, at 523–24 ("The TSM Test was likely intended, at least in part, to establish an objective, reviewable process for resolving the level of skill in the art by compelling a concrete statement of where the impetus to combine or modify would come from."); *id.* at 524 & n.34 (suggesting the TSM test to be an aspect of the third *Graham* factor).

<sup>43</sup> See *KSR*, 550 U.S. at 419 (noting that "[t]he flaws in the analysis of the [Federal Circuit] relate for the most part to the court's narrow conception of the obviousness inquiry reflected in its application of the TSM test" (emphasis added)).

<sup>44</sup> See *infra* Sections III.B–C.

<sup>45</sup> See *KSR*, 550 U.S. at 418 ("As our precedents make clear, however, the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.").

<sup>46</sup> See *id.* at 419 ("In determining whether the subject matter of a patent claim is obvious, neither the particular motivation nor the avowed purpose of the patentee controls."); *Id.* at 420 ("Common sense teaches, however, that familiar items may have obvious uses beyond their primary purposes, and in many cases a person of ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle.").

<sup>47</sup> See *id.* at 421 (cautioning, though not rigidly, that the "factfinder should be aware, of course, of the distortion caused by hindsight bias and must be cautious of arguments reliant upon *ex post* reasoning" (citing *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 36 (1966))).

<sup>48</sup> See Christopher A. Cotropia, *Predictability and Nonobviousness in Patent Law After KSR*, 20 MICH. TELECOMM. & TECH. L. REV. 391, 393 (2014) (suggesting *KSR* "emphasized predictability as a basis for an obviousness finding," with two flavors of predictability governing the analysis).

<sup>49</sup> See Teri-Lynn A. Evans, Note, *The Effect of the Supreme Court's Decision in KSR on the System of Patent Litigation*, 40 RUTGERS L.J. 669, 691 (2009) (indicating the Supreme

could interpret *KSR* as a general mandate to lower courts to think bigger and to use “common sense” when engaging in the obviousness inquiry.<sup>50</sup>

Furthermore, the Supreme Court invoked the doctrinal change without destroying the underlying standard while affirming its precedents. First, *KSR* explicitly noted that the TSM test captures a “helpful insight” against the misconception equating obviousness with what is “already known.”<sup>51</sup> And as discussed above, *KSR* itself did not provide a standard or “content[s]”<sup>52</sup> — just the repudiation of the *application* of TSM, accompanied with principles still consistent with the bare contents of the TSM test. Indeed, in the nearly two-decades following *KSR*, the Federal Circuit has gradually imported artifacts of the TSM test to guide its application thereof, primarily to reduce hindsight bias.<sup>53</sup>

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Court’s “revert to the *Graham* test for obviousness” in deciding *KSR*); *cf.* Wagner, *supra* note 28, at 99 (describing possible “solutions” to TSM before *KSR* was decided).

<sup>50</sup> See Evans, *supra* note 49, at 691–92, 691 n.118 (citing Hal Milton & Patrick R. Anderson, *The KSR Standard for Patentability*, 89 J. PAT. & TRADEMARK OFF. SOC’Y 615, 617 (2007)) (noting the resulting “common sense selection” test for determining obviousness, and that the following lower courts had “greater flexibility” for determining obviousness); Simic, *supra* note 15, at 255 (noting that *KSR* affirmed the TSM test and “merely broadened the scope of sources used to make obviousness determinations”); Rantanen, Kriz & Matthews, *supra* note 18, at 691 (suggesting the Federal Circuit’s “increase in [its] invocation of ‘common sense’”); *cf.* Harold C. Wegner, *Making Sense of KSR and Other Recent Patent Cases*, 106 MICH. L. REV. FIRST IMPRESSIONS 39, 40 (2007) (arguing tightening of *Graham*’s obviousness standard via *KSR*).

<sup>51</sup> *KSR*, 550 U.S. at 418–19 (suggesting importance in identifying a “reason” for a POSA’s combination, for “claimed discoveries almost of necessity will be combinations of what, in some sense, is already known”).

<sup>52</sup> See Wagner, *supra* note 28, at 99.

<sup>53</sup> See, e.g., *Intel Corp. v. Alacritech, Inc.*, 817 F. App’x 1014, 1017–18 (Fed. Cir. 2020) (requiring a motivation to combine and a “satisfactory explanation” for an obviousness invalidation, “including a rational connection between the facts and the choice made” (emphasis added) (quoting *In re Nuvasive, Inc.*, 842 F.3d 1376, 1382 (Fed. Cir. 2016))); *In re Nuvasive*, 842 F.3d at 1382 (acknowledging its rejection of a “rigid and mandatory formula,” but nevertheless still requiring a finding of a “motivation to combine” (quoting *KSR*, 550 U.S. at 419) (emphasis added)); *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1260 (Fed. Cir. 2007) (noting the Supreme Court’s suggestion of “a flexible approach to the TSM test” which would “prevent[] hindsight and focus[] on evidence before the time of invention”); see also MPEP § 2141 (9th ed. Rev. 1, Nov. 2024) (acknowledging *KSR*’s caution against rigidly applying the TSM test, but nonetheless suggesting that an “appropriate” obviousness rejection may be made with TSM rationale); Ryan T. Holte & Ted Sichelman, *Cycles of Obviousness*, 105 IOWA L. REV. 107, 130 & n.168 (2019) (citing *In re Translogic Tech.*, 503 F.3d at 1260) (noting that the Federal Circuit since *KSR*, in addition to focusing on *KSR*’s departure from Federal Circuit doctrine, has “emphasized the Supreme Court’s remark that the TSM

Importantly, this Article does not suggest that no ambiguity has resulted from *KSR*, nor does it argue that the resulting Federal Circuit development is necessarily optimal or correct. Studies suggest the profound impacts of *KSR* on obviousness, for better or for worse.<sup>54</sup> At a baseline, *KSR* did away with the predictability of applying § 103,<sup>55</sup> relegating the TSM requirements to take on more of an advisory role. Empirical studies show an increase in findings of obviousness post-*KSR*, with supporting theories suggesting lower courts have heeded *KSR*'s general advice to think bigger; and a continued uncertainty in the TSM test's subsequent relevance to the obviousness doctrine.<sup>56</sup>

In conclusion, the Supreme Court in *KSR* performed, what this Article suggests, one of the first instances of adhering to its paradigmatic treatment of the Federal Circuit. Indeed, rich scholarship observes steps one and three of the paradigm's steps (as evidenced by this Section's unending citations). The following Sections observe how the Supreme Court has adhered to the same paradigm in shaping other patent doctrines.

### **B. *Bilski* and *Mayo*: Patent Eligibility Doctrine**

From 2010 to 2014, the Supreme Court heard a staggering number of patent cases, issuing six opinions in the 2013–2014 term — the most out of any terms since the Federal Circuit's creation in 1982.<sup>57</sup> Among these was *Alice Corp. v. CLS Bank International*,<sup>58</sup> one of several cases setting forth the modern standard for determining patent eligibility. *Alice* was a unanimous decision, concisely addressing patent eligibility and implicating a significant

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test is a 'helpful insight,' at least if flexibly applied"); *id.* at 158–59 (reporting, post-*KSR*, 49% of Federal Circuit cases to rely on some variant of the TSM test like “reason, suggestion, motivation” and “reason to combine”); Chao Gao & Peter M. Jay, *Ten Years after KSR, Motivation to Combine Moves Back into the Spotlight*, ABA: LANDSLIDE (Jan. 15, 2018) (citing *In re Nuvasive* and suggesting, based on recent Federal Circuit decisions, “a potential shift marking the revival of at least a flexible TSM requirement”), [https://www.americanbar.org/groups/intellectual\\_property\\_law/publications/landslide/2017-18/january-february/ten-years-after-ksr-motivation-combine-moves-back-spotlight/](https://www.americanbar.org/groups/intellectual_property_law/publications/landslide/2017-18/january-february/ten-years-after-ksr-motivation-combine-moves-back-spotlight/).

<sup>54</sup> See Simic, *supra* note 15, at 255 (citing empirical studies suggesting that the TSM test wasn't misguided).

<sup>55</sup> See Wagner, *supra* note 28, at 99.

<sup>56</sup> See O'Shea, *supra* note 25, at 550 (observing a “clear” increase in obviousness findings and affirmances of lower court obviousness findings post-*KSR*); Simic, *supra* note 15, at 255 (“In any case, because old obviousness jurisprudence emerges from *KSR* largely intact, it is uncertain whether the restated TSM test will have any impact on the rise of low-quality patents.”).

<sup>57</sup> Kevin R. Casey & Kevin B. Anderson, *The Supreme Court's Six-Pack of Patent Cases*, 27 INTELL. PROP. & TECH L.J. 9, 9 (2015).

<sup>58</sup> 573 U.S. 208 (2014).

number of patents and industries.<sup>59</sup> Indeed, many practitioners today refer to the Supreme Court's patent eligibility inquiry as the *Alice* two-step test. While *Alice* provides the framework we frequently cite today, the initial development of the modern patent eligibility doctrine can be traced back to *Bilski*, which was decided a year before *Alice* and helped formulate *Alice*'s two-part test.<sup>60</sup> And subsequent to *Bilski*, the Supreme Court decided *Mayo*, which also helped to formulate the two-part test.<sup>61</sup> This Section therefore focuses its paradigmatic analysis on *Bilski* and *Mayo*.

35 U.S.C. § 101 governs patent eligibility. A patent claim must survive § 101's eligibility requirements prior to surviving other challenges.<sup>62</sup> Section 101 statutorily lists patentable subject matter: processes, machines, manufactures, and compositions of matter. From this basic statute, the Supreme Court has further defined what constitutes patent eligible subject matter, endorsing the basic idea that an inventor may not obtain a patent for something that is a "principle,"<sup>63</sup> like electromagnetism, a mathematical formula, or something natural (like an orange).<sup>64</sup> Though the statute does not define patent ineligible ideas as "abstract" ideas, the Supreme Court at a baseline establishes abstract ideas to be patent ineligible.<sup>65</sup>

Therein lies the problem. Determining what counts as "abstract" is no simple feat. The Supreme Court, from 1978 to 1982, had attempted to better define the contours of patent eligibility in response to technological improvements,<sup>66</sup> with healthy discussion among the Justices over where to

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<sup>59</sup> See ANDREW A. TOOLE & NICHOLAS A. PAIROLERO, U.S. PAT. & TRADEMARK OFF., ADJUSTING TO ALICE: USPTO PATENT EXAMINATION OUTCOMES AFTER ALICE CORP. V. CLS BANK INTERNATIONAL 2–4 (Apr. 2020), [<https://perma.cc/D2WL-BXQZ>] (noting that "*Alice* increased uncertainty in the first action stage of patent examination," and "[e]conomic theory and evidence show that greater uncertainty tends to reduce investments").

<sup>60</sup> See *Alice*, 573 U.S. at 218–22.

<sup>61</sup> See *id.* at 217. The two-part test is often referred to as the *Alice-Mayo* test. See EMILY G. BLEVINS & KEVIN J. HICKEY, CONG. RSCH. SERV., IF12563, PATENT-ELIGIBLE SUBJECT MATTER REFORM: AN OVERVIEW 1 (2026).

<sup>62</sup> See MPEP § 2106 (9th ed. Rev. 1, Nov. 2024).

<sup>63</sup> John W. Cox & Joseph L. Vandegrift, *A Brief History of Supreme Court Interest in Patent-Eligible Subject Matter Under 35 U.S.C. § 101*, 19 J. TECH. L. & POL'Y 182, 184 (2014) (citing *Le Roy v. Tatham*, 55 U.S. 156, 175 (1852), which found patent ineligible newly discovered principles, though noting applications thereof may be patentable).

<sup>64</sup> *Id.* at 184–88.

<sup>65</sup> See, e.g., *Parker v. Flook*, 437 U.S. 584, 589, 598 (Stevens, J., dissenting) ("It is a commonplace that laws of nature, physical phenomena, and abstract ideas are not patentable subject matter.").

<sup>66</sup> See, e.g., *Diamond v. Chakrabotry*, 447 U.S. 303, 316–17 (1980) (holding that non-natural products of "human ingenuity" could be patentable); *Diamond v. Diehr*, 450 U.S.

draw the “blurred line” between patent eligibility and novelty.<sup>67</sup> However, after 1982 the Supreme Court was silent on patent eligibility, and left the difficult questions up to the Federal Circuit. It was not until 2010 that the Supreme Court addressed patent eligibility once again, starting with *Bilski*.

### ***1. Bilski’s Paradigmatic Treatment of the Machine or Transformation Test***

Before reaching the Supreme Court, the en banc Federal Circuit in *Bilski* had adopted the machine or transformation (“MOT”) test as the *sole* test for governing patentable processes.<sup>68</sup> Judge Michel, writing for the majority, had adopted this “definitive test” enunciated by the Supreme Court in prior cases which would “surely” render a process patent-eligible if: “(1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing.”<sup>69</sup> The Federal Circuit here had adopted a bright-line rule for patent eligibility, just like it did when adopting the TSM test in *KSR* for obviousness.<sup>70</sup>

And just like the Supreme Court in *KSR* rejected the TSM test, so too here it rejected on appeal the MOT test as the “sole” test for governing patentable processes, based largely on the definitions provided in 35 U.S.C. § 100(b) and the same Supreme Court precedent relied on by Judge Michel.<sup>71</sup> Like *KSR* disapproved of the Federal Circuit’s *application* of the TSM test, the Supreme Court in *Bilski* disapproved of the Federal Circuit’s *exclusive application* of the MOT test for determining patent eligibility because doing so would “create uncertainty as to the patentability of” various technologies invented by various amici.<sup>72</sup> The Supreme Court additionally did not pre-

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175, 191–92 (1981) (finding an application of a mathematical formula for the process of curing synthetic rubber to be patentable).

<sup>67</sup> See *Cox & Vandegrift*, *supra* note 63, at 196.

<sup>68</sup> *Bilski v. Kappos*, 561 U.S. 593, 600 (2010).

<sup>69</sup> *In re Bilski*, 545 F.3d 943, 954 (Fed. Cir. 2008) (first citing *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); then citing *Diehr*, 450 U.S. at 192; and then citing *Flook*, 437 U.S. at 589). Judge Dyk provides a “thoughtful historical review” of the machine-or-transformation test in his concurrence. *Bilski*, 561 U.S. at 605.

<sup>70</sup> See *supra* Section I.A.

<sup>71</sup> See *Bilski*, 561 U.S. at 603–04.

<sup>72</sup> See *id.* at 605 (noting, per various amici, the MOT test would create “uncertainty as to the patentability of software, advanced diagnostic medicine techniques, and inventions based on linear programming, data compression, and the manipulation of digital signals”). Note that the Supreme Court is suggesting that a bright line, perhaps binary, rule would result in *more* uncertainty. See *id.* at 605–06.

clude the Federal Circuit from developing other limiting principles to the patent eligibility doctrine consistent with the Supreme Court's precedents.<sup>73</sup>

Like in *KSR*, *Bilski*'s unanimous treatment of the patent eligibility doctrine, coupled with its foundations in *Mayo*, follows the paradigm.

**Step 1.** *Bilski*'s holding repudiated the Federal Circuit's exclusive use of the MOT test,<sup>74</sup> just like *KSR*'s obviousness guidelines repudiated the TSM test. Though the holding was unanimous, several Justices did not join several parts of the majority opinion. However, at the baseline, the holding repudiating the Federal Circuit's *exclusive application* of the MOT test was unanimous — indeed, the concurrences and plurality opinions share a common ground that the MOT test should not be an “exclusive” test.<sup>75</sup> The details are discussed immediately below. This is consistent with how the Supreme Court in *KSR* repudiated the Federal Circuit's narrow application of the TSM test for determining obviousness.

**Step 2.** *Bilski*'s repudiation was functionally unanimous. As alluded to above, there are two separate complications with the unanimity point worth discussing. First, Justices Stevens and Breyer filed separate concurrences disagreeing over the scope of the statutory “process.”<sup>76</sup> However, as noted by Justice Breyer's concurrence, there exist four consistent points across all opinions, one of which is that the MOT test, while a “useful and important clue,” has never been the “sole test” for determining patentability.<sup>77</sup> Accordingly, with

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<sup>73</sup> See *id.* at 612–13 (“In disapproving an exclusive machine-or- transformation test, we by no means foreclose the Federal Circuit's development of other limiting criteria that further the purposes of the Patent Act and are not inconsistent with its text.”); *id.* at 608 (“In searching for a limiting principle, this Court's precedents on the unpatentability of abstract ideas provide useful tools.”).

<sup>74</sup> See *id.* at 604 (“The machine-or- transformation test is not the sole test for deciding whether an invention is a patent-eligible ‘process.’”); see also *id.* at 613 (Stevens, J., concurring) (“It would be possible to answer that question simply by holding, as the entire Court agrees, that although the machine-or-transformation test is reliable in most cases, it is not the *exclusive* test.”).

<sup>75</sup> *Id.* at 604 (“The Court of Appeals incorrectly concluded that this Court has endorsed the machine-or-transformation test as the exclusive test.”); *id.* at 613 (Stevens, J., concurring) (“It would be possible to answer that question simply by holding, as the entire Court agrees, that although the machine-or-transformation test is reliable in most cases, it is not the *exclusive* test.”); *id.* at 660 (Breyer, J., concurring) (“In sum, it is my view that, in reemphasizing that the ‘machine-or-transformation’ test is not necessarily the *sole* test of patentability, the Court intends neither to deemphasize the test's usefulness nor to suggest that many patentable processes lie beyond its reach.”).

<sup>76</sup> See *id.* at 613–57 (Stevens, J., concurring); *id.* at 657–60 (Breyer, J., concurring).

<sup>77</sup> *Id.* at 658–59 (Breyer, J., concurring) (noting one of the four points of consistency among the Court and Justice Stevens' concurrence is that the MOT test has never been the

respect to the repudiation of the Federal Circuit's exclusive use of the MOT test, *Bilski* was unanimous, and thus still adhering to the paradigm. Second, Justice Scalia did not join parts of Justice Kennedy's reasoning underlying the repudiation that deviate from the textual and historical review of the statute provided by Judge Dyk.<sup>78</sup> However, those parts largely pointed to the technological innovations and "chang[ing]" "times" as necessitating the rejection of a "categorical" rule denying patent protection.<sup>79</sup> Even without these parts, Justice Scalia would have still joined the unanimous repudiation, whether through the rest of the majority's grounds<sup>80</sup> or through Justice Breyer's concurrence in Part II.<sup>81</sup> Justice Breyer's concurrence unequivocally pointing out the Court's aligned repudiation of the Federal Circuit's exclusive use of the MOT test further supports unanimity, in line with the paradigm's step 2.<sup>82</sup>

**Step 3.** *Bilski* at a high level redirected the Federal Circuit's patent eligibility analysis to existing Supreme Court precedent — namely *Diamond v. Chakrabarty*,<sup>83</sup> *Gottschalk v. Benson*,<sup>84</sup> *Parker v. Flook*,<sup>85</sup> and *Diamond v. Diehr*.<sup>86</sup> And within three years, the Supreme Court subsequently decided *Alice* consistent with *Bilski*'s determinations of what constitutes an abstract idea;<sup>87</sup> along with *Mayo* consistent with *Bilski*'s recognition that a claim cannot be patent eligible based purely on its technological environment.<sup>88</sup> These cases, guided

"sole test" for determining patentability).

<sup>78</sup> See *id.* at 605–06, 608–09.

<sup>79</sup> *Id.* at 605, 608 (relying on, e.g., the "Information Age empower[ing] people with new capacities," to support its interpretation).

<sup>80</sup> See *id.* at 602–04, 606–08.

<sup>81</sup> See *id.* at 658–60.

<sup>82</sup> See *infra* Section III.B and its discussion on concurrences.

<sup>83</sup> 447 U.S. 303 (1980); see also *Bilski*, 561 U.S. at 601 (citing *Diamond*, 447 U.S. at 308).

<sup>84</sup> 409 U.S. 63 (1972); see also *Bilski*, 561 U.S. at 604 (citing *Benson*, 409 U.S. at 70, to suggest the Supreme Court did not intend the MOT test to be an "exhaustive or inclusive test").

<sup>85</sup> 437 U.S. 584 (1978); see also *Bilski*, 561 U.S. at 604 (citing *Flook*, 437 U.S. at 588 n.9, to suggest the Supreme Court previously assumed a process patent to be patent eligible even if it does not pass the MOT test).

<sup>86</sup> 450 U.S. 175 (1981); see also *Bilski*, 561 U.S. at 603 (citing *Diehr*, 450 U.S. at 182, to suggest that the ordinary, contemporary, and common meaning of "process, art or method" cannot be tied by the MOT test); *id.* at 612 ("The Court, therefore, need not define further what constitutes a patentable 'process,' beyond pointing to the definition of that term provided in § 100(b) and looking to the guideposts in *Benson*, *Flook*, and *Diehr*.").

<sup>87</sup> See *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208, 221 (2014) (finding "no meaningful distinction between" *Bilski*'s abstract idea and *Alice*'s abstract idea).

<sup>88</sup> See *Mayo Collaborative Servs. v. Prometheus Lab'ys, Inc.*, 566 U.S. 66, 72–73 (2012) (citing *Bilski*, 561 U.S. at 610–11).

by *Bilski*, rooted the modern patent eligibility test in the above Supreme Court precedent.<sup>89</sup> Furthermore, like *KSR* with its TSM test, *Bilski* did not completely destroy the MOT test and instead provided high-level guidelines for subsequent development of patent eligibility doctrines: Justice Kennedy noted in dicta the MOT test could serve as a “useful clue;”<sup>90</sup> Justice Stevens in concurrence noted its role as a “critical clue;”<sup>91</sup> and the Federal Circuit in subsequent cases has cited this passive endorsement to assist its determination of whether claims are directed to patent eligible subject matter.<sup>92</sup>

## ***2. Mayo and Its Further Paradigmatic Treatment of the Federal Circuit***

Shortly after deciding *Bilski*, the Supreme Court in *Alice* and *Mayo* fashioned a two-part framework that to this day serves as the test for determining patent eligibility.<sup>93</sup> The first step of the framework asks courts to determine whether the claim at issue is directed to a patent-ineligible concept, such as a law of nature or natural phenomena.<sup>94</sup> If so, the second step then asks whether the claim elements individually or in combination “transform the nature of the claim” into a patent-eligible application.<sup>95</sup> This framework is derived from both *Alice* and *Mayo*.<sup>96</sup> However, this Section analyzes *Mayo* and

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<sup>89</sup> See *Alice*, 573 U.S. at 216–18 (first citing *Bilski*, 561 U.S. at 611–12; then citing *Diehr*, 450 U.S. at 187; then quoting *Benson*, 409 U.S. at 67; then citing *Mayo*, 566 U.S. at 72, 77–78; and then citing *Flook*, 437 U.S. at 594–95, to define the contours of abstract ideas); *Mayo*, 566 U.S. at 71–72 (first quoting *Benson*, 409 U.S. at 67; then quoting *Diehr*, 450 U.S. at 187; then quoting *Flook*, 437 U.S. at 594; and then citing *Bilski*, 561 U.S. at 610–11).

<sup>90</sup> *Bilski*, 561 U.S. at 603.

<sup>91</sup> *Id.* at 614 (Stevens, J., concurring).

<sup>92</sup> See, e.g., *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 716–17 (Fed. Cir. 2014) (acknowledging the Supreme Court’s treatment of the MOT test as a “useful clue” and applying the MOT test to ultimately find the claim at issue to not be directed toward patent eligible subject matter); *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1315 (Fed. Cir. 2016) (finding that the claimed process at issue to be directed toward patent eligible subject matter despite its result not being tangible as *Bilski* never required a patent eligible method to “be tied to a machine or transform an article” (quoting *Bilski*, 561 U.S. at 603)). But see *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016) (refusing to require patent-eligible claims to reference “physical” components as that would “risk[] resurrecting a bright-line machine-or-transformation test”).

<sup>93</sup> See Philip Hawkyard, Note, *The Collapse of Alice’s Wonderland: Mayo’s Faulty Two-Step Framework and a Possible Solution to Patent-Eligibility Jurisprudence*, 74 HASTINGS L.J. 1221, 1226 (2023).

<sup>94</sup> See *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 217 (2014) (citing *Mayo*, 566 U.S. at 77).

<sup>95</sup> *Id.* at 217–18 (quoting *Mayo*, 566 U.S. at 78).

<sup>96</sup> See *id.* at 217; *Mayo*, 566 U.S. at 77.

its procedural posture as they better illustrate the Supreme Court's continued adherence to the paradigmatic treatment of the Federal Circuit.

At the beginning of *Mayo*, the Federal Circuit had first reversed the district court's finding that the claimed processes for administering and determining drug dosages based on measured metabolite levels were unpatentable, and had ruled that the steps of "administering" the drug and "determining" the resulting metabolite level sufficiently passed the MOT test.<sup>97</sup> On first appeal (which happened soon after *Bilski* was decided), the Supreme Court in *Mayo I* vacated the judgment and remanded in light of *Bilski's* clarification that the MOT test is not the "definitive" (i.e., "exclusive") test but rather an "important and useful" clue.<sup>98</sup> The Federal Circuit on remand, acknowledging that the MOT test was only a "clue," still found that the claims did not encompass laws of nature or preempt natural correlations.<sup>99</sup> On second appeal, the Supreme Court in *Mayo II*, like it did in *Bilski*, ultimately found that the claimed processes did not sufficiently transform the underlying natural laws governing drugs and how they affect metabolites into patentable applications.<sup>100</sup> On second appeal, *Mayo II* addressed the Federal Circuit's patent eligibility analysis by adhering to the paradigm.<sup>101</sup> This Article interchanges *Mayo* and *Mayo II*.

**Step 1.** The Supreme Court repudiated the Federal Circuit's conclusion that the claimed processes still sufficiently transformed the underlying natural laws into patentable applications,<sup>102</sup> even if the Federal Circuit applying *Bilski* had relegated the MOT test to a "clue" as opposed to an exclusive test.<sup>103</sup> In other words, after repudiating the Federal Circuit's exclusive use of the test in *Mayo I*, the Supreme Court once again in *Mayo II* repudiated the Federal Circuit's subsequent analysis using the test as a clue as required by *Bilski*.<sup>104</sup>

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<sup>97</sup> *Mayo*, 566 U.S. at 76 (quoting *Prometheus Lab's, Inc. v. Mayo Collaborative Servs.*, 581 F.3d 1336, 1345–47 (Fed. Cir. 2009)).

<sup>98</sup> *See id.*; *see also supra* Section I.B.1 (discussing *Bilski's* repudiation of the MOT test).

<sup>99</sup> *Mayo*, 566 U.S. at 76–77 (quoting *Prometheus Lab's, Inc. v. Mayo Collaborative Servs.*, 628 F.3d 1347, 1355 (Fed. Cir. 2010)).

<sup>100</sup> *Id.* at 79 (noting that "[a]nyone who wants to make use of these laws" of nature would practice a combination of steps "amount[ing] to nothing significantly more than an instruction to doctors to apply the applicable laws when treating their patients").

<sup>101</sup> *See id.* at 76 (discussing the lack of "temptation to depart from case law precedent").

<sup>102</sup> *See id.* at 77 (finding the claims at issue do not do significantly more than simply describe natural relations).

<sup>103</sup> *See Mayo*, 628 F.3d at 1355 (noting that *Bilski* does not "dictate[] a wholly different analysis or a different result on remand").

<sup>104</sup> *See Mayo*, 566 U.S. at 87–88 (rejecting the Federal Circuit's reliance on the transformation and reduction to a "different state or thing" as a "clue" in light of *Bilski* to uphold the patentability of the claims at issue).

The Supreme Court reasoned that though the MOT test can be an “important and useful clue,”<sup>105</sup> it cannot trump the “[l]aws of nature” exclusion still set forth in *Bilski*.<sup>106</sup>

**Step 2.** The Supreme Court unanimously repudiated the Federal Circuit’s analysis involving the MOT test. The analysis here is simpler than it was for *Bilski*: *Mayo* was unanimous with no concurrences.

**Step 3.** Justice Breyer reoriented the patent eligibility discussion to the important “exception” to § 101: “[l]aws of nature, natural phenomena, and abstract ideas,” as set forth in the same Supreme Court precedents relied upon by *Bilski*.<sup>107</sup> In particular, by drawing from the transformative nature of the process claimed in *Diehr* along with the lack thereof in *Flook*,<sup>108</sup> Justice Breyer set forth general principles and the importance of patent eligibility before finding the claimed process in *Mayo* to lack the transformativeness.<sup>109</sup>

The Supreme Court’s findings in *Mayo* ultimately paved way for the two-part patent eligibility framework. Akin to *KSR* and its obviousness doctrine, the line of cases including *Bilski*, *Mayo*, and *Alice* repudiated the MOT framework and instead reoriented the patent eligibility framework around abstractness and transformation, rooted in prior Supreme Court precedent. And the MOT test still serves as a useful “clue” in determining whether a patented claim transforms its underlying abstract formation into patent eligible subject matter, consistent with how the Supreme Court had previously permitted certain aspects of the Federal Circuit’s formulations from TSM.

With *Mayo* in particular, the Supreme Court stepped in and provided specific guidance to the Federal Circuit on how to apply the “clue” in the newly decided *Bilski* — by rejecting the Federal Circuit’s finding of patentability.<sup>110</sup> This initially seems at odds with step 3, which suggests that the Supreme Court stops once it provides high-level guidelines. However, a ruling like this is rare; none of the other cases discussed in this Part involves the Supreme Court taking on a second appeal of the Federal Circuit’s subsequent decision and again applying its paradigmatic treatment of patent law. And perhaps the Supreme Court felt comfortable taking up *Mayo* because it planned to set forth a framework in conjunction with *Alice*.

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<sup>105</sup> *Id.* at 88 (quoting *Bilski v. Kappos*, 561 U.S. 593, 603 (2010)).

<sup>106</sup> *See id.* (alteration in original) (quoting *Bilski*, 561 U.S. at 603).

<sup>107</sup> *Id.* at 70, 89; *see supra* notes 85–89 and accompanying text (listing Supreme Court precedents relied upon by *Mayo* and *Alice*).

<sup>108</sup> *See Mayo*, 566 U.S. at 81–82.

<sup>109</sup> *See id.* at 86–87 (noting the danger associated with granting patents for “laws and principles” that are “the basic tools of scientific and technological work”).

<sup>110</sup> *See id.* at 87–88.

This Article, as it did with *KSR*, acknowledges the subsequent confusions resulting from the *Alice/Mayo* framework, in particular scholarship suggesting the unpopularity of, unworkability of, and the confusion resulting from the doctrine.<sup>111</sup> The doctrine's unpopularity and unworkability is a consequence of the Supreme Court's paradigmatic treatment of the Federal Circuit's patent eligibility jurisprudence — whether due to the Supreme Court's need to signal its repudiation of the Federal Circuit's rigid application of the MOT test under step 1,<sup>112</sup> or perhaps due to the Supreme Court's requirement of a flexible approach to patent eligibility in light of its precedents under step 3.<sup>113</sup> Recent legislative efforts to codify a bright-line § 101 provision further suggest that the Supreme Court's strict adherence to its paradigm has so far prevented clarity.<sup>114</sup>

### C. *Amgen*: Enablement Doctrine

*Amgen* illustrates a recent Supreme Court decision once again adhering to its paradigmatic treatment of the Federal Circuit. *Amgen* addresses the statutory enablement requirement under 35 U.S.C. § 112.<sup>115</sup> The current doctrine states that a patent is considered to “enable” its claimed invention if it discloses enough to the relevant POSA on how to make and use the invention with reasonable experimentation.<sup>116</sup> The basic idea is that the patent system

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<sup>111</sup> See, e.g., Mark A. Perry & Jaysen S. Chung, *Alice at Six: Patent Eligibility Comes of Age*, 20 CHI.-KENT J. INTELL. PROP. 64, 72–73 (2021) (observing that scholars believe “several aspects of determining patent eligibility still remain unsettled,” in part due to the Supreme Court's failure to create a “‘single, succinct, usable definition or test’ for identifying an abstract idea”) (internal footnotes omitted); Matthew G. Sipe, *Patent Law 101: I Know It When I See It*, 37 HARV. J.L. & TECH. 447, 449, 454 (noting the *Alice/Mayo* framework to be “unpopular, to say the least,” with some describing it as a “nightmare” and “unworkable”).

<sup>112</sup> See Perry & Chung, *supra* note 111, at 71 (suggesting, based on other commentary, that *Alice* signaled to the Federal Circuit and PTO the widespread application of the patent-eligibility inquiries “regardless of the nature of the subject matter”).

<sup>113</sup> See *id.* at 73 (noting the Supreme Court “has employed a ‘common law methodology’ that amounts to a ‘more flexible approach’” as opposed to a “single, succinct, usable definition or test” (quoting *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016))).

<sup>114</sup> See Patent Eligibility Restoration Act, S. 1546, 119th Cong. (2025) (amending patent eligibility laws to establish that only specified subject matter is ineligible for patenting, such as mathematical formula, mental process performed solely by human mind, and unmodified human gene in human body), <https://www.congress.gov/bill/119th-congress/senate-bill/1546/text>.

<sup>115</sup> See *Amgen Inc. v. Sanofi*, 598 U.S. 594, 599 (2023).

<sup>116</sup> See *Amgen*, 598 U.S. at 612 (establishing that a reasonable amount of experimentation may be required to make and use a patented invention). Federal Circuit precedent specifies

should, in exchange for providing patentees with limited periods of exclusivity over their claimed inventions, incentivize sufficient public disclosure “to enrich the public storehouse of knowledge.”<sup>117</sup> Accordingly, the Federal Circuit has interpreted § 112 in light of this principle to “compel[] a patentee to furnish a disclosure sufficient to teach the [POSA] to make and use the claimed invention without undue experimentation.”<sup>118</sup> Enablement is especially relevant to pharmaceutical patents, because a patent claiming a particular drug could do so in one of two ways: it may either disclose a specific drug (like a specific compound for blocking a protein) — that is, disclose a *species*; or it may disclose a broader claim that “covers various ways” of implementing the invention (like various other ways for blocking the same protein) — that is, disclose a *genus*.<sup>119</sup> The theory is that a patent disclosing and teaching enough of the *species* “can provide sufficient enablement” of the *genus*, provided that a POSA can, with reasonable experimentation, “distinguish the embodiments that work from those that don’t.”<sup>120</sup>

The question is what constitutes sufficient, and what constitutes reasonable? If statutory enablement permits broad *genus* claims, then it would, for instance, permit drug patents to claim an entire category of formulations or methods accomplished by the few things disclosed in the patent. If, in contrast, enablement permits narrow *genus* claims, then the scope of the patent may, worst case (for the patentee), be limited to the very things disclosed in the patent. Therefore, the scope of enablement implicates billions of dollars in various industries, in particular pharmaceutical industries relying on patent claims of specific formulations to map onto broad swaths of drugs.<sup>121</sup>

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that the experimentation not be “undue.” See Alan L. Durham, *Patent Scope and Enablement in Rapidly Developing Arts*, 94 N.C. L. REV. 1099, 1107 (2016) (“Because some experimentation is permitted, the ‘key word’ in the inquiry is ‘undue.’” (citing Warner-Lambert Co. v. Teva Pharms. USA, Inc., 418 F.3d 1326, 1337 (Fed. Cir. 2005))); see also Alcon Rsch. Ltd. v. Barr Lab’ys, Inc., 745 F.3d 1180, 1188 (Fed. Cir. 2014) (citing *In re Wands*, 858 F.2d 731, 736–37 (Fed. Cir. 1988)).

<sup>117</sup> Dmitry Karshstedt, Mark A. Lemley & Sean B. Seymore, *The Death of the Genus Claim*, 35 HARV. J.L. & TECH. 1, 7–8 (2021).

<sup>118</sup> *Id.* at 8.

<sup>119</sup> *Id.* at 10.

<sup>120</sup> *Id.* (citing *Enzo Biochem, Inc. v. Calgene, Inc.*, 188 F.3d 1362, 1371 (Fed. Cir. 1999)).

<sup>121</sup> See Gary N. Stewart, *The Enablement Challenge for Genus Claims Under U.S. Patent Law: How Much Disclosure Is Enough After Amgen v. Sanofi?*, STITES & HARBISON, PLLC (May 22, 2023) (noting it is common to seek patent protection for pharmaceuticals and other life science-based technologies wherein the claims “are directed to a group of related items with a common functionality . . . as opposed to individual members, or species, of such group,” implicating the “million (or billion) dollar question” pertaining to the scope of enablement), [<https://perma.cc/NB66-ABTQ>]; Jeffrey D. Morton & Jeffrey Wolfson,

These difficult questions eventually made their way to the Supreme Court in *Amgen*.<sup>122</sup> And in *Amgen*, the Supreme Court yet again adhered to its paradigmatic treatment of the Federal Circuit.

**Step 1.** First, the Supreme Court implicitly repudiated the Federal Circuit’s formulation of the enablement doctrine present in *In re Wands*.<sup>123</sup> Prior to reaching the Supreme Court, the Federal Circuit had found the claims at issue to be invalid for lack of enablement in accordance with the *Wands* factors.<sup>124</sup> The *Wands* factors are a list of factual considerations concerning the “relationship between the claimed invention, the disclosures included in the patent specification, and the knowledge and abilities of persons of ordinary skill.”<sup>125</sup> The factors have ultimately been used to determine whether a POSA would be able to practice the claimed invention without “undue experimentation.”<sup>126</sup> In light of the *Wands* factors, the Federal Circuit agreed with the District Court’s finding of invalidity due to lack of enablement.<sup>127</sup>

However, on appeal, the Supreme Court did not reference or rely on the *Wands* factors at all, nor did it address the Federal Circuit’s accompanying “undue experimentation” standard. Instead, it generally found that, in order for a patent to claim an entire class of “process[es], machine[s], manufacture[s], or composition[s] of matter” (the statutory patentable inventions)<sup>128</sup> — that is, claiming a *genus* — the patent’s specification must enable a POSA to make

*Standing in the Shifted Landscape: Patent Enablement Following ‘Amgen v. Sanofi,’* REUTERS (Aug. 5, 2024, 11:19 AM EDT) (noting *Amgen* to have “immediately sent shockwaves through the life sciences and chemical industries due to the legitimate concern that broad genus claims are now susceptible to being struck down in favor of narrower species claims”).

<sup>122</sup> See *Amgen Inc. v. Sanofi*, 598 U.S. 594, 599 (2023).

<sup>123</sup> 858 F.2d 731 (Fed. Cir. 1988).

<sup>124</sup> *Amgen Inc. v. Sanofi, Aventisub LLC*, 987 F.3d 1080, 1088 (Fed. Cir. 2021), *aff’d sub nom.*, *Amgen Inc. v. Sanofi*, 598 U.S. 594 (2023) (concluding that, “after weighing the *Wands* factors,” the District Court did not err in concluding that “undue experimentation would be required to practice the full scope of these claims”).

<sup>125</sup> Durham, *supra* note 116, at 1107 (citing *Nat’l Recovery Techs., Inc. v. Magnetic Separation Sys., Inc.*, 166 F.3d 1190, 1196 (Fed. Cir. 1999)).

<sup>126</sup> *Amgen*, 987 F.3d at 1084 (quoting *Alcon Rsch. Ltd. v. Barr Lab’s, Inc.*, 745 F.3d 1180, 1188 (Fed. Cir. 2014)). The factors are as follows: “(1) the quantity of experimentation necessary, (2) the amount of direction or guidance presented, (3) the presence or absence of working examples, (4) the nature of the invention, (5) the state of the prior art, (6) the relative skill of those in the art, (7) the predictability or unpredictability of the art, and (8) the breadth of the claims.” *Id.* (quoting *In re Wands*, 858 F.2d at 737).

<sup>127</sup> See *id.* at 1085–88 (noting, *e.g.*, that the patent does not provide significant guidance or direction to a POSA and that there is an absence of “nonconclusory evidence” showing that full scope of the genus claims can be generated by the described methods in the records).

<sup>128</sup> 35 U.S.C. § 101.

and use the entire class.<sup>129</sup> The Supreme Court found this “simple statutory command” to be reinforced by three prior Supreme Court cases involving relatively primitive technologies from the late 19th to early 20th centuries: Samuel Morse’s telegraph,<sup>130</sup> Thomas Edison’s lightbulb,<sup>131</sup> and starch glue.<sup>132</sup> And, based on other Supreme Court precedent, the Supreme Court reasoned the specification “may call for a reasonable amount of experimentation to make and use a patented invention.”<sup>133</sup>

At first blush, *Amgen* deviates slightly from the paradigm’s step 1 in that it affirmed the Federal Circuit’s ruling without explicitly overturning or repudiating the Federal Circuit’s prior standard or application thereof.<sup>134</sup> However, Justice Gorsuch’s unanimous opinion does not reference or rely on the Federal Circuit’s *Wands* factors, which up until its decision had served as the benchmark Federal Circuit case for determining the scope of enablement.<sup>135</sup>

One strong suggestion from the omission of *Wands* and lack of discussion of the “undue experimentation” standard is that the Supreme Court was not perfectly aligned with the Federal Circuit’s rule-based formulation of the enablement doctrine presented by *Wands*.<sup>136</sup> Relevantly, the *Wands* factors certainly had not escaped the Supreme Court: Justice Gorsuch asked about

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<sup>129</sup> *Amgen Inc. v. Sanofi*, 598 U.S. 594, 610 (2023).

<sup>130</sup> *See id.* at 606–07 (citing *O’Reilly v. Morse*, 56 U.S. (15 How.) 62 (1853)).

<sup>131</sup> *See id.* at 607–09 (citing *The Incandescent Lamp Patent*, 159 U.S. 465 (1895)).

<sup>132</sup> *See id.* at 609–10 (citing *Holland Furniture Co. v. Perkins Glue Co.*, 277 U.S. 245 (1928)).

<sup>133</sup> *Id.* at 611–12 (first citing *Wood v. Underhill*, 46 U.S. (5 How.) 1, 4–5 (1847); then citing *Minerals Separation v. Hyde*, 242 U.S. 261, 270–71 (1916); and then citing *Mowry v. Whitney*, 81 U.S. (14 Wall.) 620, 644 (1871)).

<sup>134</sup> *See supra* Sections I.A–B (observing the Supreme Court’s repudiation of the Federal Circuit’s approach in *KSR*, *Bilski*, and *Mayo*).

<sup>135</sup> *See supra* notes 123–134 and accompanying text.

<sup>136</sup> *See, e.g.*, Ryan Davis, *The Biggest Patent Rulings of 2023: A Midyear Report*, LAW360 (July 17, 2023, 5:10 PM EDT) (noting that the Supreme Court “notably did not address the so-called *Wands* factors,” suggesting “it may be more notable for what it doesn’t say than what it does” by focusing not on the “rubric from prior Federal Circuit decisions”), [<https://perma.cc/4YKQ-WSFK>]; Ryan P. Hiler & Andrew E. Levitt, *Amgen v. Sanofi: Seven Months In, Has Anything About Patent Enablement Changed?*, IPWATCHDOG (Jan. 9, 2024, 4:15 PM) (suggesting that the Supreme Court’s omission of *Wands* may be an “implicit[] repudiat[ion],” or may “at least undercut its significance”), [<https://perma.cc/9HYL-GZ5E>]; Jamie Dohopolski, *Amgen Inc. v. Sanofi*, 598 U.S. 594 (2023), STERNE KESSLER (Jan. 24, 2024) (noting that the Supreme Court did not discuss *Wands* or the “undue experimentation” standard, but “did appear to approve of the substance of the Federal Circuit’s enablement analysis”), [<https://perma.cc/7S8S-T4YK>].

its relevance during oral arguments;<sup>137</sup> and the factors were briefed.<sup>138</sup> The Supreme Court thus had likely found its own formulation of the doctrine more relevant than the Federal Circuit's.

**Step 2.** *Amgen* provides limited analysis in its unanimous opinion. Even in relation to other unanimous cases discussed in this Part, *Amgen* is especially concise. Part of this is because the Supreme Court did very little in applying its broad enablement framework to the facts of the case. In particular, the claimed *genus* permitted two forms of experimentation: one via a “roadmap” generating and testing a broad series of antibodies; and another via “conservative substitution” that replaces select amino acids in antibodies already known to work.<sup>139</sup> Though the two are distinct techniques, the Supreme Court in distinguishing the two forms of experimentation largely pointed to the district court's findings without additional analysis.<sup>140</sup> And to perhaps “oversimplify” the problem, the Court cited to an analogy provided by an amicus.<sup>141</sup> The Supreme Court could have provided a clearer framework for delineating the *genus-species* boundaries resulting from each of the experimentations, but either did not find such delineations important or overlooked the benefits the granularity could have provided for determining enablement. One could envision dissenting or concurring Justices to consider the nuances in each of the two experimentation methods.<sup>142</sup> But the unanimity suggests that *none* of the nine Justices observed any significant distinction between the two roadmaps, which is strikingly at odds with the underlying scientific complexity of the issue.

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<sup>137</sup> See Transcript of Oral Argument at 12–14, *Amgen Inc. v. Sanofi*, 598 U.S. 594 (2023) (No. 21-757). Justice Gorsuch asked Petitioners' counsel if they accept the *Wands* factors, if they're useful, and if the Supreme Court should accept them. *Id.* at 12. He further observed that the factors are “useful to the extent they illuminate what we discussed is the standard” — likely the undue experimentation standard — “but not when they don't.” *Id.* at 14.

<sup>138</sup> See Brief for Petitioners at 23–24, *Amgen*, 598 U.S. 594 (No. 21-757) (noting the “now-seminal” *Wands* decision to have articulated the “undue experimentation” standard).

<sup>139</sup> *Amgen*, 598 U.S. at 602–03 (2023).

<sup>140</sup> See *id.* at 614 (generally finding that the two forms “amount to little more than two research assignments,” and citing to the District Court's grant of the Defendants' motion for judgment as matter of law).

<sup>141</sup> See *id.* at 614–15 (citing an amicus brief filed by the Intellectual Property Law Professors and Scholars analogizing the antibody technology at issue to lock combinations as “captur[ing] the gist of the problem”).

<sup>142</sup> For instance, some of the Justices could have found that conservative substitution could have more “predictably” generate new embodiments with significantly more reasonable experimentation than the roadmap, given that the variants resulting from the conservative substitution are “essentially copies” of the disclosed species. See Brief for Respondents at 52, *Amgen*, 598 U.S. 594 (No. 21-757).

**Step 3.** First, the Supreme Court left behind high-level guidelines for determining whether the claimed *genus* is enabled in a patent. As discussed in step 1, the Supreme Court rooted its enablement doctrine within three historic Supreme Court cases involving relatively primitive technologies.<sup>143</sup> From these cases, Justice Gorsuch reiterated the guiding principle that the patent's specification must enable a POSA to make and use the entire claimed *genus*, with the specification permitting reasonable experimentation.<sup>144</sup> Second, and perhaps more relevant to this step, the Supreme Court did not completely destroy the Federal Circuit's prior formulation of *Wands*.<sup>145</sup> Indeed, the U.S. Patent and Trademark Office ("USPTO") published guidelines post-*Amgen* noting that the *Wands* factors still "are probative of the essential inquiry in determining whether one must engage in more than a reasonable amount of experimentation;"<sup>146</sup> and while *Amgen* is recent, at least one subsequent Federal Circuit case suggests that the factual considerations iterated in *Wands* are entirely relevant for determining whether POSAs are subject to "reasonable experimentation."<sup>147</sup>

One explanation for this outcome is related to the observations in *KSR* and *Bilskil Mayo*:<sup>148</sup> by repudiating the Federal Circuit's stricter *Wands* formulation, the Supreme Court orients the enablement doctrine around prior Supreme Court precedent while the *Wands* considerations are to guide, not dictate, the analysis.<sup>149</sup> Two practitioners suggest that *Wands* requires a stricter formulation of the enablement standard,<sup>150</sup> though it is unclear whether a shift from an "undue experimentation" standard to a "reasonable

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<sup>143</sup> See *supra* notes 129–134 and accompanying text.

<sup>144</sup> See *supra* notes 129–134 and accompanying text.

<sup>145</sup> See Dohopolski, *supra* note 136 (noting that though the Supreme Court did not discuss *Wands* or the "undue experimentation" standard, it "did appear to approve of the substance of the Federal Circuit's enablement analysis" as the Court's analysis "did reflect application of those factors in substance").

<sup>146</sup> Guidelines for Assessing Enablement in Utility Applications and Patents in View of the Supreme Court Decision in *Amgen Inc. et al. v. Sanofi et al.*, 89 Fed. Reg. 1563, 1565 (Jan. 10, 2024).

<sup>147</sup> See, e.g., *Baxalta Inc. v. Genentech, Inc.*, 81 F.4th 1362, 1367 (Fed. Cir. 2023) ("We do not interpret *Amgen* to have disturbed our prior enablement case law, including *Wands* and its factors.").

<sup>148</sup> See *supra* Sections I.A–B.

<sup>149</sup> See Transcript of Oral Argument, *supra* note 137, at 46 (Petitioners' counsel suggesting that while the *Wands* factors are "helpful," they have been "abstracted to replace what is actually the statutory text").

<sup>150</sup> See Hiler & Levitt, *supra* note 136 (suggesting the Supreme Court "signaled its mood" for lower courts and the PTO to approach enablement "even more strictly").

experimentation” standard signifies either a narrower or broader formulation.<sup>151</sup> One likely consequence of the Supreme Court’s adherence to step 3 is that the Federal Circuit must continue to engage with the factual considerations already iterated in *Wands*, as it had in the prior instance.<sup>152</sup> And the Supreme Court’s otherwise lack of interest in differentiating the two forms of experimentations, as discussed above in step 2, suggests its comfort in keeping the guideline at a high-level, and also suggests its comfort with subsequent courts factually analogizing to *Amgen*.<sup>153</sup>

#### D. *Nautilus*: Definiteness Doctrine

Lastly, *Nautilus* illustrates another instance of the Supreme Court’s strong adherence to its paradigmatic treatment of the Federal Circuit. *Nautilus* concerned claim definiteness, another statutory requirement separate from enablement under 35 U.S.C. § 112.<sup>154</sup> This statutory requirement ensures that the “scope of the claims is clear so the public is informed of the boundaries of what constitutes infringement of the patent,” such that the claims provide sufficient notice to the public of the scope of the patent’s exclusivity.<sup>155</sup> For instance, if a patent instructs a POSA to place one electrode of a device on a body such that it is in a “spaced relationship” with another electrode, the patent should provide some level of clarity on what that spacing entails.<sup>156</sup> The challenge with definiteness involves determining the permissible extent of that clarity. Should the standard require sufficiency, such as the patent specification providing numerous examples of spaced electrodes? Or is it enough for a patent to disclose just one example? Or none, so long as “spaced relationships” are clear to the relevant POSA?

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<sup>151</sup> Cf. *infra* Section I.D (observing a shift from an “insolubly ambiguous” standard to a “reasonable certainty” standard to be broadening).

<sup>152</sup> See *Amgen Inc. v. Sanofi, Aventisub LLC*, 987 F.3d 1080, 1085–88 (Fed. Cir. 2021), *aff’d sub nom.*, *Amgen Inc. v. Sanofi*, 598 U.S. 594 (2023). Justice Gorsuch himself, when applying the reasonable experimentation standard to the facts of *Amgen*, recognized the District Court’s record suggesting a “vast” number of additional antibodies. See *Amgen Inc. v. Sanofi*, 598 U.S. 594, 612–13 (2023) (citing *Amgen Inc. v. Sanofi*, 2019 WL 4058927, at \*8 (D. Del. Aug. 28, 2019)).

<sup>153</sup> See, e.g., *Baxalta Inc. v. Genentech, Inc.*, 81 F.4th 1362, 1365–67 (Fed. Cir. 2023) (finding its facts “materially indistinguishable from those in *Amgen*,” including finding its facts more analogous to *Amgen*’s than *Wands*’).

<sup>154</sup> See *Nautilus, Inc. v. Biosig Instruments, Inc.*, 572 U.S. 898, 901 (2014).

<sup>155</sup> MPEP § 2173 (9th ed. Rev. 1, Nov. 2024).

<sup>156</sup> See *Nautilus*, 572 U.S. at 903–04, 913; Gary M. Fox, *Understanding Nautilus’s Reasonable-Certainty Standard: Requirements for Linguistic and Physical Definiteness of Patent Claims*, 116 MICH. L. REV. 329, 330 (2017).

Prior to *Nautilus* reaching the Supreme Court, the Federal Circuit had adopted an exacting standard for finding indefiniteness. In particular, it had ruled that a claim is indefinite only when it is “not amenable to construction” or “insolubly ambiguous.”<sup>157</sup> The Federal Circuit reasoned that as long as a POSA “may . . . sufficient[ly]” understand the “metes and bounds” of the claim term from intrinsic evidence, the claim term is not indefinite.<sup>158</sup>

However, on appeal, the Supreme Court determined that a claim is indefinite if, in light of intrinsic evidence, it fails to inform a POSA the scope of the invention with “reasonable certainty.”<sup>159</sup> As applied to the electrode example, if a POSA could determine with reasonable certainty what it means for an electrode to be in a spaced relationship with another in light of, *e.g.*, the specification and prosecution history, that would pass the § 112 definiteness requirement.<sup>160</sup> The Supreme Court’s new “reasonable certainty” standard therefore raised the threshold requirement for definiteness by a “small amount”<sup>161</sup> — not much higher than the Federal Circuit’s previously low threshold imposed by the “insolubly ambiguous” standard.<sup>162</sup>

Like with *KSR*, *Bilski*, *Mayo*, and *Amgen*, *Nautilus* illustrates yet another instance of the Supreme Court’s strict adherence to its paradigmatic treatment of the Federal Circuit.

**Step 1.** The Supreme Court repudiated the Federal Circuit’s “amenable to construction” and “insolubly ambiguous” standards.<sup>163</sup> The Supreme Court explicitly repudiated these standards because they would “breed lower court confusion, for they lack the precision [the statute] demands.”<sup>164</sup> The Supreme Court even went as far to say that though it does not micromanage the Federal Circuit, it “must ensure that the Federal Circuit’s test is at least ‘probative of the essential inquiry.’”<sup>165</sup> Supposedly the Federal Circuit’s standards had “[f]all[en] short in that regard.”<sup>166</sup>

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<sup>157</sup> *Nautilus*, 572 U.S. at 906 (quoting *Biosig Instruments, Inc. v. Nautilus, Inc.*, 715 F.3d 891, 898 (Fed. Cir. 2013), *vacated*, 572 U.S. 898 (2014)).

<sup>158</sup> *Id.* (quoting *Nautilus*, 715 F.3d at 899).

<sup>159</sup> *Id.* at 910. Intrinsic evidence would include the patent’s “claim language, the specification, and the prosecution history.” *Id.* at 906.

<sup>160</sup> *See id.* at 910.

<sup>161</sup> Jason Rantanen, *Teva, Nautilus, and Change Without Change*, 18 STAN. TECH. L. REV. 430, 436 (2015).

<sup>162</sup> *See id.*

<sup>163</sup> *See Nautilus*, 572 U.S. at 911.

<sup>164</sup> *Id.*

<sup>165</sup> *Id.* at 912 (quoting *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 40 (1997)). This Article explores the Supreme Court’s repudiation in *Warner-Jenkinson* further below in Section II.A.

<sup>166</sup> *Id.*

**Step 2.** *Nautilus* was unanimously decided.<sup>167</sup> The unanimous, unfractured court “blunt[ly]”<sup>168</sup> decreed to the patent community the new “reasonable certainty” standard, steering lower courts with the same “bright star” it provides other courts for other doctrines.<sup>169</sup> This decision stands as the most concise out of the five discussed in this Part, further underscoring the unanimity and perhaps the narrower focus on the repudiation.

**Step 3.** *Nautilus*’s unanimous repudiation left behind an ambiguous standard for lower courts, while also keeping intact the Federal Circuit’s prior formulations. At the onset, the Supreme Court had accepted both parties’ positions that the definiteness inquiry is conducted in light of the patent’s intrinsic evidence, including the specification and prosecution history.<sup>170</sup> This does not differ from the Federal Circuit’s prior practice of considering intrinsic evidence in its definiteness inquiry even under its exacting standard.<sup>171</sup> In general, the progressions of obviousness, patent eligibility, enablement, and definiteness doctrines at the Supreme Court suggest that, despite the Supreme Court’s overwhelming (and unanimous) consensus in repudiating the Federal Circuit, the factual considerations largely stay intact — such as prior teachings, suggestions, and motivations under *KSR*;<sup>172</sup> transformative behaviors under *Bilski* and *Mayo*;<sup>173</sup> evidence of undue experimentation in the specification, working examples, and prior art under *Amgen*;<sup>174</sup> and intrinsic evidence under *Nautilus*.<sup>175</sup>

Indeed, the Supreme Court acknowledged that the degree of precision tolerated by § 112 was the primary dispute.<sup>176</sup> And to best address the necessary “delicate balance” between incentivizing innovation (by permitting some uncertain, and perhaps broad, claims) and proper public appraisal of the invention (by requiring some certain, and perhaps narrow, claims), the Supreme Court affirmatively required patent claims to inform POSAs with “reasonable certainty.”<sup>177</sup> However, at least one scholar theorizes that this new standard did not affect much of subsequent definiteness challenges — a

<sup>167</sup> See *id.* at 900.

<sup>168</sup> Rantanen, *supra* note 161, at 436.

<sup>169</sup> See *Biosig Instruments, Inc. v. Nautilus, Inc.*, 783 F.3d 1374, 1379 (Fed. Cir. 2015).

<sup>170</sup> See *Nautilus*, 572 U.S. at 908.

<sup>171</sup> See *id.* at 906 (recognizing the Federal Circuit’s consideration of the same “intrinsic evidence” to determine a POSA’s understanding of the claim term at issue).

<sup>172</sup> See *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 407 (2007).

<sup>173</sup> See *Bilski v. Kappos*, 561 U.S. 593, 598 (2010); *Mayo Collaborative Servs. v. Prometheus Lab’ys*, 566 U.S. 66, 72 (2012).

<sup>174</sup> See *Amgen Inc. v. Sanofi*, 598 U.S. 594, 612 (2023).

<sup>175</sup> See *Nautilus*, 572 U.S. at 906–07.

<sup>176</sup> See *id.* at 908.

<sup>177</sup> *Id.* at 901.

“change without change.”<sup>178</sup> Even on immediate remand, Judge Wallach, guided by the “bright star of ‘reasonable certainty’” (as opposed to the “unreliable compass” of the Federal Circuit’s prior test) still found the claims not indefinite, looking at primarily the same intrinsic evidence it did in the prior instance.<sup>179</sup> Subsequent cases at the Federal Circuit still look to similar intrinsic evidence and factual considerations of the Federal Circuit in *Nautilus* prior to the Supreme Court’s repudiation.<sup>180</sup>

## II. Themes Present in the Paradigm

In light of the Supreme Court’s paradigmatic treatment of the Federal Circuit in five of its seminal patent decisions, this Part draws several themes from each of the Supreme Court’s steps. These themes are rooted in principles not necessarily unique to patent law.

### A. Repudiating the Federal Circuit’s Rigidity

As the cases in Part I demonstrate, the Federal Circuit is, on one end of its duel with the Supreme Court, comfortable engaging in rigid, bright-line analyses of patent statutes and doctrines. The same cases demonstrate, on the other end of the duel, the Supreme Court is comfortable repudiating such analyses.

Existing scholarship suggests that the Federal Circuit’s rigidity stems from its effort to “unify and normalize patent law.”<sup>181</sup> Professor Laser observes this effort stems from Congress’s mandate to normalize patent law, with the Federal Circuit’s first Chief Judge Howard T. Markey emphasizing the need for “uniform judicial interpretation of the national law of patents” with “some certainty.”<sup>182</sup> Such mandate would accordingly permit investors and patent stakeholders to “more accurately determine the value of their investments and

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<sup>178</sup> See Rantanen, *supra* note 161, at 433, 439 (suggesting that, if anything, *Nautilus* lowered the bar for claim definiteness).

<sup>179</sup> See *Biosig Instruments, Inc. v. Nautilus, Inc.*, 783 F.3d 1374, 1379, 1382–84 (Fed. Cir. 2015).

<sup>180</sup> See, e.g., *Niazi Licensing Corp. v. St. Jude Med. S.C., Inc.*, 30 F.4th 1339, 1349 (Fed. Cir. 2022) (considering whether the descriptive terms in the claim at issue are indefinite in light of the intrinsic record, among other sources of evidence); *Saso Golf, Inc. v. Nike, Inc.*, 843 F. App’x 291, 296–97 (Fed. Cir. 2021) (finding no guidance in the patent specification and prosecution history when determining the definitions of the claim terms at issue).

<sup>181</sup> See Christa J. Laser, *Certiorari in Patent Cases*, 48 AIPLA Q.J. 569, 574, 603 (2020).

<sup>182</sup> *Id.* at 581–82 (quoting *Court of Appeals for the Federal Circuit: Hearing on H.R. 4205 Before the Subcomm. on Courts, Civ. Liberties and the Admin. of Just. of the H. Comm. on the Judiciary*, 97th Cong. 12 (1981) (statement of the Honorable Howard T. Markey, C.J., Court of Customs and Patent Appeals)).

risk of their product launches.”<sup>183</sup> Relatedly, other scholars suggest the Federal Circuit’s “increasing preference for simple rules over standards,” perhaps from its “experimentation with ‘rigid interpretative methodologies’” resulting in “precise” law “at the expense of quality and accuracy.”<sup>184</sup> Whatever the specific reasons may be, recent Federal Circuit case law strongly suggests a modern shift toward adopting clear and rigid rules.<sup>185</sup>

On the other end of the duel, the Supreme Court is drawn to repudiating the Federal Circuit’s bright-line, rigid analyses. Various existing scholarship analyze and attempt to explain the Supreme Court’s aversion to the Federal Circuit’s practice.<sup>186</sup> At the onset, the repudiation is so commonplace that there is no shortage of scholarship identifying this trend. For instance, Professor Dreyfuss<sup>187</sup> and other scholars<sup>188</sup> acknowledge the Federal Circuit’s attraction to bright-line rules and the Supreme Court’s corresponding repudiation. The cases they identify, in addition to *KSR*, illustrate few of the bright-line rules subject to the repudiation described in step 1 of the paradigm. For instance, in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*,<sup>189</sup> the Supreme Court’s vacatur involved repudiating the Federal Circuit’s holding that a patentee narrowing a claim during prosecution estops all equivalents, a departure from the Federal Circuit’s own prior “flexible bar” to considering prosecution estoppel.<sup>190</sup> Similarly in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*,<sup>191</sup> the Supreme Court’s reversal involved repudiating the limited, “rigid” use of estopping equivalents based on *any* amendment to the claims.<sup>192</sup>

<sup>183</sup> *Id.* at 603.

<sup>184</sup> See Laura G. Pedraza-Fariña, *Understanding the Federal Circuit: An Expert Community Approach*, 30 BERKELEY TECH. L.J. 89, 92–93 (2015) (citing, inter alia, John R. Thomas, *Formalism at the Federal Circuit*, 52 AM. U. L. REV. 771, 777 (2003)).

<sup>185</sup> See Rochelle C. Dreyfuss, *Percolation, Uniformity, and Coherent Adjudication: The Federal Circuit Experience*, 66 SMU L. REV. 505, 512–13 (2013) (observing multitude of Federal Circuit cases rejected by the Supreme Court due to their “rigid” standards).

<sup>186</sup> See, e.g., *id.*; Katherine E. White, *How the Supreme Court’s Decisions over the Last Decade Have Re-Shaped Federal Circuit Jurisprudence*, 35 N. KY. L. REV. 315, 316 (2008).

<sup>187</sup> See Dreyfuss, *supra* note 185, at 512–13.

<sup>188</sup> See White, *supra* note 186, at 316; Pedraza-Fariña, *supra* note 184, at 106–07.

<sup>189</sup> 535 U.S. 722 (2002).

<sup>190</sup> See *id.* at 727–28, 738, 742 (noting that while the Court has not weighed the merits, “[they] have consistently applied the doctrine in a flexible way, not a rigid one”); see also Dreyfuss, *supra* note 185, at 512 (noting that the Federal Circuit’s holding in *Festo* was intended to “eliminate[] resort to the doctrine of equivalents (which extended the scope of infringement beyond the literal claims)”).

<sup>191</sup> 520 U.S. 17 (1997).

<sup>192</sup> See *id.* at 32; Dreyfuss, *supra* note 185, at 513; White, *supra* note 186, at 316–17.

And in *eBay Inc. v. MercExchange, L.L.C.*,<sup>193</sup> the Supreme Court's vacatur involved repudiating the Federal Circuit's "general rule" presuming permanent injunctive relief upon finding of infringement.<sup>194</sup>

These and the five seminal cases illustrate the Supreme Court's aversion to the Federal Circuit's rigidity. While the repudiation in those instances admittedly aren't perfectly consistent (especially *Amgen's* implicit repudiation of *Wands*), scholars are generally aligned that the repudiation is consistent across *Festo*, *Warner-Jenkinson*, *eBay*, and a whole host of other cases.<sup>195</sup> And at least one case suggests the repudiation doesn't necessarily need to require a broadening of the Federal Circuit's rigid application or standard: in *Pfaff v. Wells Electronics, Inc.*,<sup>196</sup> the Federal Circuit had applied a "substantially complete" standard for determining an on-sale bar, only for it to be repudiated by the Supreme Court's own two-step rule.<sup>197</sup> One scholar suggests that the Supreme Court, in some instances, dislikes rules if they are indefinite or vague<sup>198</sup> — though it is unclear whether the Supreme Court's standards replacing the Federal Circuit's in Part II are any less indefinite or vague.

Though the Supreme Court's repudiation is prevalent, it is difficult to determine the exact cause for such practice. At the onset, there is a data problem. Since the Federal Circuit's establishment, the Supreme Court has generally been under "little pressure" to resolve intercircuit conflicts<sup>199</sup> — perhaps because there is only one circuit and intercircuit conflicts are impossible. Accordingly, the Supreme Court takes on considerably less patent appeals than other types of cases among its shrinking appellate docket.<sup>200</sup> Even among the cases taken up for appeal, due to the lack of a split, the repudiation may be apparent from selection bias: either the Supreme Court agrees with the Federal Circuit (and denies *certiorari*), or it does not (and repudiates what it disagrees with).<sup>201</sup> And among the few cases it takes up to repudiate, there

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<sup>193</sup> 547 U.S. 388 (2006).

<sup>194</sup> See *id.* at 390–91; White, *supra* note 186, at 318. *eBay* and the Supreme Court's treatment of the Federal Circuit is discussed further *infra* Section III.B.3.

<sup>195</sup> See discussion *infra* Section III.A and cases cited therein.

<sup>196</sup> 525 U.S. 55 (1998).

<sup>197</sup> See *id.* at 59–60, 67–68; White, *supra* note 186, at 319–20.

<sup>198</sup> See White, *supra* note 186, at 319.

<sup>199</sup> See Rochelle Cooper Dreyfuss, *In Search of Institutional Identity: The Federal Circuit Comes of Age*, 23 BERKELEY TECH. L.J. 787, 806 (2008).

<sup>200</sup> See *The Statistics*, 137 HARV. L. REV. 490, 503 (2023) [hereinafter *The Statistics* (2023)] (reporting one patent case); *The Statistics*, 136 HARV. L. REV. 500, 514 (2022) [hereinafter *The Statistics* (2022)] (reporting no patent cases).

<sup>201</sup> See Dreyfuss, *supra* note 199, at 807 (noting that the strategy to "seek[]" the Supreme Court's attention with circuit splits "is largely unavailing in patent law").

may be issues with, *e.g.*, reconciling the Federal Circuit's formulations with outdated Supreme Court precedent.<sup>202</sup>

This Article does not attempt to further explore these theories of the Federal Circuit's and Supreme Court's practices; nor does it attempt to develop any of its own. It mainly observes that the Federal Circuit's rigid analyses and the Supreme Court's repudiation co-exist; and while scholars have identified several plausible trends, they have not comprehensively observed their unfolding in light of Supreme Court decisions of the recent decade.

### **B. Disproportionately Unanimous Opinions**

Unanimous decision making is not unique to patent law. However, a significant number of Supreme Court patent decisions are unanimous or nearly unanimous, and warrant discussion. In particular, among the 48 patent cases decided by the Supreme Court since 2000,<sup>203</sup> 16 out of the 48 cases were decided unanimously with no accompanied concurrences. *KSR*, *Amgen*, and *Nautilus* fall within this category. In addition to the 16 unanimous cases, 5 cases were decided unanimously with accompanied concurrences.<sup>204</sup> And outside of the unanimous cases, 21 cases had two or fewer dissenting Justices.<sup>205</sup> While a significant number of Supreme Court decisions are accompanied with dissents and concurrences in recent years, this isn't necessarily the case in patent contexts. Accordingly, scholars should have access to a (relatively) rich dataset of unanimous patent decisions to help understand the extent dissents and concurrences shape the Supreme Court's patent jurisprudence.

Though the dataset is (relatively) rich, existing scholarship rarely explore the implications of unanimous decisions. To the extent they do, they are outside of patent contexts and framed by dissents. Indeed, ever since 1806 Justice Paterson broke the "short-lived tradition of unanimity" by filing the first dissent in *Simms v. Slacum*,<sup>206</sup> there has since been a gradual, and seemingly persistent, increase in the number of dissents. Though there is no single explanation for the rise in popularity of dissents, many jurists and scholars provide theories of their benefits. For instance, a dissent may generate discourse that relates its majority ruling next to, or even below, the dissenter's

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<sup>202</sup> See *id.* at 807–08.

<sup>203</sup> The 48 cases analyzed had patent law as its primary subject matter. Cases that secondarily implicated patent law were not included. For a complete list of the 48 cases, see *infra* Part IV.

<sup>204</sup> See *infra* Part IV.

<sup>205</sup> See *infra* Part IV.

<sup>206</sup> See William J. Brennan Jr., *In Defense of Dissents*, 37 HASTINGS L.J. 427, 434 (1986).

intellect,<sup>207</sup> independence,<sup>208</sup> and individuality.<sup>209</sup> In doing so, a dissenter may “point[] out an opinion’s inaccuracies or inadequacies;” incentivize the majority to “get it right;”<sup>210</sup> and, if sufficiently profound, offer “deep legal and philosophical challenge[s] to the majority.”<sup>211</sup> At a high level, unanimity may signal important things (like collegiality or constitutional imperatives) at the expense of other judicial virtues;<sup>212</sup> and sometimes it overshadows the “far less important” differences among Justices in “politically charged” times.<sup>213</sup> Whatever those virtues may be, modern Supreme Court jurists certainly find them appealing enough to break unanimity.

But analyzing dissents on their own is not sufficient; doing so comes with the expense of overlooking unanimous decisions that make up a sizable portion of the Supreme Court’s decisions.<sup>214</sup> Indeed, Justice Stevens, known as a prolific dissenter, voted more often to join unanimous decisions.<sup>215</sup> Yet scholars seldom discuss his role — or the role of other Justices — in unanimous decisions. In the few discussions that do, we can glean some of the motivations for unanimity within the same scholarly discussions of dissents favorably referencing unanimous Supreme Court decisions overturning *prior Supreme Court precedent*. For instance, scholars and jurists frequently cite to *Brown v. Board of Education* to support the popular view that unanimous Supreme Court decisions signal constitutional imperatives,<sup>216</sup> such as a “strong ideological conviction to override a commitment to stare decisis” at the Supreme

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<sup>207</sup> See Antonin Scalia, *The Dissenting Opinion*, 1994 J. SUP. CT. HIST. 33, 39 (1994) (noting that “the Justices of the Court, through their personally signed majority, dissenting and concurring opinions . . . has kept the Court in the forefront of the intellectual development of the law”).

<sup>208</sup> See Brennan, *supra* note 206, at 434.

<sup>209</sup> See Ruth Bader Ginsburg, *Remarks on Writing Separately*, 65 WASH. L. REV. 133, 142 (1990).

<sup>210</sup> See Ruth Bader Ginsburg, *The Obligation to Reason Why*, 37 U. FLA. L. REV. 205, 216 (1985).

<sup>211</sup> Orit Gan, *I Dissent: Justice Ginsburg’s Profound Dissents*, 74 RUTGERS U. L. REV. 1037, 1047 (2022).

<sup>212</sup> See Brennan, *supra* note 206, at 432.

<sup>213</sup> See *Trump v. Anderson*, 601 U.S. 100, 117–18 (2024) (Barrett, J., concurring).

<sup>214</sup> See *The Statistics* (2023), *supra* note 200, at 495 (27 unanimous opinions out of 57 total opinions in 2022 term, with 6 of them having concurrences); *The Statistics* (2022), *supra* note 200, at 505 (18 unanimous opinions out of 60 total opinions in 2021 term, with 3 of them having concurrences).

<sup>215</sup> See Lee Epstein, William M. Landes & Richard A. Posner, *Are Even Unanimous Decisions in the United States Supreme Court Ideological?*, 106 NW. U. L. REV. 699, 700 (2012).

<sup>216</sup> See, e.g., Brennan, *supra* note 206, at 432.

Court.<sup>217</sup> Should *Brown* have had dissenters, the signals that would have undergirded those dissents would likely have been extensive.<sup>218</sup>

But unanimous Supreme Court decisions overturning prior Supreme Court precedent are only a subset of the Supreme Court's unanimous decisions.<sup>219</sup> On the other hand, unanimous decisions resolving circuit splits or overturning specialty court precedent (like the Federal Circuit's) likely represent additional or other "constitutional" or "judicial" "imperatives" of the Supreme Court.

One of those subsets is the subset of unanimous Supreme Court decisions overturning or altering the Federal Circuit's patent jurisprudence. This subset is relatively large — comprising approximately 44% of all patent decisions since 2000.<sup>220</sup> In particular, some of the most economically and doctrinally significant cases have been resolved on *completely* unanimous grounds.<sup>221</sup> This is despite the frequent amount of disagreement at the Federal Circuit prior to appeal.<sup>222</sup>

This Article observes a separate trend from the Supreme Court's practice of repudiation, which emerges when categorizing the Supreme Court's patent decisions based on their degree of unanimity. This trend will serve as the basis for the remainder of this Article. While a significant number of unanimous decisions since 2000 adhere to the paradigm described in Part I, this Article in Part III observes the Supreme Court's deviation from unanimity whenever the underlying case implicates issues outside of patent contexts. As a baseline, Section III.A observes how the Supreme Court has consistently adhered to the paradigm for completely unanimous cases, by providing a qualitative case study of a representative subset. Section III.B then observes how the Supreme Court still adheres to the paradigm in addressing decisions that are either unanimous accompanied with concurrences; or are nearly-unanimous accompanied with two or fewer dissenting Justices. In those instances, the Article observes the Supreme Court breaking from unanimity whenever the case implicates issues primarily about, and not strictly confined to, patent law. Section III.C finally observes how the remaining cases that are not unanimous

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<sup>217</sup> Epstein, Landes & Posner, *supra* note 215, at 703.

<sup>218</sup> The history surrounding the unanimous *Brown* decision is more complicated than it appears on its surface. For a more comprehensive overview, see generally Mark Tushnet & Katya Lezin, *What Really Happened in Brown v. Board of Education*, 91 COLUM. L. REV. 1867 (1991).

<sup>219</sup> See Epstein, Landes & Posner, *supra* note 215, at 703.

<sup>220</sup> See *infra* Part IV.

<sup>221</sup> See *infra* Section III.A.

<sup>222</sup> See Dreyfuss, *supra* note 185, at 518 (noting that the "level of dissent in the Federal Circuit and the concerns expressed by district court jurists . . . suggest that the goal of unanimity may be something of an illusion," where in some areas the "law has swung from one extreme to another").

(or nearly unanimous) do not adhere to the paradigm, and accordingly implicate primarily non-patent contexts.

### C. Concise Opinions

Patent decisions at the Supreme Court are remarkably concise. At least one empirical study suggests that patent decisions use fewer words than other non-patent decisions.<sup>223</sup> In contrast, modern decisions, especially those concerning highly controversial or political topics, often use tens of thousands of words.<sup>224</sup> Take, for instance, the recent Supreme Court decision *Dobbs v. Jackson Women's Health Organization*,<sup>225</sup> which totaled 48,813 words. In contrast, the principal cases shaping patent law — *KSR*, *Bilski*, *Mayo*, *Amgen*, and *Nautilus* — totaled 42,985 words.<sup>226</sup> In general, though not always the case, Supreme Court patent decisions comprise fewer words than decisions not strictly pertaining to patent law.

Though unanimity frames most of the Article's discussion, concision is still relevant. This is because concision partly requires unanimity: fewer Justices dissenting or concurring means fewer words used. Accordingly, concision likely suggests greater consensus among Justices, especially in unanimous decisions.<sup>227</sup> Indeed, this explains the discrepancy in word count between *Dobbs* and the decisions in Part I; *Dobbs* was accompanied with five separate concurrences and dissents, whereas all of the Part II decisions except *Bilski* were unanimous.

Furthermore, it is important to note the relationship between an opinion's scope and degree of concision. Generally, opinions that are narrow in scope are concise, though what ultimately matters to many readers is the scope.<sup>228</sup> And though there are many different ways to keep an opinion concise — such

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<sup>223</sup> See, e.g., Adam Feldman, *Empirical SCOTUS: An Opinion Is Worth At Least A Thousand Words (Corrected)*, SCOTUSBLOG (Apr. 3, 2018, 12:00 AM), [<https://perma.cc/ZF9X-HCL3>] (noting that “patent, copyright” cases on average have used 5,644 words until 2018, compared to 8,169 words for “abortion” cases and 7,134 words for Voting Rights Act cases).

<sup>224</sup> See Jake S. Truscott & Adam Feldman, *Lengthier Opinions and Shrinking Cohesion: Indications for the Future of the Supreme Court*, SCOTUSBLOG (July 28, 2022, 12:00 AM), [<https://perma.cc/N4J7-S9L5>] (noting that the majority in *Dobbs* used 35,631 words).

<sup>225</sup> 597 U.S. 215 (2022).

<sup>226</sup> Contact author for methodology.

<sup>227</sup> Justices concur or dissent because they likely believe the extra words, and thus less concision, are necessary for the particular case. In some instances, the additional words buttress the consensus. Cf. *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 596 (2013) (Scalia, J., concurring) (noting his inability to affirm the “fine details of molecular biology” in the majority, but still able to affirm based on other grounds).

<sup>228</sup> See Gerald Lebovits, *Short Judicial Opinions: The Weight of Authority*, 76 N.Y. ST. BAR ASS'N J. 64, 64 (2004).

as trimming the facts and the record, citing fewer authorities, and avoiding footnotes — the most effective, non-technical method involves narrowing the issues and questions to be decided.<sup>229</sup>

Specific to this Article, the Supreme Court turns to concision when deciding patent cases. One way the Supreme Court writes concisely is via “error correction” — repudiation — of the Federal Circuit; the concise decisions are often accompanied with vacatur or reversal of the Federal Circuit’s holdings.<sup>230</sup> Another way is by narrowing the scope of the issues decided, which is especially apparent in recent decisions by the Supreme Court.<sup>231</sup> The subsequent discussion explores these methods further.

### III. Further Examining the Paradigmatic Treatment

The five seminal cases discussed in Part I demonstrate the Supreme Court’s consistent application of its algorithm in shaping patent jurisprudence. This Part of the Article broadens the scope and observes the extent of the Supreme Court’s consistency in applying its paradigmatic treatment across various types of patent cases.

#### A. Cases Central to the Paradigm

*KSR* concerned obviousness, a patent-specific doctrine not present in other areas of law.<sup>232</sup> *Bilski* and *Mayo* both concerned patent eligibility;<sup>233</sup> the two-part test fashioned by the Supreme Court determining the abstractness of an invention has little, if any, relevance to other areas of law. *Amgen* concerned patent enablement, which addresses the specific question of whether an inventor may claim an invention without subjecting a POSA to “undue experimentation.”<sup>234</sup> Experimentation is most relevant to patent contexts because patent claims are tied to inventorship, which in turn requires experimentation. And *Nautilus* concerned the clarity of claim language and its relation to what an inventor discloses when filing for protection; though the resulting reasonable

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<sup>229</sup> See Charles G. Douglas, III, *How to Write a Concise Opinion*, 22 JUDGES J. 4, 4–6, 47–48 (1983).

<sup>230</sup> See Donald R. Songer & Stefanie A. Lindquist, *Not the Whole Story: The Impact of Justices’ Values on Supreme Court Decision Making*, 40 AM. J. POL. SCI. 1049, 1056–57 (1996) (observing many summary dispositions of the Supreme Court to involve “error correction” as opposed to “policy making,” such as addressing “cavalier disregard for a precedent by a lower court judge” (citations omitted)).

<sup>231</sup> See Lebovits, *supra* note 228, at 64.

<sup>232</sup> See *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406–07, 419–20 (2007).

<sup>233</sup> See *Bilski v. Kappos*, 561 U.S. 593, 601–02 (2010); *Mayo Collaborative Servs. v. Prometheus Lab’ys, Inc.*, 566 U.S. 66, 72, 77, 80, 86 (2012).

<sup>234</sup> See *Amgen Inc. v. Sanofi*, 598 U.S. 594, 615 (2023).

uncertainty standard draws from other areas of law,<sup>235</sup> its specific relation to the intrinsic evidence involving the claim language, prosecution history, and the specification is highly patent-specific. And perhaps most importantly, all four of these doctrines require understanding the perspective of a POSA — which adds an additional layer of patent specificity.

Drawing from this commonality, this Section observes the Supreme Court is fairly consistent in adhering to the paradigm when addressing the Federal Circuit's highly patent-specific decisions. For instance, many statutes in Title 35 implicate issues that often are only found in patent contexts, and the following cases illustrate how the Supreme Court often resolves issues of statutory interpretation from the Federal Circuit by adhering *even more* strictly to the paradigm than it has in Part I.D's cases.

### *1. Samsung and Design Patents*

Consider *Samsung Electronics Co. v. Apple, Inc.*,<sup>236</sup> a case involving the patent-specific statute 35 U.S.C. § 289 providing damages for the improper application of a design patent to the sale of an “article of manufacture.”<sup>237</sup> In this case, Apple sued Samsung for infringing its design patents which covered the rectangular front face of the phone with rounded corners and the icons on the phone's black screen.<sup>238</sup> After a jury finding of infringement, Apple was awarded \$399 million, the *entire* profit made from the sales of the infringing smartphones.<sup>239</sup> The damages award was affirmed by the Federal Circuit, and appealed to the Supreme Court.<sup>240</sup> If “article of manufacture” is interpreted, as it was by the Federal Circuit, to encompass the entire infringing product, then the jury award would make sense as the award is reflective of the entire profits. However, if it could be interpreted to include *components* of the infringing product (like the screen or case of the smartphone<sup>241</sup> — which are more pertinent to the patented designs), then the \$399 million jury award would not make sense but rather should be apportioned based on the infringing components.

The Supreme Court, unanimously in 2,252 words, repudiated the Federal Circuit's “narrower” interpretation and instead found “article of manufacture”

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<sup>235</sup> See, e.g., *Biosig Instruments, Inc. v. Nautilus, Inc.*, 783 F.3d 1374, 1379–81 (Fed. Cir. 2015) (discussing the reasonable certainty standard's familiarity with other areas of law, including in tort law).

<sup>236</sup> 580 U.S. 53 (2016).

<sup>237</sup> *Id.* at 59.

<sup>238</sup> See *id.* at 57–58.

<sup>239</sup> See *id.* at 58.

<sup>240</sup> See *id.*

<sup>241</sup> See *id.* at 59 (recognizing that under this interpretation the patentee “will sometimes be entitled to the infringer's total profit from a component of the end product”).

to cover both the entire product sold or a component of that product.<sup>242</sup> The Supreme Court “resolve[d]” the issue purely on textual grounds: according to several dictionary definitions and other statutes, its broad reading of “article of manufacture” is “consistent” with § 289.<sup>243</sup> Here, the Supreme Court adhered to at least steps 1 and 2 of its paradigmatic treatment of Federal Circuit precedent. But relevant to step 3, the Supreme Court explicitly *refused* to fashion a test for identifying a relevant article of manufacture, instead punting the issue to the Federal Circuit.<sup>244</sup> The reason for this according to the Supreme Court was simple: both Samsung and Apple had not briefed the issue, and the Supreme Court refused to “lay out a test” in absence of “adequate briefing” from both parties.<sup>245</sup> Furthermore, the Supreme Court felt that the question presented was adequately answered without the need to further define a test.<sup>246</sup> To those simple and narrow ends,<sup>247</sup> the Supreme Court reversed the \$399 million in damages.

This case initially seems slightly at odds with the paradigm’s step 3 because the Supreme Court did not at first glance provide high-level guidelines without destroying the Federal Circuit’s prior formulations. Indeed, the Supreme Court precisely repudiated the Federal Circuit’s prior interpretation of “article of manufacture” while refusing to provide additional guidelines beyond the explanations of why the Federal Circuit was incorrect.<sup>248</sup>

However, upon further examination of subsequent case law, the Supreme Court likely did adhere to step 3. As an initial matter, the Supreme Court’s lack of guidance was likely because the interpretation was binary: “article of manufacture” either covers only the entire product, or also its components.<sup>249</sup> Perhaps not much guidance was needed. Furthermore, step 3 comes to fruition on remand. Upon reversal, the Federal Circuit determined that the Supreme Court’s broad reading would best be considered in the jury instructions, and further remanded the case to the District Court for consideration

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<sup>242</sup> See *id.* at 60–61.

<sup>243</sup> See *id.* at 59–62.

<sup>244</sup> See *id.* at 62.

<sup>245</sup> *Id.*

<sup>246</sup> See *id.*

<sup>247</sup> See Ronald Mann, *Opinion Analysis: Justices Tread Narrow Path in Rejecting \$400 Million Award for Samsung’s Infringement of Apple’s Cellphone Design Patents*, SCOTUSBLOG (Dec. 6, 2016, 12:00 AM), [<https://perma.cc/3KXQ-G4AD>] (noting that the “narrow holding” of *Samsung* is all the Supreme Court gives, with no “correct answer” or “guidance”).

<sup>248</sup> See *Samsung*, 580 U.S. at 59–62.

<sup>249</sup> See *id.* at 60 (defining an “article of manufacture” as both an entire product and its components).

in the first instance.<sup>250</sup> Ultimately, the district court adopted the very test proposed by the United States on appeal to the Supreme Court (which the Supreme Court declined to adopt or reject),<sup>251</sup> which considers, *inter alia*, the scope of the patented design, prominence and distinction of the design within and from the product, and physical relationship between the patented design and the rest of the product.<sup>252</sup> And for other additional reasons, the District Court ordered a new trial on the damages based on this test.<sup>253</sup>

One of the factors of the district court's test concerns the "physical relationship" between the patented design and the rest of the product, including whether "the design is embodied in a component that is manufactured separately from the rest of the product, or if the component can be sold separately."<sup>254</sup> This is *precisely* the type of relationship considered by the Federal Circuit prior to the Supreme Court's reversal (*i.e.*, that the innards of the accused smartphones were not sold separately from their shells as distinct articles);<sup>255</sup> the Supreme Court had rejected this consideration because it was the Federal Circuit's *primary* reason for affirming the damages.<sup>256</sup> Thus, the Supreme Court's repudiation ultimately led to the district court adopting the Federal Circuit's prior formulation as part of its multi-factor, non-exclusive test, much in the same manner as how elements of the TSM and MOT tests, *Wands*, and other evidentiary considerations were still important, albeit not exclusive.

## 2. *Limelight and Induced Infringement*

Consider, in another instance, *Limelight Networks, Inc. v. Akamai Technologies, Inc.*,<sup>257</sup> a case concerning another patent-specific statute 35 U.S.C. § 271 defining infringement liability.<sup>258</sup> In *Limelight*, the Supreme Court held that induced infringement under § 271(b) must be predicated on existing

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<sup>250</sup> See *Apple Inc. v. Samsung Elecs. Co.*, 678 F. App'x 1012, 1014 (Fed. Cir. 2017).

<sup>251</sup> See *Samsung*, 580 U.S. at 62 (rejecting the United States' amicus suggestion of the test because it was not briefed).

<sup>252</sup> See *Apple Inc. v. Samsung Elecs. Co.*, No. 11-CV-01846, 2017 WL 4776443, at \*11–12 (N.D. Cal. Oct. 22, 2017).

<sup>253</sup> See *id.* at \*19.

<sup>254</sup> *Id.* at \*11.

<sup>255</sup> See *Apple Inc. v. Samsung Elecs. Co.*, 786 F.3d 983, 1002 (Fed. Cir. 2015), *rev'd*, 580 U.S. 53 (2016) (distinguishing from Second Circuit case law based on the fact that "[t]he innards of Samsung's smartphones were not sold separately from their shells as distinct articles of manufacture to ordinary purchasers").

<sup>256</sup> See *Samsung*, 580 U.S. at 61–62 (rejecting the Federal Circuit's "narrower" reading based primarily on this reason); see also *Apple*, 786 F.3d at 1002.

<sup>257</sup> 572 U.S. 915 (2014).

<sup>258</sup> See *id.* at 917.

direct infringement, based in part on statutory interpretation of neighboring § 271(f)(1).<sup>259</sup> In line with steps 1 and 2 of the paradigm, Justice Alito, writing for the unanimous Court in just 2,965 words, repudiated the Federal Circuit’s prior en banc decision not requiring such predication<sup>260</sup> and noted that the “Federal Circuit’s analysis fundamentally misunderst[oo]d[] what it means to infringe a method patent.”<sup>261</sup> This was in part because the Federal Circuit in that prior decision had adopted an amorphous reading of direct infringement, finding that though indirect infringement cannot exist without direct infringement, “requiring proof” of the existence of the underlying direct infringement was different.<sup>262</sup> The Supreme Court thus required a bright-line rule on indirect infringement liability, and strongly repudiated the Federal Circuit’s amorphous read on induced infringement liability. Similar to *Samsung*, we could attribute this stronger repudiation to the binary nature of the problem: induced infringement either requires an underlying direct infringement, or it doesn’t. “Sort of” requiring it — different in evidentiary contexts as suggested by the Federal Circuit — does not make sense.

Additionally, in line with step 3, Justice Alito provided several guidelines in dicta, including suggesting that the decision was in part to avoid the “depriv[ation] . . . of ascertainable standards” should induced infringement liability be considered separately from direct infringement liability.<sup>263</sup> Justice Alito added an additional layer to the repudiation by recognizing that the problems associated with evasion of liability due to a lack of a joint enterprise in divided infringement would stem from a prior, potentially “anomal[ous],” Federal Circuit precedent in *Muniauction, Inc. v. Thomson Corp.*<sup>264</sup> And similar to how the Supreme Court refused to provide further beyond the correct interpretation of “article of manufacture” in *Samsung*,<sup>265</sup> *Limelight* cursorily declined to review *Muniauction* because the scope of the appeal was narrowed by the parties to § 271(b) whereas *Muniauction*’s implication on direct infringement was relevant to § 271(a); and also because the issue hadn’t been briefed.<sup>266</sup>

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<sup>259</sup> See *id.* at 920–22.

<sup>260</sup> See *id.* at 920–21.

<sup>261</sup> *Id.* at 921.

<sup>262</sup> See *id.* at 920.

<sup>263</sup> *Id.* at 922.

<sup>264</sup> 532 F.3d 1318 (Fed. Cir. 2008); *Limelight*, 572 U.S. at 925–26.

<sup>265</sup> *Samsung Elecs. Co. v. Apple Inc.*, 580 U.S. 53, 61–62 (2016).

<sup>266</sup> *Limelight*, 572 U.S. at 926. For more commentary on the different subsections and scope of review, see, e.g., Ronald Mann, *Argument Review: Justices Frustrated With Posture of Case on Joint Infringement*, SCOTUSBLOG (May 1, 2014, 3:20 PM), [<https://perma.cc/47VW-6AXJ>].

One reading of the Supreme Court's treatment of *Muniauction* in light of step 3 is that the Supreme Court implicitly repudiated the Federal Circuit's prior development of the joint enterprise theory in *Muniauction*, yet did not provide specific guidelines or alternative theories on how to properly identify joint enterprises. Thus, *Muniauction* is still good law and still relevant to the Federal Circuit for determining direct infringement. Indeed, on *Limelight's* remand, while the Federal Circuit acknowledged the Supreme Court's explicit requirement of underlying direct infringement,<sup>267</sup> it found that the direct infringer in its case had not performed all the steps to be vicariously liable for direct infringement under *Muniauction*.<sup>268</sup> The Federal Circuit had largely analogized to the facts of *Muniauction* to make this finding — much in the same manner as the Federal Circuit did to *Amgen's* facts following the Supreme Court's ruling.<sup>269</sup>

### 3. *Octane's Further Repudiation*

The explicit and strong repudiations of the Federal Circuit's statutory interpretations present in *Samsung* and *Limelight* are not outliers. The Supreme Court over the past decade has engaged in a similar paradigmatic treatment of the Federal Circuit's statutory interpretation of patent-specific statutes. Most famously, the Supreme Court engaged in back-to-back repudiation of the Federal Circuit's "rigid" frameworks in *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*<sup>270</sup> and *Halo Electronics, Inc. v. Pulse Electronics, Inc.*<sup>271</sup>

In *Octane*, the Supreme Court unanimously repudiated the Federal Circuit's prior "unduly rigid" and "impermissibly encumber[ing]" framework determining exceptional cases for fee awarding under 35 U.S.C. § 285 — in line with steps 1 and 2 of the paradigm.<sup>272</sup> This prior framework, derived from

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<sup>267</sup> *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 786 F.3d 899, 903–04 (Fed. Cir. 2015).

<sup>268</sup> *See id.* at 915 (finding that "[b]ecause the customers were acting for their own benefit, Limelight is not vicariously liable for the customers' actions").

<sup>269</sup> *See id.* at 914–15.

<sup>270</sup> 572 U.S. 545 (2014).

<sup>271</sup> 579 U.S. 93 (2016). The Supreme Court two years after *Octane* unanimously rejected in 5,769 words the Federal Circuit's prior "rigid" for "trifurcated review" of an enhanced damages award under § 284 based on other patent statutes' reliance on preponderance of evidence and *Octane*. *See id.* at 101, 104. This Article will leave *Halo* as an exercise for the reader — while noting that the concurrences may need to be addressed with the principles outlined in Section III.B.

<sup>272</sup> *Octane*, 572 U.S. at 553. This Article recognizes that Justice Scalia did not join the Court as to footnotes 1–3. However, those footnotes pertain to the Court's legislative history analysis; and akin to *Bilski* discussed in Section I.B, the Court's ruling is still unanimous on other grounds.

*Brooks Furniture Manufacturing, Inc. v. Dutailier International, Inc.*,<sup>273</sup> was a “rigid and mechanical formulation” that imposed attorney’s fees only if “(1) the litigation is brought in subjective bad faith, and (2) the litigation is objectively baseless.”<sup>274</sup> In repudiating this framework, the Supreme Court’s analysis instead “beg[an] and end[ed]” with the statutory text, which was “patently clear” in constraining the district court’s discretion to award attorney’s fees only in “exceptional” cases.<sup>275</sup> Those exceptional cases were to be determined on an “equitable” basis, while considering a totality of the circumstances.<sup>276</sup> The Supreme Court separately repudiated *Brooks Furniture*’s requirement that litigants establish the entitlement to these fees under a clear and convincing standard, and instead imposed a preponderance of evidence standard.<sup>277</sup> And in line with step 3, the prior factual and evidentiary considerations undertaken by the Federal Circuit and lower courts pre-*Octane* remain intact: just like the Federal Circuit pre-*Octane* had considered the factual circumstances albeit under a different standard (e.g., privilege assertions, e-mails supporting bad-faith litigation, unreasonable claim construction positions),<sup>278</sup> so too has the Federal Circuit engaged in similar factual inquiries in subsequent cases to determine the totality of circumstances leading to “exceptional” cases.<sup>279</sup>

#### 4. Concluding Observations

In all of these cases, the Supreme Court closely adhered to the paradigm. This Article observes strong repudiations of the Federal Circuit’s statutory interpretations of patent-specific statutes, and further observes the Supreme Court’s purposeful narrowing of the decisions’ scope in these contexts, staying in line with the paradigm’s unanimous approach.<sup>280</sup> In addressing these

<sup>273</sup> 393 F.3d 1378 (Fed. Cir. 2005).

<sup>274</sup> *Octane*, 572 U.S. at 550–51 (quoting *Brooks Furniture*, 393 F.3d at 1381).

<sup>275</sup> *Id.* at 553.

<sup>276</sup> *Id.* at 554 (quoting *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 (1994)).

<sup>277</sup> *See id.* at 557–58.

<sup>278</sup> *See Icon Health & Fitness, Inc. v. Octane Fitness, LLC*, 496 F. App’x 57, 65 (Fed. Cir. 2012), *rev’d*, 572 U.S. 545 (2014).

<sup>279</sup> *See, e.g., In re Rembrandt Techs. LP Pat. Litig.*, 899 F.3d 1254, 1277 (Fed. Cir. 2018) (considering, in light of *Octane*, similar factual findings such as wrongful inducements, spoliation, and assertion of fraudulently revived patents); *OneSubsea IP UK Ltd. v. FMC Techs., Inc.*, 68 F.4th 1285, 1296–98 (Fed. Cir. 2023) (considering fact findings indicative of litigation misconduct, including a witness’s failure to consider a stipulation, misrepresentation of claims, and making of late-stage changes).

<sup>280</sup> *Cf. Sandoz Inc. v. Amgen Inc.*, 582 U.S. 1, 22 (2017) (Breyer, J., concurring) (agreeing with the majority’s statutory interpretation, with the caveat that further agency interpretation may modify the Court’s, while noting it to be an issue to be decided at another time).

highly patent-specific issues, the Supreme Court makes clear in deciding the questions presented in the narrowest possible manner:<sup>281</sup> In *Samsung*, the Supreme Court felt it adequately answered the question presented through repudiation without providing a separate test;<sup>282</sup> in *Limelight*, the Supreme Court explicitly refused to address the Federal Circuit's prior joint enterprise theory after implicitly repudiating it;<sup>283</sup> and in *Octane*, the Supreme Court explicitly repudiated the Federal Circuit's frameworks of review without disturbing prior factual considerations.<sup>284</sup>

Separate from these four cases, this Article notes that the framework is not perfect. In at least one instance, the Supreme Court has expressed comfort in adopting parts of the paradigm for resolving cases involving other statutory interpretations without explicit repudiation of the Federal Circuit. In *Peter v. NantKwest, Inc.*,<sup>285</sup> the Supreme Court unanimously decided that "expenses" in § 145 does not include the salaries of the Patent and Trademark Office's attorney and paralegal employees even in light of the "bedrock" American Rule's presumption against fee shifting.<sup>286</sup> Though the Supreme Court affirmed and did not repudiate the Federal Circuit's prior majority ruling, we still see an instance of unanimity and concision in ruling. Furthermore, the Supreme Court limited its analysis strictly to statutory interpretations and prior case law illustrating the American Rule.<sup>287</sup> Furthermore, this particular treatment of patent-specific statutes, while true in most cases, is not always perfectly applicable, especially in contexts where the Supreme Court likely acknowledges the complexity of the underlying statutes.<sup>288</sup>

## B. Cases on Edge of the Paradigm

While many patent cases decided by the Supreme Court are unanimous, some come with concurrences. Others come with a few dissents. The concurrences in fully unanimous ones and dissents in the near-unanimous decisions shed further light onto the Supreme Court's adherence to the paradigm. In particular, these edge cases illustrate how a few Justices are willing to deviate from the paradigm if the primarily-patent issues implicate other secondary non-patent ones.

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<sup>281</sup> See *supra* Section II.C (discussing concision often requiring narrowing of scope).

<sup>282</sup> See *Samsung Elecs. Co. v. Apple Inc.*, 580 U.S. 53, 61–62 (2016).

<sup>283</sup> See *Limelight Networks, Inc. v. Akamai Techs., Inc.*, 572 U.S. 915, 921–23, 926 (2014).

<sup>284</sup> See *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 572 U.S. 545, 553–54 (2014).

<sup>285</sup> 589 U.S. 23 (2019).

<sup>286</sup> See *id.* at 28–30.

<sup>287</sup> See *id.* at 28–34.

<sup>288</sup> See, e.g., *supra* Section I.B.1 (discussing *Bilski* and its concurrences).

### 1. *Global-Tech and Dissent: Willful Blindness*

*Global-Tech Appliances, Inc. v. Seb. S.A.*<sup>289</sup> concerned induced infringement liability under 35 U.S.C. § 271(b). § 271(b) finds a party liable for infringement if it “actively induces” infringement of the relevant patent. The issue in this case was whether a party could be found to “actively” induce infringement if it is deliberately indifferent to the patent’s existence without actual knowledge of the patent.<sup>290</sup> The Supreme Court ultimately turned to a prior case *Aro Manufacturing Co. v. Convertible Top Replacement Co.* (“*Aro II*”),<sup>291</sup> whose majority had concluded that knowledge of a patent was needed to find a party contributorily liable under § 271(c).<sup>292</sup> To avoid the “strange[ness]” resulting from finding different knowledge requirements across §§ 271(b)–(c), the Supreme Court ultimately held that § 271(b) requires the same knowledge of the patent.<sup>293</sup>

Separate from this knowledge requirement, however, the Supreme Court ultimately decided the doctrine of willful blindness applies to § 271(b) due to the doctrine’s “wide acceptance in the Federal Judiciary,”<sup>294</sup> with the following requirements: “(1) [t]he defendant must subjectively believe that there is a high probability that a fact exists and (2) the defendant must take deliberate actions to avoid learning of that fact.”<sup>295</sup> The Supreme Court differentiated these requirements from those of the Federal Circuit’s “flaw[ed]” test, which permitted a finding of knowledge should there have been a “known risk”<sup>296</sup> and a “deliberate indifference” to such.<sup>297</sup> Despite the difference in the scopes of the willful blindness test, the Supreme Court affirmed the Federal Circuit’s judgment after finding sufficient evidence to sustain a jury finding of willful blindness.<sup>298</sup>

<sup>289</sup> 563 U.S. 754 (2011).

<sup>290</sup> *See id.* at 759–60.

<sup>291</sup> 377 U.S. 476 (1964).

<sup>292</sup> *Global-Tech*, 563 U.S. at 764–75 (observing that the majority in *Aro II* concluded that “knowledge of the patent was needed” while the minority reasoned that a violator only need to know that a component be specially adapted for use in the infringing product to be contributorily liable).

<sup>293</sup> *See id.* at 765–66 (“[I]nduced infringement under § 271(b) requires knowledge that the induced acts constitute patent infringement.”).

<sup>294</sup> *Id.* at 768.

<sup>295</sup> *Id.* at 769.

<sup>296</sup> *See* *SEB S.A. v. Montgomery Ward & Co., Inc.*, 594 F.3d 1360, 1376 (Fed. Cir. 2010) (first citing *Crawford-El v. Britton*, 951 F.2d 1314, 1318 (D.C. Cir.1991); and then citing *Boim v. Holy Land Found. for Relief & Dev.*, 549 F.3d 685, 693 (7th Cir.2008)).

<sup>297</sup> *Global-Tech*, 563 U.S. at 769–70.

<sup>298</sup> *See id.* at 771.

The Supreme Court in this case nearly adhered to the paradigmatic treatment of the Federal Circuit, the exception being step 2. As discussed above, the majority under step 1 repudiated the Federal Circuit's prior formulation of the willful blindness doctrine, and under step 2 did so nearly unanimously, with only one dissenter: Justice Kennedy. And under step 3, the majority provided a high-level guideline to understanding the willful blindness doctrine in non-patent contexts, specifically by analyzing cases implicating criminal law and the doctrine's history,<sup>299</sup> ultimately concluding that willful blindness is "wide[ly] accept[ed] in the Federal Judiciary" to warrant an extension into patent law.<sup>300</sup>

In breaking unanimity, Justice Kennedy, while agreeing that § 271 should be read consistently to require the same knowledge standard across its provisions, disagreed that willful blindness can suffice in showing knowledge.<sup>301</sup> In particular, Justice Kennedy did not agree with: (1) the majority's "appeal[] to moral theory" in patent law, whose purpose is constitutionally "utilitarian;"<sup>302</sup> (2) the majority's substitution of willful blindness with the statutory requirement of knowledge;<sup>303</sup> and (3) the majority's endorsement of willful blindness' use in non-criminal, civil contexts without briefing from the criminal defense bar.<sup>304</sup>

One explanation for Justice Kennedy's break from the paradigm is that his dissent showcases his familiarity with the doctrine's role in non-patent contexts. Section III.C discusses how widespread familiarity with non-patent specific doctrines (like the Appointments Clause or the public rights doctrine) among Justices could explain their increased participation in dissents and concurrences, and accordingly could explain significant deviations from the paradigm.<sup>305</sup> Relatedly, another explanation is that the sole dissent by Justice Kennedy on the flipside signifies the majority's general comfort with repudiating the Federal Circuit's test that was inconsistent with the general, non-patent specific understanding of willful blindness.<sup>306</sup> This may

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<sup>299</sup> See *id.* at 766–67.

<sup>300</sup> *Id.* at 768.

<sup>301</sup> See *id.* at 772 (Kennedy, J., dissenting).

<sup>302</sup> *Id.* at 773.

<sup>303</sup> *Id.* at 773–74.

<sup>304</sup> *Id.* at 774.

<sup>305</sup> See *infra* Section III.C.

<sup>306</sup> Perhaps the increased discourse among Justices isn't limited to the Supreme Court; scholars of various non-patent law backgrounds have discussed the implications of *Global-Tech* beyond patent contexts. See, e.g., Lorelei D. Ritchie, *Is "Willful Blindness" the New "Recklessness" after Global-Tech?*, 21 FED. CIR. B.J. 165, 165–66 (2011) (discussing the alignment of patent jurisprudence with general principles of, e.g., civil procedure, contracts, and other areas of intellectual property; and further considering whether the holding from

perhaps be because the case *primarily* pertained to patent law. Indeed, one explicit reason the majority felt comfortable applying the willful blindness doctrine was that it could factually distinguish itself from the prior decision in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*<sup>307</sup> to not accept the Solicitor General’s suggestion to extend willful blindness to the copyright’s induced infringement liability analog.<sup>308</sup> If the Justices had not been able to factually distinguish from *Grokster*, we perhaps may have seen more of them join Justice Kennedy’s dissent.<sup>309</sup>

## 2. *Teva and Dissent: Rule 52*

Consider another case, *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*,<sup>310</sup> which concerned the standard of appellate review for a claim construction ruling based on subsidiary facts.<sup>311</sup> Prior to the Supreme Court’s decision, the Federal Circuit had reviewed the lower court’s claim construction *de novo*, including its determination of subsidiary facts, and ultimately found a claim term indefinite.<sup>312</sup> The Supreme Court vacated the judgment and repudiated the Federal Circuit’s *de novo* standard, holding that claim construction and any subsidiary factual findings must be reviewed under the “clearly erroneous” standard<sup>313</sup> in accordance with Federal Rule of Civil Procedure Rule 52 and *Markman v. Westview Instruments, Inc.*<sup>314</sup> Justice Breyer, writing for the

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*Global-Tech* should be applied to trademark law in the context of fraud); Kenneth W. Simons, *The Willful Blindness Doctrine: Justifiable in Principle, Problematic in Practice*, 53 ARIZ. ST. L.J. 655, 656, 670–74 (2021) (discussing the “problematic feature[s]” of the willful blindness doctrine from *Global-Tech* in light of criminal law principles and policies); Alex Robert Daniel, *Willful Blindness: The Hazards of an Evolving Standard of Knowledge* 5 (2013) (Law School Student Scholarship, Seton Hall University) (on file with the Federal Circuit Bar Journal) (setting aside the “consequences of *Global-Tech* for future patent law decisions and instead focus[ing] on the potential effects that its holding may have on future of knowledge mens rea in criminal convictions premised on willful blindness”).

<sup>307</sup> 545 U.S. 913 (2005).

<sup>308</sup> See *Global-Tech*, 563 U.S. at 768–69 (citing *Grokster*, 545 U.S. at 922–27, 937–40).

<sup>309</sup> See *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 137, 140 (2007) (Thomas, J., dissenting) (disagreeing with majority’s finding of proper Article III jurisdiction over a declaratory judgment claim, in part due to disagreement with majority’s characterization of the claim as *contractual*). But see *Commil USA, LLC v. Cisco Sys., Inc.*, 575 U.S. 632, 647–49 (2015) (Scalia, J., dissenting) (disagreeing with the majority’s holding that good-faith belief in a patent’s invalidity is not a defense to induced infringement, without a clear application to non-patent contexts).

<sup>310</sup> 574 U.S. 318 (2015).

<sup>311</sup> See *id.* at 323–24.

<sup>312</sup> See *id.*

<sup>313</sup> See *id.* at 326–27, 336.

<sup>314</sup> 517 U.S. 370 (1996); see *Teva*, 574 U.S. at 321–22.

majority of the Court, reasoned that claim construction in patent law, much like “document construction” in other laws like “deeds, contracts, or tariffs,” is ultimately a question of law; and corresponding factual determinations, like “all other factual determinations,” must also be reviewed for clear error.<sup>315</sup> Justice Breyer provided other “practical considerations” for ruling in such a manner, including deference to the lower court’s familiarity with the trial proceedings;<sup>316</sup> as well as distinguishing the fact findings involved in claim construction in patent law from the fact findings underlying statutory interpretation, the latter of which rely on “general facts related to a reasonably broad set of social circumstances.”<sup>317</sup>

As an initial matter, this Article observes yet again the Supreme Court’s adherence to its paradigmatic treatment of the Federal Circuit. In line with steps 1 and 2, the opinion was nearly-unanimous, and repudiated the Federal Circuit’s prior standard of review, much like it did in *Octane* and subsequently in *Halo*.<sup>318</sup> Furthermore, in line with step 3, Justice Breyer provided high-level guidelines on understanding claim construction in context of other legal “constructions,” as well as other practical guidelines on how to defer to lower courts’ factual findings.<sup>319</sup>

What distinguishes this case from those in Part I and Section III.A (*e.g.*, *KSR*, *Nautilus*, *Samsung*) is Justice Thomas’ dissent, joined by Justice Alito, which principally disagreed with the majority’s “distinction between questions of fact and questions of law.”<sup>320</sup> Justice Thomas implored the Court to distinguish the two based on the understanding at the time Rule 52 was adopted, and based on the common law principles that have guided Justice Scalia’s concurrence in *Tome v. United States*.<sup>321</sup> In sum, Justice Thomas proposed that claim construction fall on the “law side,”<sup>322</sup> and for support provided a rich overview of how claim construction in patent law fits into other constructions of statutes<sup>323</sup> and contracts/deeds,<sup>324</sup> ultimately concluding that patents more closely resemble statutes as they are “governmental dispositions” with

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<sup>315</sup> *Teva*, 574 U.S. at 325–26.

<sup>316</sup> *See id.* at 327–28.

<sup>317</sup> *Id.* at 330–31.

<sup>318</sup> *See supra* Section III.A.3.

<sup>319</sup> *See Teva*, 574 U.S. at 325–28.

<sup>320</sup> *Id.* at 337 (Thomas, J., dissenting) (quoting *Pullman-Standard v. Swint*, 456 U.S. 273, 288 (1982)).

<sup>321</sup> *See id.* at 337–38 (citing *Tome v. United States*, 513 U.S. 150, 168 (1995) (Scalia, J., concurring)).

<sup>322</sup> *Id.* at 338.

<sup>323</sup> *See id.* at 339–40.

<sup>324</sup> *See id.* at 340–41.

rules binding the public.<sup>325</sup> Furthermore, Justice Thomas found other faults in the majority's decision such as its improper reliance on administrative deference in a precedent,<sup>326</sup> and "cautio[ned]" the Court "not to allocate issues in a way that would 'strip a federal appellate court of its primary function as an expositor of law.'"<sup>327</sup>

From this dissent this Article provides several justifications for Justice Thomas' break from the paradigm: his desire for consistency in the understanding of Rule 52; desire for fitting the patent law claim construction neatly into other non-patent constructions; and general desire to ensure the appellate courts' "primary function as an expositor of law."<sup>328</sup> Like Justice Kennedy's familiarity with willful blindness in *Global-Tech* and its application to non-patent contexts, so too does Justice Thomas's dissent signify his familiarity with Rule 52 and its impact on issues outside of patent contexts. And, like in *Global-Tech*, Justice Breyer's near-unanimous majority on the flipside signifies the majority's general comfort with repudiating the Federal Circuit's test that was inconsistent with the general, non-patent specific understanding of "document constructions" — likewise due to *Teva's* primary focus being on patent law.

### ***3. eBay and Concurrences: History and Economics***

*eBay Inc. v. MercExchange, L.L.C.*<sup>329</sup> concerned a court's discretionary award of permanent injunctive relief upon a finding of patent infringement.<sup>330</sup> Prior to reaching the Supreme Court, the Federal Circuit had reversed the District Court's denial of permanent injunctive relief, based on a "general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances."<sup>331</sup> On appeal, the Supreme Court unanimously repudiated this general rule based on the "well-established principles of equity" supplying a four-factor test for determining whether a permanent injunction is appropriate.<sup>332</sup> For further support, the Supreme Court turned to the

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<sup>325</sup> *Id.* at 342.

<sup>326</sup> *See id.* at 346 (citing *Great N. Ry. Co. v. Merchs. Elevator Co.*, 259 U.S. 285, 289, 292–93 (1922)).

<sup>327</sup> *Id.* at 348 (quoting *Miller v. Fenton*, 474 U.S. 104, 114 (1985)).

<sup>328</sup> *See, e.g.*, Timothy R. Snowball, Note, *The Credibility of Expert Witnesses in Patent Claim Construction: The Need to Amend Rule 52 Under Teva Pharmaceuticals v. Sandoz, Inc.*, 25 INFO. & COMMS. TECH. L. 310, 323–25 (2016) (discussing, as an extension of *Teva*, the possible benefits of amending Rule 52 for district courts in expert witness, but not strictly patent, contexts).

<sup>329</sup> 547 U.S. 388 (2006).

<sup>330</sup> *See id.* at 390.

<sup>331</sup> *Id.* at 391.

<sup>332</sup> *Id.*

underlying statute, 35 U.S.C. § 283, which specifies that injunctions “may” be issued.<sup>333</sup> The Supreme Court also turned to this discretionary provision as a basis for proposing guidelines distinguishing a patent’s right to exclude from that of personal property,<sup>334</sup> as well as aligning such right with a copyright’s right to exclude.<sup>335</sup>

Accordingly, like *Global-Tech* and *Teva*, *eBay* closely follows the Supreme Court’s paradigmatic treatment of the Federal Circuit. And also like those cases, *eBay* was accompanied with two sets of concurrences: one authored by Chief Justice Roberts and another by Justice Kennedy.

Chief Justice Roberts’ concurrence provides two perspectives relevant to the paradigm. First, the concurrence can be read as a nod to the history underpinning the “long tradition of equity practice”<sup>336</sup> — as recognized by Justice Kennedy’s concurrence.<sup>337</sup> Second, the concurrence can be read to fortify the unanimous Court’s repudiation of the Federal Circuit’s practice of “writing on an entirely clean slate” via its general, categorical rule.<sup>338</sup> In the first instance, this Article observes the Chief Justice underscoring the importance of establishing legal standards in history, a concept certainly not foreign to the Supreme Court. And in the second instance, this Article observes the Chief Justice aligning himself with the rest of the Court’s repudiation of the Federal Circuit’s supposed “major departure from the long tradition of equity practice.”<sup>339</sup> Accordingly, the Chief Justice’s concurrence illustrates his familiarity with considering the history and equity to issues not strictly related to patent law;<sup>340</sup> and like *Global-Tech*’s and *Teva*’s majority, underscores the

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<sup>333</sup> See *id.* at 391–92.

<sup>334</sup> See *id.* at 392.

<sup>335</sup> See *id.* at 392–93 (citing multiple cases that held an injunction does not automatically “follow[] a determination that a copyright has been infringed”).

<sup>336</sup> See *id.* at 395 (Roberts, C.J., concurring).

<sup>337</sup> See *id.* at 395–96 (Kennedy, J., concurring) (“The Chief Justice is also correct that history may be instructive in applying this test.”).

<sup>338</sup> See *id.* at 395 (Roberts, C.J., concurring).

<sup>339</sup> See *id.* at 394–95 (quoting *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 320 (1982)).

<sup>340</sup> There is no shortage of scholarly work discussing whether the Chief Justice’s historical analysis was accurate. See, e.g., Ryan T. Holte, *The Misinterpretation of eBay v. MercExchange and Why: An Analysis of the Case History, Precedent, and Parties*, 18 CHAP. L. REV. 677, 679–82 (2015); Marisa Maleck, *The Misapplication of eBay v. MercExchange, LLC*, FEDERALIST SOC’Y REV. (Dec. 5, 2016), [<https://perma.cc/P8B5-RVB4>] (arguing that patent-assertion entities’ (or trolls’) disentitlement to injunctive relief post-*eBay* is contrary to what “historically” was the case). The discussion is widespread, even today. See, e.g., Adam Mossoff, *Injunctions for Patent Infringement: Historical Equity Practice Between 1790–1882*, 38 HARV. J.L. & TECH 923, 925–27 (2024) (challenging the historical basis of *eBay*’s “four-factor test”).

majority's comfort with repudiating the Federal Circuit's general rule that was inconsistent with how a patent's right to exclude functions alongside the non-patent specific understanding of the personal property's right to exclude.

Similarly, Justice Kennedy's concurrence provides additional perspectives. In particular, Justice Kennedy discusses the practical implications of the four-factor test in light of the growing licensing industry; a non-producing/selling entity that solely licenses its patents may obtain an "undue leverage" during negotiations upon an awarding of an injunction, resulting in "exorbitant fees" — especially in cases where a patent covers a small component of a sold product.<sup>341</sup> And Justice Kennedy notes separately the potential impact of automatic injunctions awarded against infringement of business method patents.<sup>342</sup> Like we've seen in *Global-Tech* and *Teva*, these policy considerations involving negotiations and businesses are primarily rooted in patent law, but nevertheless implicate issues outside of strictly patent contexts.<sup>343</sup> In general, Supreme Court Justices have on several occasions in concurrences and dissents opined on the majority rulings' non-patent implications.<sup>344</sup> This is consistent with the Article's theory that Justices deviating from the paradigm do so with other secondary non-patent considerations in mind.

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<sup>341</sup> *eBay*, 547 U.S. at 396–97 (Kennedy, J., concurring).

<sup>342</sup> *Id.*

<sup>343</sup> See, e.g., Thomas L. Casagrande, *The Reach of eBay Inc. v. MercExchange, LLC.: Not Just for Trolls and Patents*, HOU. LAW., Nov.–Dec. 2006, at 11–16 (discussing the generality of the decision and its impact on businesses and other fields of intellectual property law, separately noting the decision to not mention the term "troll" once); Andrew Beckerman-Rodau, *The Supreme Court Engages in Judicial Activism in Interpreting the Patent Law in eBay Inc. v. MercExchange, L.L.C.*, 10 TUL. J. TECH. & INTELL. PROP. 165, 168 (2007) (arguing how removing the grant of typical property rights would "reduce" "research and development activities" in a wide variety of industries and hamper innovation); Kristen J. Osenga, *The Loss of Injunctions Under eBay: Evidence of the Negative Impact on the Innovation Economy*, HUDSTON INST. (Feb. 28, 2024), [<https://perma.cc/WC84-NEH3>] (discussing how, in light of *eBay*, policy considerations "must account for the economic function of injunctions"); cf. Holte, *supra* note 340, at 721–23 (discussing the persuasiveness of Justice Kennedy's concurrence to district courts, but not to the Federal Circuit in the few years since *eBay*).

<sup>344</sup> See, e.g., *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 579 U.S. 93, 110–14 (2016) (Breyer, J., concurring); *Commil USA, LLC v. Cisco Sys., Inc.*, 575 U.S. 632, 647–49 (2015) (Scalia, J., dissenting) (implicating, in patent law's induced infringement contexts, scienter); *Impression Prods., Inc. v. Lexmark Int'l, Inc.*, 581 U.S. 360, 382–84 (2017) (Ginsburg, J., concurring in part and dissenting in part) (implicating, in patent sale contexts, concept of exhaustion as it extends to copyright law as discussed in *Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519 (2013)).

#### 4. *Concluding Observations*

The cases discussed above are a sample of many that are on the edge of the paradigm. This Article posits that the vast majority of these cases, at the baseline, illustrate yet again the Supreme Court's paradigmatic treatment of the Federal Circuit. And as observed above, they generally fall under two categories: (1) near-unanimous decisions with few dissents extending the majority's rulings to non-patent specific contexts — like in *Global-Tech* and *Teva*; and (2) unanimous decisions with accompanying concurrences that similarly extend the majority's rulings to non-patent specific contexts — like in *eBay*. Regardless of which category, the cases still primarily implicate patent law.

#### C. Cases Outside of the Paradigm

This Section observes cases lying outside of the Supreme Court's paradigmatic treatment of the Federal Circuit. Unlike the cases central or at the edge of the paradigm, these cases land significantly outside and are accordingly accompanied with healthy discourse in the dissents and concurrences. They concern issues that principally implicate non-patent contexts, such as administrative law, separation of powers, removal power, and agency review; with patent law being a secondary consideration. In short, these cases do not adhere to the paradigm.

##### 1. *Oil States: Public Rights Doctrine and the Seventh Amendment*

*Oil States Energy Services, LLC v. Green's Energy Group, LLC*<sup>345</sup> concerned the constitutionality of inter partes review ("IPR"), a process statutorily established by 35 U.S.C. § 100 authorizing the USPTO to invalidate patented claims on novelty or obviousness grounds based on prior art consisting of patents or printed publications.<sup>346</sup> Though the subject matter concerned patents, the Supreme Court was primarily interested in whether IPRs violate Article III or the Seventh Amendment of the Constitution.<sup>347</sup> As a result, the analysis largely steered away from the types of analyses seen in Sections III.A–B (*e.g.*, statutory interpretation) and into territory familiar to lawyers not strictly practicing patent law: public rights doctrine,<sup>348</sup> judicial cognizance,<sup>349</sup> improper exercise of non-Article III judicial power,<sup>350</sup> and the Seventh Amendment's right to trial by jury in common law suits.<sup>351</sup>

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<sup>345</sup> 584 U.S. 325 (2018).

<sup>346</sup> *See id.* at 328–29, 331 (citing 35 U.S.C. § 311(b)).

<sup>347</sup> *See id.* at 333.

<sup>348</sup> *See id.* at 335–37.

<sup>349</sup> *See id.* at 340–42.

<sup>350</sup> *See id.* at 342–43.

<sup>351</sup> *See id.* at 344–45.

Since *Oil States* significantly implicates various non-patent issues, this Article observes several aspects of the decision suggestive of the Supreme Court's corresponding deviation from the paradigmatic approach. First, there is no apparent repudiation of the Federal Circuit's prior ruling. Second, *Oil States* lacked unanimity: Justice Gorsuch, in his dissenting opinion, addressed head on the separation of powers issues implicated by adjudicating patent disputes in non-Article III courts, which additionally was an ahistorical practice; and Justice Breyer, in his concurrence, remarked that private rights shouldn't be interpreted to never be adjudicated in non-Article III courts.<sup>352</sup> *Oil States* also lacked high-level guidelines applicable to patent contexts. While the decision's scope was purposefully "narrow[],"<sup>353</sup> the opinion itself provides substantive discussion of relevant case law related to the public rights doctrine<sup>354</sup> and the history surrounding judicial cognizance,<sup>355</sup> among other things. And related to the public rights doctrine, *Oil States*'s discussion of it wasn't strictly limited to patent-specific contexts, unlike, *e.g.*, *KSR*'s to obviousness, *Amgen*'s to enablement, or *Bilski*'s to patent eligibility.<sup>356</sup> The public rights doctrine is a confusing one — one whose distinction from that of private rights the Supreme Court "has not 'definitively explained.'"<sup>357</sup> Indeed, like how *SEC v. Jarkesy*<sup>358</sup> faced with the same constitutional issue several years later looked back to *Oil States* and other "confusing precedents" without precisely defining its scope,<sup>359</sup> the public rights doctrine requires Justices to expand their focus outside of patent law. *Oil States* ultimately categorized patents as "public franchises" granted to inventors,<sup>360</sup> and compared them to the qualifications of other types of franchises (*e.g.*, toll bridges, railroads, telegraph lines) outside of Article III courts to find IPRs appropriately addressed by the public rights doctrine.<sup>361</sup> In addition, though *Oil States* explicitly and deliberately did not address the Takings Clause, several scholars have commented on whether IPR

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<sup>352</sup> See *id.* at 346–56 (Gorsuch, J., dissenting); *id.* at 345 (Breyer, J., concurring).

<sup>353</sup> *Id.* at 344.

<sup>354</sup> See *id.* at 335–39.

<sup>355</sup> See *id.* at 340–42 (citing, *e.g.*, a seminal, but non-patent, bankruptcy case governing the public rights doctrine *Stern v. Marshall*, 564 U.S. 462 (2011)).

<sup>356</sup> See *id.* at 334.

<sup>357</sup> *Id.* (quoting *N. Pipeline Constr. Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 69 (1982)).

<sup>358</sup> 603 U.S. 109 (2024).

<sup>359</sup> *Id.* at 130–31 (quoting *Thomas v. Union Carbide Agric. Prods. Co.*, 473 U.S. 568, 583 (1985)).

<sup>360</sup> *Oil States*, 584 U.S. at 335 (quoting *Seymour v. Osborne*, 78 U.S. (11 Wall.) 516, 533 (1871)).

<sup>361</sup> See *id.* at 337; see also Jesse Wynn, Note, *Patents, Public Franchises, and Constitutional Property Interests*, 71 CASE W. RESV. L. REV. 887, 896–99 (2020) (discussing the concept of

proceedings implicate such constitutional doctrine, further underscoring the decision's reach outside of strictly patent contexts.<sup>362</sup>

Third, the decision is accompanied with a concurrence and dissent, both of which implicate substantively non-patent issues. Justice Breyer's concurrence briefly remarks the possibility of private right adjudication by non-Article III courts;<sup>363</sup> and Justice Gorsuch's dissent remarks on the importance of "judicial independence" vested by Article III<sup>364</sup> against the backdrop of the historical record and precedent,<sup>365</sup> while considering a "hard work[ing]" inventor's "fruits of [their] labor."<sup>366</sup> The applicability of the public rights doctrine outside of patent contexts as acknowledged by the majority (and subsequent decisions), coupled with the same acknowledgement in the concurrence and dissent, illustrates the Supreme Court's willing deviation from the paradigm.

## 2. *Arthrex: Principal Officers and Removal Doctrine*

*United States v. Arthrex, Inc.*<sup>367</sup> concerned the constitutionality of Administrative Patent Judges ("APJs") conducting adversarial proceedings for challenging the validity of patents at the Patent Trial and Appeal Board ("PTAB"), an executive tribunal within the USPTO.<sup>368</sup> Like *Oil States*, while *Arthrex* secondarily concerned patent law, it primarily concerned constitutional questions not specific to patent law. In sum, *Arthrex* determined that the APJs improperly wielded "power to render a final decision on behalf of the United States" over the validity of patents because they were not subject to superior executive officer review, in violation of the Appointments Clause.<sup>369</sup>

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public franchises as implicated by *Oil States* in various other non-patent contexts, including public bridges).

<sup>362</sup> Cf., e.g., Wynn, *supra* note 361, at 917–22 (arguing that Takings Clause should not apply to patent rights due to *Oil States*' characterization of them as public franchises); Jordan T. Owens, Note, *Patents as Property: Oil States and Its Implications on the Takings Clause*, 41 CARDOZO L. REV. 1601, 1620–24 (2020) (arguing that the Takings Clause constitutional challenge against IPR proceedings would not proceed).

<sup>363</sup> See *Oil States*, 584 U.S. at 345 (Breyer, J., concurring).

<sup>364</sup> *Id.* at 346–48 (Gorsuch, J., dissenting); see also Elizabeth Earle Beske, *Litigating the Separation of Powers*, 73 ALA. L. REV. 823, 853 & n.245 (2022) (noting the Roberts court's entertainment of separation of powers arguments, including *Oil States* and its discussion of public rights in context of patent validity); Richard A. Epstein, *The Supreme Court Tackles Patent Reform: A Series of Articles Examining Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, 19 FEDERALIST SOC'Y REV. 132, 139–41 (2018) (examining the effects of the *inter partes* review system and the separation of powers issues it has raised).

<sup>365</sup> See *Oil States*, 584 U.S. at 349–54 (Gorsuch, J., dissenting).

<sup>366</sup> *Id.* at 346.

<sup>367</sup> 594 U.S. 1 (2021).

<sup>368</sup> See *id.* at 6.

<sup>369</sup> *Id.* at 14–15 (quoting *Edmond v. United States*, 520 U.S. 651, 665 (1997)).

In doing so, the Court primarily distinguished the APJs from the adjudicative officials in *Edmond v. United States*,<sup>370</sup> who were ultimately found to be inferior officers of the Coast Guard Court of Criminal Appeals as they were supervised by a combination of a principal officer, Judge Advocate General, and an executive tribunal who could review the judges' decisions *de novo*.<sup>371</sup> In distinguishing the APJs from the Coast Guard officials, the Court addressed the constitutional "problem" with the PTAB adjudicatory system that prevented the PTO's Director from reviewing the APJs' decisions, at odds with, *e.g.*, the Federalist Papers No. 70,<sup>372</sup> prior precedent,<sup>373</sup> and the rich history concerning the Appointments Clause in non-patent contexts like the Commissioner of the General Land Office in *Barnard v. Ashley*,<sup>374</sup> special trial judges on behalf of the Tax Court in *Freytag v. Commissioner*,<sup>375</sup> and the Civilian and Postal Boards of Contract Appeals.<sup>376</sup>

Like with *Oil States*, we observe *Arthrex*'s applicability to non-patent contexts, such as the Appointments Clause. Many scholars have commented on *Arthrex*'s constitutional implications beyond strictly patent contexts.<sup>377</sup> And we also observe the Supreme Court's corresponding deviation from the paradigm. First, there is no apparent repudiation of the Federal Circuit's prior ruling. Second, we see no unanimity: Justice Gorsuch, in his concurrence, cited back to his dissent in *Oil States* and offered "traditional remedial principles" to guide the Court's remedy;<sup>378</sup> Justice Breyer, in agreeing with the majority, offered a functional perspective to understanding the important role of the PTAB;<sup>379</sup> and Justice Thomas, in his dissent, argued how the existing PTAB regime was constitutional, and that the majority "creat[ed] a new form of

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<sup>370</sup> 520 U.S. 651 (1997).

<sup>371</sup> See *Arthrex*, 594 U.S. at 13–14.

<sup>372</sup> See *id.* at 16 (quoting THE FEDERALIST NO. 70, at 476 (A. Hamilton)).

<sup>373</sup> See *id.* at 13–14.

<sup>374</sup> 59 U.S. (18 How.) 43 (1855); see *Arthrex*, 594 U.S. at 19.

<sup>375</sup> 501 U.S. 868 (1991); see *Arthrex*, 594 U.S. at 20.

<sup>376</sup> See *Arthrex*, 594 U.S. at 21.

<sup>377</sup> See, *e.g.*, Laura Stanley, Essay, *Supervising Guantanamo Tribunals: Appointments Clause Challenges After Arthrex*, 90 GEO. WASH. L. REV. 1265, 1285–87 (2022) (arguing *Arthrex* to permit defendants to continually raise Appointments Clause challenges against the Military Commissions Act); Madeline Hyde Elkins, Note, *The Politic of Agency Adjudication After United States v. Arthrex*, 37 BERKELEY TECH. L.J. 1331, 1359–64 (2022) (discussing how *Arthrex*, *e.g.*, "leave[s] little room of independent adjudication"; and blurs the line between due process and extrajudicial executive control).

<sup>378</sup> See *Arthrex*, 594 U.S. at 31–32 (Gorsuch, J., concurring-in-part and dissenting-in-part).

<sup>379</sup> See *id.* at 38–44 (Breyer, J., concurring-in-part and dissenting-in-part).

intrabranched separation-of-powers law.”<sup>380</sup> We further see a lack of high-level guidelines purely applicable to patent contexts.

Third, consistent with *Oil States*, *Arthrex* was accompanied with concurrences and dissents implicating substantively non-patent issues. Justice Gorsuch, in his concurrence-in-part, remarked on the importance of Article II and the executive’s separate powers forming the basis for his joining the majority’s non-severability analysis.<sup>381</sup> Justice Gorsuch cited his dissent in *Oil States* to reiterate his belief in the prior majority’s departure from the traditional understanding that an issued patent was a vested property right, not public right.<sup>382</sup> And his dissent-in-part addressed the majority’s severability remedy, and suggested adhering to “traditional remedial principles” that decline to enforce unconstitutional statutes, citing a string of non-patent related cases in support.<sup>383</sup> At a high level, Justice Gorsuch found issue with the majority’s “[s]peculation” in what “Congress would have done if confronted with a contingency” — an issue certainly not unique to patent law.<sup>384</sup>

The other concurrences and dissents followed a similar style of analysis, which this Article will not comprehensively address here. For instance, Justice Breyer, in his concurrence-in-part and dissent-in-part joined by Justices Sotomayor and Kagan, provided his perspective on the degree of judicial deference the Appointments Clause provides Congress, suggesting “[e]ven a small degree” of deference suffices.<sup>385</sup> His concurrence reads as his theory of the Appointments Clause applied to this specific patent context, supported by precedent.<sup>386</sup> Much of the complex discourse among the Justices

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<sup>380</sup> *Id.* at 44–68 (Thomas, J., dissenting).

<sup>381</sup> *See id.* at 27–30 (Gorsuch, J., concurring-in-part and dissenting-in-part).

<sup>382</sup> *See id.* at 27; *see also* Elkins, *supra* note 377, at 1347 (discussing Justice Gorsuch’s concurring-in-part to raise a separate Due Process Clause problem due to a patent invoking an inherent private right).

<sup>383</sup> *See Arthrex*, 594 U.S. at 32–33 (first citing *Barr v. Am. Ass’n of Pol. Consultants, Inc.*, 590 U.S. 610 (2020) (Gorsuch, J., concurring-in-part and dissenting-in-part); then citing *Murphy v. Nat’l Collegiate Athletic Ass’n*, 584 U.S. 453 (2018) (Thomas, J., concurring); and then citing *Pereida v. Wilkinson*, 592 U.S. 224 (2021)).

<sup>384</sup> *Id.* at 35.

<sup>385</sup> *Id.* at 39 (Breyer, J., concurring-in-part and dissenting-in-part); *see also* Elkins, *supra* note 377, at 1348 (acknowledging Justice Breyer’s concurrence notes how deference should be provided because, e.g., there was “clear legislative intent to give APJs independence”).

<sup>386</sup> *See Arthrex*, 594 U.S. at 39–41 (Breyer, J., concurring-in-part and dissenting-in-part); *see also* Elkins, *supra* note 377, at 1348 (acknowledging Justice Breyer’s “functionalist interpretation” of the Appointments Clause giving rise to the deferential viewpoint as applied to the PTAB).

in their concurrences and dissents suggest *Arthrex's* expansive scope outside of patent law.<sup>387</sup>

### 3. Concluding Observations

While the concurrences and dissents on the edge and outside of the paradigm similarly implicate issues outside of non-patent contexts, the primary difference is that patent law in cases outside of the paradigm is secondary, whereas patent law in cases at the edge of the paradigm is still primary.

## Conclusion

Viewing the Supreme Court's treatment of the Federal Circuit through a paradigmatic lens, while not perfect, provides scholars with a way of understanding how the Supreme Court shapes patent law; and also serves as a useful predictive tool for future cases. Patent law, while not frequently considered by the Supreme Court, implicates countless industries and is undoubtedly critical to the increasingly technologically-driven economy. In particular, the Supreme Court recently granted certiorari in *Hikma Pharmaceuticals USA Inc. v. Amarin Pharma, Inc.*,<sup>388</sup> a case concerning skinny label patenting and induced infringement.<sup>389</sup> Though the questions presented concern substantive patent law involving skinny labels and induced patent infringement, the issues largely implicate pleading standards for induced infringement.<sup>390</sup>

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<sup>387</sup> See, e.g., Elkins, *supra* note 377, at 1349–50 (noting Justice Thomas's dissent criticizing the majority of "creating a form of *intra*-branch separation of powers law by creating doctrines of 'principal-officer power' and 'inferior-officer power' for which he [saw] no support for in the text of the Appointments Clause"); Russell W. Jacobs, *The Copyright Claims Board and the Appointments Clause*, 2021 U. ILL. L. REV. ONLINE 85, 88–95 (2021) (arguing that the Copyright Claims Board likely would survive an Appointments Clause challenge in light of *Arthrex*); Noah A. Rosenblum & Roderick M. Hills, Jr., *Presidential Administration After Arthrex*, DUKE L.J. (forthcoming 2026) (manuscript at 2, 68–82) (offering a "middle road" to "reconcile presidentialism with the Constitution" in an effort to "distinguish cases where the president may exercise control of the bureaucracy to realize his policy from those where law may appropriately limit him to mere supervision in the name of good administration"); Damien M. Schiff & Oliver J. Dunford, *Distinguishing Between Inferior and Non-Inferior Officers Under the Appointments Clause — A Question of "Significance"*, 74 RUTGERS U.L. REV. 469, 470, 519–20 (2022) (suggesting the Supreme Court's shift to a "plain significance standard" to better interpret the Appointments Clause in light of its original meaning; and how such understanding extends to other removal-power cases like *Collins v. Yellen* implicating the Federal Housing Finance Agency).

<sup>388</sup> No. 24-889, 2026 WL 120677 (Jan. 16, 2026).

<sup>389</sup> See Petition for Writ of Certiorari at 1–2, *Hikma Pharms. USA Inc. v. Amarin Pharma, Inc.*, No. 24-889 (Feb. 14, 2025).

<sup>390</sup> See *id.* at 16–25.

Indeed, several Justices during oral argument considered whether there was any need for “special rules” specific to patent contexts, or whether existing Supreme Court precedent was enough to resolve the case,<sup>391</sup> reminiscent of step 3. This Article posits that the case is reminiscent of those discussed in Section III.B (*i.e.*, at the edge of the paradigm), suggesting that the Supreme Court will likely rule unanimously or near-unanimously, and likely reject the Federal Circuit’s prior formulation of the doctrine. In any event, this Article hopes that its characterization of the Supreme Court’s paradigmatic treatment of the Federal Circuit provides readers with a level of certainty amidst the considerable uncertainty created by the modern Supreme Court’s patent jurisprudence.

#### IV. Appendix

Of the forty-eight Supreme Court patent cases decided in the year 2000 and beyond, twenty-eight were decided unanimously. Of the remaining twenty, twelve were decided with less than or equal to two dissenting Justices.

*Quanta Comput., Inc. v. LG Elecs., Inc.* (2008) (**unanimous**)

*Bowman v. Monsanto Co.* (2013) (**unanimous**)

*Commil USA, LLC v. Cisco Sys., Inc.* (2015) (5-1(Joined-in-Part (“JIP”))-2(dissent))

*KSR Int’l Co. v. Teleflex Inc.* (2007) (**unanimous**)

*Return Mail, Inc. v. U.S. Postal Serv.* (2019) (6-3(dissent))

*Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC* (2018) (7-3(concur)-2(dissent))

*Cuozzo Speed Techs., LLC. v. Lee* (2016) (6-1(concur)-2(Concurring-in-Part (“CIP”)/Dissenting-in-Part (“DIP”))

*Limelight Networks, Inc. v. Akamai Techs., Inc.* (2014) (**unanimous**)

*WesternGeco LLC v. ION Geophysical Corp.* (2018) (7-2(dissent))

*Kimble v. Marvel Ent., LLC* (2015) (6-3(dissent))

*Alice Corp. Pty. Ltd. v. CLS Bank Int’l* (2014) (**unanimous**, 3(concur))

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<sup>391</sup> See Transcript of Oral Argument at 8:13–10:1, *Hikma Pharms. USA Inc. v. Amarin Pharma, Inc.*, \_\_\_ U.S. \_\_\_ (2026) (No. 24-889) (Justice Sotomayor considering whether any “special rules” are necessary to resolve the case, or whether the *Twombly/Iqbal* standard is sufficient); 36:12–22 (Justice Barrett commenting that the case seemed to be “a pretty fact-bound case about the plausibility standard” without needing to “reach any kind of greater issue” beyond the pharmaceutical industry); 51:15–53:9 (Justice Gorsuch considering the distinct antitrust/intent context of *Twombly* when applied to this case).

*Bilski v. Kappos* (2010) (4-4(CIJ))-2(CIJ))  
*Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.* (2002) **(unanimous)**  
*Impression Prods., Inc. v. Lexmark Int'l, Inc.* (2017) (7-1(CIP/DIP))  
*Global-Tech Appliances, Inc. v. SEB S.A.* (2011) (8-1(dissent))  
*Assoc. for Molecular Pathology v. Myriad Genetics, Inc.* (2013) (8-1(CIP/Concurring in the Judgement ("CIJ"))))  
*Nautilus, Inc. v. Biosig Instruments, Inc.* (2014) **(unanimous)**  
*Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.* (2014) **(unanimous)**  
*Octane Fitness, LLC v. ICON Health & Fitness, Inc.* (2014) (8-1(JIP))  
*Merck KGaA v. Integra Lifesciences I, Ltd.* (2005) **(unanimous)**  
*Amgen Inc. v. Sanofi* (2023) **(unanimous)**  
*Samsung Elecs. Co., Ltd. v. Apple Inc.* (2016) **(unanimous)**  
*Halo Elecs., Inc. v. Pulse Elecs., Inc.* (2016) **(unanimous, 3(concur))**  
*Kappos v. Hyatt* (2012) **(unanimous, 2(concur))**  
*Peter v. Nantkwest, Inc.* (2019) **(unanimous)**  
*Medtronic, Inc. v. Mirowski Family Ventures, LLC* (2014) **(unanimous)**  
*SAS Institute, Inc. v. Iancu* (2018) (5-4(dissent)-4(dissent))  
*Helsinn Healthcare S.A. v. Teva Pharms. USA, Inc.* (2019) **(unanimous)**  
*Microsoft Corp. v. i4i Ltd. P'ship* (2011) (7-3(concur)-1(CIJ))  
*Mayo Collaborative Servs. v. Prometheus Lab'ys, Inc.* (2012) **(unanimous)**  
*Minerva Surgical, Inc. v. Hologic, Inc.* (2021) (5-1(dissent)-3(dissent))  
*MedImmune, Inc. v. Genentech, Inc.* (2007) (8-1(dissent))  
*Life Techs. Corp. v. Promega Corp.* (2017) (5-2(CIP/CIJ))  
*Microsoft Corp. v. AT&T Corp.* (2007) (4-3(concur except n.14)-1(dissent))  
*Teva Pharms. USA, Inc. v. Sandoz, Inc.* (2015) (7-2(dissent))  
*J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc.* (2001) (6-2(dissent))  
*United States v. Arthrex* (2021) (complicated)  
*SCA Hygiene Prods. Aktiebolag v. First Quality* (2017) (7-1(dissent))  
*FTC v. Actavis, Inc.* (2013) (5-3(dissent))  
*Thryv, Inc. v. Click-To-Call Techs., LP* (2020) (5-2(JIP)-2(dissent))  
*eBay Inc. v. MercExchange, LLC* (2006) **(unanimous, 3(concur), 4(concur))**  
*Sandoz Inc. v. Amgen Inc.* (2017) **(unanimous, 1(concur))**

*Bd. of Trs. of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*  
(2011) (7-1(concur)-2(dissent))

*Gunn v. Minton* (2013) (**unanimous**)

*TC Heartland LLC v. Kraft Foods Grp. Brands LLC* (2017) (7-1(JIP))

*Illinois Tool Works Inc. v. Independent Ink, Inc.* (2006) (**unanimous**)

*Unitherm Food Sys., Inc. v. Swift-Eckrich, Inc.* (2006) (7-2(dissent))

*Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.* (2002)  
(6-1(JIP)-1(CIP/CIJ)-2(CIJ))



# U.S. International Trade Commission Authority Over Articles that Infringe After Importation: Examining *Suprema* Following *Loper Bright*

Philip DeCocco\*

## Introduction

Imagine this hypothetical:

Company A develops and manufactures handheld radios abroad that do not infringe on a U.S. patent only because they lack a unique battery. Company A sells and imports the radio to Company B. In the United States, Company B makes unique batteries specific to the radio (exact size, capacity, and voltage), inserts them into the radios, and sells them.<sup>1</sup>

The actions taken by the companies in this hypothetical are currently illegal under U.S. law but may soon be legal in a post-*Chevron* world.<sup>2</sup> Without the *Chevron* doctrine, companies like A and B may be permitted to import and sell products that would currently infringe U.S. patents.<sup>3</sup> Congress enacted 19 U.S.C. § 1337 (“Section 337”) with the goal of stopping unfair trade practices in the importation of goods.<sup>4</sup> Under current precedent, Companies A and B cannot evade the enforcement mechanisms of Section 337.<sup>5</sup> However, a

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<sup>1</sup> See Brian Johnson, *Chevron, Suprema and the Case of the Disappearing ITC Importation Requirement*, IPWATCHDOG (Jul. 31, 2024, 08:15 AM), [<https://perma.cc/N8F7-RCSV>] (describing a similar battery hypothetical).

<sup>2</sup> See *id.*; *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 842–43 (1984) (introducing the two-step review for agency interpretations known as the “*Chevron* doctrine”), *overruled by* *Loper Bright Enters. v. Raimondo*, 144 S. Ct. 2244 (2024).

<sup>3</sup> See Johnson, *supra* note 1.

<sup>4</sup> See Tariff Act of 1930, 19 U.S.C. § 1337; *Understanding Investigations of Intellectual Property Infringement and Other Unfair Practices In Import Trade (Section 337)*, U.S. INT’L TRADE COMM’N, [<https://perma.cc/S8HQ-KE3E>] (last visited Apr. 1, 2026).

<sup>5</sup> See *Suprema, Inc. v. Int’l Trade Comm’n*, 796 F.3d 1338, 1349 (Fed. Cir. 2015) (*Suprema II*).

post-*Chevron* world threatens to open the U.S. border for Companies like A and B to circumvent liability under Section 337 and thus harm patent holders.<sup>6</sup>

The U.S. International Trade Commission (“ITC”) provides patent owners an efficient means to bar infringing goods<sup>7</sup> from entering the market. After finding a violation of Section 337, the ITC provides swift relief through exclusion and cease and desist orders.<sup>8</sup> Such orders by the ITC prevent infringing products from entering the U.S. thereby minimizing their market impact.<sup>9</sup>

The standard of review used by courts in determining the level of deference an agency receives in its interpretation of a statute significantly changed in June 2024.<sup>10</sup> For decades *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*<sup>11</sup> provided courts with the standard for reviewing agency decisions, the *Chevron* doctrine.<sup>12</sup> The *Chevron* doctrine required courts to defer to an agency’s interpretation if the agency passed a two-step test.<sup>13</sup> However, the *Chevron* standard was overruled in 2024 in *Loper Bright Enterprises v. Raimondo*.<sup>14</sup> Instead, *Loper Bright* requires that courts determine a statute’s proper interpretation by carrying out an independent review of the agency’s interpretation.<sup>15</sup> With *Chevron* now obsolete, courts may refer to the standard established in *Skidmore v. Swift & Co.*<sup>16</sup> Unlike *Chevron*, courts are neither required to use *Skidmore*, nor is full deference to an agency required.<sup>17</sup> *Skidmore* is utilized to determine the level of respect given to an agency because of its expertise and the interpretation’s historical consistency, among other factors.<sup>18</sup>

The United States Court of Appeals for the Federal Circuit (“CAFC”) first interpreted Section 337 in *Suprema, Inc. v. International Trade Commission (Suprema I)*<sup>19</sup> in 2013 to not allow the ITC to enforce Section 337 for induced

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<sup>6</sup> See *Suprema, Inc. v. Int’l Trade Comm’n*, 742 F.3d 1350, 1372 (Fed. Cir. 2013) (*Suprema I*) (Reyna, J., concurring-in-part, dissenting-in-part).

<sup>7</sup> Within this Note, “articles” and “goods” are used interchangeably.

<sup>8</sup> See *About Section 337*, U.S. INT’L TRADE COMM’N, [<https://perma.cc/X7RQ-UHUD>] (last visited Apr. 1, 2026).

<sup>9</sup> See *id.*

<sup>10</sup> See *Loper Bright Enters. v. Raimondo*, 144 S. Ct. 2244, 2273 (2024).

<sup>11</sup> 467 U.S. 837 (1984).

<sup>12</sup> See *id.* at 842–43.

<sup>13</sup> See *id.*

<sup>14</sup> 144 S. Ct. 2244, 2273 (2024).

<sup>15</sup> See *id.*

<sup>16</sup> 323 U.S. 134 (1944); see *Loper Bright*, 144 S. Ct. at 2259, 2267.

<sup>17</sup> See *Loper Bright*, 144 S. Ct. at 2267.

<sup>18</sup> See *Skidmore*, 323 U.S. at 140.

<sup>19</sup> 742 F.3d 1350 (Fed. Cir. 2013).

infringers, which are entities that import articles that will be directly infringed after the time of their importation.<sup>20</sup> However, a few years later there was en banc appeal of *Suprema I*, *Suprema, Inc. v. International Trade Commission* in 2015 (*Suprema II*).<sup>21</sup> The CAFC, in *Suprema II*, interpreted Section 337 to cover articles that infringe by means of induced infringement when the relational finding of direct infringement will not happen until after importation.<sup>22</sup>

This Note argues that the legal challenges to *Suprema II* threaten the CAFC's precedential interpretation of Section 337 and subsequently the ITC's authority over some of Section 337's investigations. The CAFC can maintain the *Suprema II* interpretation by addressing legal challenges through an independent review of Section 337's text, congressional intent, and its prior amendments, and application of *Skidmore* deference. Part I provides an overview of the investigation process and the past, present, and threatened future of *Suprema II*'s interpretation of Section 337. Part II of this Note analyzes the history of the statute and its interpretations considering *Loper Bright*. In Part III there are recommendations on what a future CAFC opinion should look like when faced with *Suprema II* challenges, including how *Skidmore* deference should be utilized in a future opinion.

## I. Background

The ITC's Section 337 investigations have become a powerful tool in combating the importation of patent infringing products.<sup>23</sup> The CAFC's interpretation of Section 337 may impact the ITC's authority and scope of its Section 337 investigations.<sup>24</sup> The CAFC must analyze the ITC's Section 337 interpretations using the evolving standards of administrative law.<sup>25</sup> Several precedential cases by the ITC and the CAFC interpret the pertinent text of Section 337(a)(1)(B)(i) in determining whether liability for induced infringers may occur at the time of an infringing article's importation.<sup>26</sup>

Section 1337(a)(1)(B)(i) makes unlawful:

(B) The importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles

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<sup>20</sup> See *id.* at 1360–61.

<sup>21</sup> 796 F.3d 1338 (Fed. Cir. 2015).

<sup>22</sup> See *id.* at 1349.

<sup>23</sup> See U.S. INT'L TRADE COMM'N, *supra* note 8; CONG. RSCH. SERV., IF12295, AN INTRODUCTION TO SECTION 337 INTELLECTUAL PROPERTY LITIGATION AT THE U.S. INTERNATIONAL TRADE COMMISSION 1 (2024).

<sup>24</sup> See *infra* Section I.A.

<sup>25</sup> See *infra* Section I.B.

<sup>26</sup> See *infra* Section I.C.

that—(i) infringe a valid and enforceable United States patent or a valid and enforceable United States copyright registered under Title 17.<sup>27</sup>

*Suprema I* and *Suprema II* provide the foundation from which the current Section 337 interpretation came to exist.<sup>28</sup> As *Loper Bright* threatens *Suprema II* for its reliance on *Chevron*, legal challenges to *Suprema II* have arisen and will soon be analyzed.<sup>29</sup>

### A. Overview of Section 337 Investigations

The ITC makes its determinations regarding Section 337 of the Tariff Act of 1930 by conducting unfair import investigations.<sup>30</sup> Under the Administrative Procedure Act and Section 337, investigations include a trial before an administrative law judge (“ALJ”) and review by the ITC.<sup>31</sup> The number of Section 337 investigations has increased from twenty-seven active investigations in 2000 to 108 in 2024.<sup>32</sup> Most Section 337 investigations involve intellectual property rights in the form of allegations of patent infringement by imported goods.<sup>33</sup>

The ITC’s Section 337 investigations provide a path for patent owners seeking to curtail the infringement of their patents by imported articles.<sup>34</sup> From 2020 to 2024 the average length of a Section 337 investigation in which the ITC rendered a final determination on the merits was just under a year and a half.<sup>35</sup> The alternative venue of adjudication, the U.S. district courts, typically takes three to five years from the filing of the complaint to the final judgment.<sup>36</sup> With regard to decision-makers, the ITC’s ALJs are specialized

<sup>27</sup> 19 U.S.C. § 1337(a)(1)(B)(i).

<sup>28</sup> See *Suprema I*, 742 F.3d 1350, 1360–61 (Fed. Cir. 2013); *Suprema II*, 796 F.3d 1338, 1349 (Fed. Cir. 2015).

<sup>29</sup> See *infra* Part I.D.

<sup>30</sup> See U.S. INT’L TRADE COMM’N, *supra* note 8.

<sup>31</sup> See *id.*

<sup>32</sup> CONG. RSCH. SERV., *supra* note 23, at 1 (stating number of active investigations in 2000); *Section 337 Statistics: Number of New, Completed, and Active Investigations By Fiscal Year (Updated Quarterly)*, U.S. INT’L TRADE COMM’N (Feb. 2, 2026), [https://perma.cc/ENH3-XA83] (stating number of active investigations in 2024).

<sup>33</sup> See CONG. RSCH. SERV., *supra* note 23, at 1 (“Section 337 expressly encompasses infringement of patents, copyrights, [and] trademarks . . . . It also extends generally to ‘unfair methods of competition and unfair acts,’ which include trade-secret misappropriation and non-IP claims.”).

<sup>34</sup> See U.S. INT’L TRADE COMM’N, *supra* note 8.

<sup>35</sup> *Section 337 Investigations: Average Length of Investigations*, U.S. INT’L TRADE COMM’N (Feb. 3, 2026), [https://perma.cc/LJU5-VSWF].

<sup>36</sup> See CHARLES SHIFLEY & JOSEPH BERGHAMMER, BANNER & WITCOFF, LTD., *THE BASICS OF U.S. PATENT LITIGATION* 1 (2002), [https://perma.cc/QCH9-L24J]; PETER S. MENELL

in presiding over Section 337 investigations whereas many district judges have relatively modest experience with patent cases.<sup>37</sup> Patent holders seeking to enforce all of their rights may choose to also pursue action in the district courts, which may grant monetary relief, unlike the ITC, which is limited to only injunctive relief.<sup>38</sup>

To establish a violation of Section 337 regarding a patent claim, the complainant must prove (1) that the alleged article being imported by the respondent infringes a patent,<sup>39</sup> and (2) there is a domestic industry relating to the protected articles or such an industry is in the process of being established.<sup>40</sup> If the ITC determines there to be a violation of Section 337, remedies are available in the form of limited exclusion, general exclusion, and cease and desist orders.<sup>41</sup> The default exclusion remedy is a limited exclusion order, which forbids the named respondent from importing the infringing articles into the United States.<sup>42</sup> A general exclusion order forbids both named and unnamed respondents from importing the infringing articles.<sup>43</sup> Exclusion orders are enforced by U.S. Customs and Border Protection and go into effect immediately, but upon posting a bond the articles may continue to be imported during a 60-day Presidential Review period.<sup>44</sup> Cease and desist orders are typically used against respondents who might be able to circumvent an exclusion order by having significant inventory or operations in the United States.<sup>45</sup> Cease and desist orders are issued by the ITC, and violation of such order may result in civil penalties.<sup>46</sup>

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ET AL., SECTION 337 PATENT INVESTIGATION MANAGEMENT GUIDE § 1.4, LexisNexis (2012).

<sup>37</sup> See MENELL ET AL., *supra* note 36, § 1.4.

<sup>38</sup> See *id.*

<sup>39</sup> See 19 U.S.C. § 1337(a)(1)(B); *Broadcom Corp. v. Int'l Trade Comm'n*, 28 F.4th 240, 249 (Fed. Cir. 2022).

<sup>40</sup> See 19 U.S.C. §§ 1337(a)(2)–(3); *Broadcom*, 28 F.4th at 249 (“[T]he domestic industry requirement consists of an ‘economic prong’ and a ‘technical prong.’” (citing *Alloc, Inc. v. Int'l Trade Comm'n*, 342 F.3d 1361, 1375 (Fed. Cir. 2003))).

<sup>41</sup> See 19 U.S.C. §§ 1337(d), (f) (exclusion orders; cease and desist orders).

<sup>42</sup> See *Kyocera Wireless Corp. v. Int'l Trade Comm'n*, 545 F.3d 1340, 1356 (Fed. Cir. 2008).

<sup>43</sup> See *id.* (a general exclusion order is only available under “two exceptional circumstances”).

<sup>44</sup> See 19 U.S.C. §§ 1337(d)–(e); 19 C.F.R. § 12.39; MENELL ET AL., *supra* note 36, § 1.3.2.1.

<sup>45</sup> See CONG. RSCH. SERV., *supra* note 23, at 1–2.

<sup>46</sup> 19 U.S.C. § 1337(f)(2).

## B. Administrative Law – *Chevron*, *Loper Bright*, *Skidmore*

Under the *Chevron* doctrine, courts would determine whether to defer to an agency’s interpretation of a statute.<sup>47</sup> Courts were bound to use *Chevron*’s doctrine in applicable agency interpretation issues.<sup>48</sup> Application of the *Chevron* doctrine is comprised of two steps.<sup>49</sup> In step one of the *Chevron* test, the court determines “whether Congress has directly spoken to the precise question at issue.”<sup>50</sup> If they have, then the court’s analysis ends.<sup>51</sup> If not, then the court proceeds to step two.<sup>52</sup> In step two, the court determines whether the agency’s interpretation is reasonable.<sup>53</sup> The court must defer to the agency’s interpretation if it is reasonable.<sup>54</sup>

Courts may no longer use the *Chevron* doctrine.<sup>55</sup> On June 28, 2024, in *Loper Bright*, the United States Supreme Court (“Supreme Court”) overruled *Chevron* and disallowed the reliance and use of its doctrine by future courts in determining whether an agency interpretation is acceptable.<sup>56</sup> *Loper Bright* is clear in its holding that prior cases relying on *Chevron* deference are not unilaterally overturned because mere reliance “is not enough to justify overruling a statutory precedent.”<sup>57</sup> Courts must now use their independent judgment when determining whether an agency acted within its authority.<sup>58</sup> Further, regardless of whether an agency interpretation is ambiguous, the court may not defer its responsibility to interpret ambiguity to the agency.<sup>59</sup>

Post-*Loper Bright*, courts seeking to determine the appropriate deference given to an agency’s interpretation may look to the guidance set out in *Skidmore v. Swift & Co.*<sup>60</sup> Under *Skidmore*, the amount of weight given to an

<sup>47</sup> See *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 842–43 (1984), overruled by *Loper Bright Enters. v. Raimondo*, 144 S. Ct. 2244 (2024).

<sup>48</sup> See *id.*

<sup>49</sup> See *id.*

<sup>50</sup> *Id.* at 842.

<sup>51</sup> See *id.* at 842–43.

<sup>52</sup> See *id.* at 843.

<sup>53</sup> See *id.*

<sup>54</sup> See *id.* at 844.

<sup>55</sup> See *Loper Bright Enters. v. Raimondo*, 144 S. Ct. 2244, 2273 (2024) (“*Chevron* is overruled.”).

<sup>56</sup> See *id.*

<sup>57</sup> *Id.* (“Mere reliance on *Chevron* cannot constitute a ‘special justification’ for overruling such a holding, because to say a precedent relied on *Chevron* is, at best, ‘just an argument that the precedent was wrongly decided.’”).

<sup>58</sup> See *id.*

<sup>59</sup> See *id.*

<sup>60</sup> See *id.* at 2267 (citing *Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944)); Yar R. Chaikovskiy et al., *Chevron is Done — What Does Loper Mean for the PTAB and ITC?*,

agency depends on “the thoroughness evident in its consideration, the validity of its reasoning, its consistency with earlier and later pronouncements, and all those factors which give it power to persuade, if lacking power to control.”<sup>61</sup> *Skidmore* provides courts with guidance on when an agency’s expertise may be duly respected.<sup>62</sup> *Skidmore* does not mandate deference as *Chevron* did, nor does it require the court to take into account the *Skidmore* factors.<sup>63</sup>

*Skidmore* is not *Chevron*, and the extent to which it fills the holes that *Chevron* leaves remains not fully tested.<sup>64</sup> But the courts are not left guideless.<sup>65</sup> In *Loper Bright*, the Supreme Court instructed lower tribunals to exercise independent judgment to distill a statute’s meaning; but, where appropriate, the court may use the experienced judgment of agencies as guidance to aid their decisions (i.e. *Skidmore*).<sup>66</sup> Despite *Loper Bright*’s reference to *Skidmore*, the Supreme Court has yet to decide any new cases challenging *Chevron* using *Skidmore* analysis.<sup>67</sup> In 19 of 20 federal court rulings “on agency actions that cited *Loper Bright* . . . of decisions issued between June 28 and July 26[ , 2024]” the court did not refer to *Skidmore*.<sup>68</sup> However, on September 11, 2024, the United States Court of Appeals for the Ninth Circuit (“Ninth Circuit”) used *Skidmore*.<sup>69</sup> Having co-existed with *Chevron* for 30 years, the boundaries of *Skidmore* absent *Chevron* are not recently well-defined by courts.<sup>70</sup> Further,

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WHITE & CASE (July 1, 2024), [https://perma.cc/49EF-RD4C].

<sup>61</sup> *Skidmore*, 323 U.S. at 140.

<sup>62</sup> *See id.* (“[W]hile not controlling upon the courts by reason of their authority, [agency rulings] do constitute a body of experience and informed judgment to which courts and litigants may properly resort for guidance.”).

<sup>63</sup> *See id.*

<sup>64</sup> *See* Robert Iafolla, *Courts Show Little Interest in Skidmore as a Chevron Alternative*, BLOOMBERG LAW (July 29, 2024), [https://perma.cc/5Q3E-GB3R] [hereinafter Iafolla, *Courts Show Little Interest in Skidmore*]; Robert Iafolla, *Appeals Courts Wrestling With Agency Leeway After Chevron’s End*, BLOOMBERG LAW (July 14, 2025), [https://perma.cc/Y8AR-J5FK] [hereinafter Iafolla, *Appeals Courts Wrestling With Agency Leeway*].

<sup>65</sup> *See Loper Bright*, 144 S. Ct. at 2266 (describing how courts understand that, regardless of statutory ambiguity, there is a best meaning that can be determined using the tools at their disposal).

<sup>66</sup> *See id.* at 2267.

<sup>67</sup> *See* Abbe Gluck, *A Year After Loper Bright: Textualism, Shadow Skidmore, and a New Major Questions Exception*, SCOTUSBLOG (Oct. 16, 2025), [https://perma.cc/9XP6-FCK8].

<sup>68</sup> Iafolla, *Courts Show Little Interest in Skidmore*, *supra* note 64.

<sup>69</sup> *See* Lopez v. Garland, 116 F.4th 1032, 1039–40 (9th Cir. 2024); Christopher J. Walker, *Some Thoughts on Skidmore Weight After Loper Bright*, YALE J. ON REG.: NOTICE & COMMENT BLOG (Nov. 22, 2024), [https://perma.cc/3978-BK5C].

<sup>70</sup> *See* Iafolla, *Appeals Courts Wrestling With Agency Leeway*, *supra* note 64; Iafolla, *Courts Show Little Interest in Skidmore*, *supra* note 64.

challenges to the Ninth Circuit's opinion suggests that *Skidmore* still requires further developing before there can be stable reliance on its precedent.<sup>71</sup>

### C. Interpretation of 1337(a)(1)(B)(i): ITC Investigation, *Suprema I*, *Suprema II*

*Suprema I* and *Suprema II* focus on the interpretation of “articles that infringe.”<sup>72</sup> Specifically, the issue is whether “articles that infringe” applies only to those articles which infringe at the time of importation, or if it also extends to those which do not infringe until after the time of importation.<sup>73</sup>

The path to the CAFC's current interpretation of “articles that infringe” began with a Section 337 investigation and determination and subsequent appeal in *Suprema I*.<sup>74</sup> Two years later, the CAFC reinterpreted the text in *Suprema II* thereby vacating the *Suprema I* interpretation.<sup>75</sup> On May 10, 2010, Cross Match Technologies, Inc. (“Cross Match”), “a domestic supplier of fingerprint scanners,” filed a complaint with the ITC.<sup>76</sup> The complaint alleges a violation of Section 337 regarding patent infringement of, among others, Cross Match's patented fingerprint scanning method (“patent ‘344”)<sup>77</sup> by respondents Suprema, Inc. (“Suprema”) and Mentalix, Inc. (“Mentalix”).<sup>78</sup> After a Section 337 investigation, the ITC found Mentalix directly liable and Suprema liable for inducement of liability.<sup>79</sup> Subsequently, the ITC issued limited exclusion orders against both respondents and a cease-and-desist order against Mentalix.<sup>80</sup>

<sup>71</sup> See Walker, *supra* note 69.

<sup>72</sup> See *Suprema I*, 742 F.3d 1350, 1363 (Fed. Cir. 2013); *Suprema II*, 796 F.3d 1338, 1345 (Fed. Cir. 2015).

<sup>73</sup> See *Suprema II*, 796 F.3d at 1345; 19 U.S.C. § 1337(a)(1)(B)(i).

<sup>74</sup> See Certain Biometric Scanning Devices, Components Thereof, Associated Software, and Products Containing the Same, Inv. No. 337-TA-720, USITC Pub. 4366 (Feb. 2013) (Final); *Suprema I*, 742 F.3d at 1353.

<sup>75</sup> See *Suprema II*, 796 F.3d at 1352.

<sup>76</sup> See *In re Certain Biometric Scanning Devices*, Inv. No. 337-TA-720, 2011 ITC LEXIS 2154, at \*2 (Oct. 24, 2011); Matthew Davis, Note, *The Scope of § 337 Post-Suprema, Inc. v. International Trade Commission*, 81 Mo. L. REV. 811, 812 (2016).

<sup>77</sup> See *Suprema I*, 742 F.3d at 1353–54 (U.S. Patent No. 7,203,344 B2 contains “methods used by an optical scanning system to detect fingerprint images based on shape and area, and to determine fingerprint quality based on the detected shape and area”); U.S. Patent No. 7,203,344 B2 (issued Apr. 10, 2007).

<sup>78</sup> See *In re Certain Biometric Scanning Devices*, 2011 ITC LEXIS 2154, at \*2.

<sup>79</sup> See *id.* at \*5; *Suprema I*, 742 F.3d at 1353, 1358 (Mentalix directly infringed on patent ‘344 “by using its own software with imported Suprema scanners”).

<sup>80</sup> See *Suprema I*, 742 F.3d at 1353.

### 1. *Suprema I*

The ITC's determination<sup>81</sup> was appealed to the CAFC.<sup>82</sup> Upon appeal, the *Suprema I* court vacated the ITC's determination that the respondents infringed on patent '344.<sup>83</sup> The CAFC vacated the ruling by reasoning that liability, under § 1337(a)(1)(B)(i), cannot rely on a theory by which induced infringement exists without a prior finding of direct infringement; which would not happen until after the articles had been imported.<sup>84</sup> The *Suprema I* court further stated that the statute's "focus is on the infringing nature of the articles at the time of importation," not the party's intent.<sup>85</sup>

In examining the definition of patent infringement for Section 337, the *Suprema I* court looked to Section 271.<sup>86</sup> An entity that "makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefore" without authority is liable for direct infringement.<sup>87</sup> An entity is liable for inducement of infringement when they "actively and knowingly aid and abet another's direct infringement."<sup>88</sup>

In *Suprema I*, Judge Reyna dissented-in-part by rejecting the majority's determination that the ITC does not have the authority to stop induced infringement when the infringement occurs after the articles are imported.<sup>89</sup> Judge Reyna asserted that the majority's holding negates Section 337's Congressional purpose and the ITC's long established practice.<sup>90</sup> Judge Reyna stated that the original enactment of the Tariff Act of 1930 authorized the ITC "to investigate unfair acts or practices in the importation of articles, including those related to infringement of U.S. patents, and placed on the President the authority to exclude such articles at the border."<sup>91</sup> The Trade Act of 1974 expanded the ITC's authority to include exclusion orders.<sup>92</sup> The Tariff Act of 1930 was amended once more in 1988 to eliminate the

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<sup>81</sup> See *In re Certain Biometric Scanning Devices*, 2011 ITC LEXIS 2154, at \*5.

<sup>82</sup> See *Suprema I*, 742 F.3d at 1353 (the court consisted of a three-judge panel).

<sup>83</sup> See *id.*

<sup>84</sup> See *id.*

<sup>85</sup> *Id.* at 1358.

<sup>86</sup> See *id.* at 1359–60.

<sup>87</sup> 35 U.S.C. § 271(a).

<sup>88</sup> MENELL ET AL., *supra* note 36, § 15.4.1.3.1 (alterations omitted) (quoting *Water Techs. Corp. v. Calco, Ltd.*, 850 F.2d 660, 668 (Fed. Cir. 1988)); see 35 U.S.C. § 271(b).

<sup>89</sup> See *Suprema I*, 742 F.3d at 1371 (Reyna, J., concurring-in-part, dissenting-in-part).

<sup>90</sup> See *id.* at 1372 (Reyna, J., concurring-in-part, dissenting-in-part).

<sup>91</sup> *Id.* at 1373–74 (Reyna, J., concurring-in-part, dissenting-in-part) (citing The Tariff Act of 1930, ch. 497, Title III, § 337, 46 Stat. 590, 703 (1930)).

<sup>92</sup> See *id.* at 1374 (Reyna, J., concurring-in-part, dissenting-in-part) (citing The Trade Act of 1974, ch. 4, Title III, § 341, 88 Stat. 1978, 1981 (1975)).

domestic “injury requirement” contained in the prior versions of Section 337.<sup>93</sup> Eliminating the domestic injury requirement was intended to make Section 337 a “more effective remedy for the protection of U.S. intellectual property rights.”<sup>94</sup> With respect to the “long established” practice by the ITC, Judge Reyna’s dissent in *Suprema I* provided over a dozen ITC determinations and three CAFC cases in which “respondents actively induced direct infringement in the United States, infringement that did not occur until after importation of the articles involved.”<sup>95</sup>

## ***2. Suprema II: The Current Standard***

The CAFC’s decision in *Suprema I* generated considerable controversy, leading to an en banc appeal and many amicus briefs filed in connection.<sup>96</sup> Many of the briefs focused on the statutory interpretation and “whether the ITC should be afforded deference for its interpretation of its governing statute.”<sup>97</sup> The CAFC granted the en banc appeal to consider whether the ITC correctly concluded that Section 337 covered “the importation of articles used to infringe by the importer at the inducement of the articles’ seller.”<sup>98</sup> The court assessed the proper level of deference given to the ITC using the two-part test of *Chevron*.<sup>99</sup>

The CAFC held that Section 337 cleared step one of the *Chevron* analysis in stating “that Congress has not directly answered whether goods qualify as ‘articles that infringe’” when the importer “directly infringe[d] at the inducement of the goods’ seller.”<sup>100</sup> To reach its holding, the court first determined

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<sup>93</sup> *Id.*; see S. REP. NO. 100-71, at 127–29 (1987) (“The fundamental purpose of the amendments . . . is to strengthen the effectiveness of section 337 in addressing the growing problems being faced by U.S. companies from the importation of articles which infringe U.S. intellectual property rights.”); H.R. REP. NO. 100-40, pt. 1, at 154 (1987) (“This provision was included to highlight the importance that the Committee attaches to improving both domestic and international protection of U.S. intellectual property rights.”).

<sup>94</sup> *Suprema I*, 742 F.3d at 1374 (Reyna, J., concurring-in-part, dissenting-in-part) (first quoting S. REP. NO. 100-71, at 127–29 (1987); and then quoting H.R. REP. NO. 100-40, pt. 1, at 154–56 (1987)); see Omnibus Trade and Competitiveness Act of 1988, Pub. L. No. 100-418, § 1341, 102 Stat. 1107, 1212 (1988).

<sup>95</sup> *Suprema I*, 742 F.3d at 1372–73 nn.2–4 (Reyna, J., concurring-in-part, dissenting-in-part).

<sup>96</sup> See Eric J. Fues & Maximilienne Giannelli, *Asserting Method Patents at the ITC After Suprema—Same As It Ever Was?*, IP LITIGATOR, Nov.–Dec. 2015, at 4; *Suprema II*, 796 F.3d 1338, 1344 (Fed. Cir. 2015).

<sup>97</sup> Fues & Giannelli, *supra* note 96, at 4.

<sup>98</sup> *Suprema II*, 796 F.3d at 1344.

<sup>99</sup> See *id.* at 1346 (citing *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 842–43 (1984)).

<sup>100</sup> *Id.* at 1349.

that “‘articles that infringe’ does not map onto the Patent Act’s definition of infringement” in Section 271.<sup>101</sup> Further, if the phrase “articles that infringe” in Section 337 was unambiguous then it would demand absurd results from the pre-1994 version of Section 271(a), and require the Section to have excluded cases of direct infringement.<sup>102</sup>

The *Suprema II* court determined that the ITC’s interpretation was reasonable and thus satisfied the second step of the *Chevron* analysis because it is “consistent with the . . . text, policy, and legislative history of Section 337.”<sup>103</sup> Regarding the text, the court stated that when induced infringement “is accomplished by supplying an article, the article supplied can be an ‘article that infringes.’”<sup>104</sup> Further, inducement liability attaches at the time of the inducing activity, assuming that direct infringement eventually occurs;<sup>105</sup> regardless that inducement liability is still predicated on the direct infringement.<sup>106</sup> The ITC’s interpretation is within the scope of Section 337 as a whole and § 1337(a)(1)(B)’s language “sale within the United States *after* importation.”<sup>107</sup>

Regarding legislative history and policy, the *Suprema II* court analyzed the scope of Section 337 of the Tariff Act and Section 316 of the 1922 Tariff Act, which provided authority to the ITC’s predecessor, the U.S. Tariff Commission.<sup>108</sup> Section 316, “the ‘provision relating to unfair methods of competition in the importation of goods,’ was ‘broad enough to prevent every type and form of unfair practice . . . .’”<sup>109</sup> Although Section 337 superseded Section 316, Section 337 still provided the Tariff Commission with broad enough authority to address with all types of unfair trade practices.<sup>110</sup> The court also pointed towards the removal of a requirement that there be an injury of domestic industry through a 1988 amendment to Section 337.<sup>111</sup> Further, citing the U.S. House of Representatives and Senate Reports of the 1988 amendment, the *Suprema II* court stated that the purpose of the 1988 amendment to Section 337 was to strengthen the effectiveness of the statute

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<sup>101</sup> *Id.* at 1346.

<sup>102</sup> *Id.* at 1348.

<sup>103</sup> *Id.* at 1349.

<sup>104</sup> *Id.*

<sup>105</sup> *Id.* (citing *Standard Oil Co. v. Nippon Shokubai Kagaku Kogyo Co.*, 754 F.2d 345, 348 (Fed. Cir. 1985)).

<sup>106</sup> *See id.*

<sup>107</sup> *Id.* (emphasis added).

<sup>108</sup> *See id.* at 1350.

<sup>109</sup> *Id.* (emphasis omitted) (quoting S. REP. NO. 67-595, at 3 (1922)).

<sup>110</sup> *See id.* (citing Pub. L. No. 71-361, 46 Stat. 590 (1930)).

<sup>111</sup> *See id.* at 1351 (first citing H.R. REP. NO. 100-40, pt. 1, at 155 (1987); and then citing H.R. REP. NO. 100-576, at 112 (1988)).

towards the importation of infringing goods.<sup>112</sup> Regarding history, the court recognized that it had not previously questioned the authority of the ITC in interpreting Section 337 in this manner, but that it was consistent with prior holdings.<sup>113</sup> Accordingly, given the expertise of the ITC and consistency with prior holdings, the court's deference to the ITC in this instance of statutory interpretation was not a momentous split from the standard.<sup>114</sup>

### **3. Subsequent Reliance on *Suprema II***

Since *Suprema II*, the CAFC has continued to uphold the interpretation of “articles that infringe” that provides the ITC authority over articles that infringe at and after importation.<sup>115</sup> In 2020, in *Comcast Corp. v. International Trade Commission*,<sup>116</sup> Comcast argued that *Suprema II* should be limited only to those facts that require the attachment of inducement liability to the articles being imported at the time of their importation.<sup>117</sup> Further, Comcast stated that any alleged inducing conduct by Comcast would have occurred entirely after the articles' importation and thus outside the scope of *Suprema II*.<sup>118</sup> The *Comcast* court rejected Comcast's argument and found that the ITC was correct in applying Section 337 to those articles that infringe after importation because Comcast designed the TV boxes to be used in an infringing manner, directed the boxes importation to the United States, and subsequently used them.<sup>119</sup>

### **D. Challenges to *Suprema II* Following *Loper Bright***

Since the decision in *Loper Bright*, legal commentators expect *Suprema II*'s precedential interpretation of “articles that infringe” to be challenged.<sup>120</sup> Only a few months before the *Loper Bright* decision, the CAFC in *Sonos, Inc. v. International Trade Commission*,<sup>121</sup> rejected Google's argument that the ITC is constricted to those cases in which the articles that allegedly infringe do

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<sup>112</sup> *Id.*

<sup>113</sup> *See id.* at 1352.

<sup>114</sup> *See id.*

<sup>115</sup> *See* Matt Rizzolo et al., *Section 337 Unfair Import Investigations After the Sunset of Chevron – Changes on the Horizon?*, BLOOMBERG L: PRACT. GUIDANCE (Aug. 2024), [<https://perma.cc/T8AD-8BUA>].

<sup>116</sup> 951 F.3d 1301 (Fed. Cir. 2020).

<sup>117</sup> *See id.* at 1308.

<sup>118</sup> *See id.*

<sup>119</sup> *See id.*

<sup>120</sup> *See* Johnson, *supra* note 1; Rizzolo et al., *supra* note 115 (“*Loper Bright* has already been cited by parties in multiple appeals from Section 337 proceedings, and the coming months and years are sure to see it raised even more.”).

<sup>121</sup> Nos. 2022-1421, 2022-1573, 2024 U.S. App. LEXIS 8352 (Fed. Cir. Apr. 8, 2024).

so at the time of importation because the court is bound by the precedent of *Suprema II*.<sup>122</sup> Following *Loper Bright*, Google filed a petition for an en banc rehearing of *Sonos* to reconsider whether the ITC has authority under 19 U.S.C. § 1337(a)(1)(B)(i) to extend a “articles that infringe” to include infringement after importation.<sup>123</sup> On September 10, 2024, the CAFC denied Google’s request in a two-page order that provided no analysis or reasoning.<sup>124</sup>

## II. Analysis

There are at least two possible avenues by which the ITC’s interpretation of Section 337 discussed in *Suprema II* may continue to exist. First, courts can interpret Section 337 through traditional tools of statutory construction to uphold *Suprema I* and *Suprema II*, even disregarding possible use or reliance on *Skidmore*.<sup>125</sup> Second, *Skidmore* may apply to the ITC’s interpretation of Section 337.<sup>126</sup> A future opinion from the CAFC should affirm *Suprema II*’s interpretation of Section 337 by utilizing the traditional tools of statutory interpretation and by giving the ITC’s interpretation due respect under *Skidmore*.<sup>127</sup>

### A. Independent of *Skidmore*: *Suprema II* Can Stand on Language, Policy, and History

When there is ambiguity in the ordinary meaning of the text, like in the text of Section 337,<sup>128</sup> it is the court’s duty to determine its best reading.<sup>129</sup> The finding of the text’s ambiguity in *Suprema II*’s step-one *Chevron* analysis remains undisturbed by *Loper Bright*.<sup>130</sup> Further, neither Section 337, nor the

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<sup>122</sup> See *id.* at \*29.

<sup>123</sup> See Dion M. Bregman, Julie S. Goldemberg, & Stephanie L. Roberts, *Chevron Overruled: Impact On IP Law In The Wake of US Supreme Court’s Decision*, MORGAN LEWIS (July 3, 2024), [<https://perma.cc/2VX5-E4FW>].

<sup>124</sup> See *Sonos, Inc. v. In’tl Trade Comm’n*, Nos. 2022-1421, 2022-1573 (Fed. Cir. Sep. 10, 2024).

<sup>125</sup> See *infra* Section II.A.

<sup>126</sup> See *infra* Section II.B.

<sup>127</sup> See *infra* Section III.

<sup>128</sup> See 19 U.S.C. § 1337(a)(1)(B)(i); *Suprema II*, 796 F.3d 1338, 1349 (Fed. Cir. 2015).

<sup>129</sup> See *Loper Bright Enters. v. Raimondo*, 144 S. Ct. 2244, 2266 (2024); *Metro. Area EMS Auth. v. Sec’y of Veterans Affs.*, 122 F.4th 1339, 1345 (Fed. Cir. 2024) (quoting *Ireland v. United States*, 101 F.4th 1338, 1343 (Fed. Cir. 2024)).

<sup>130</sup> See *Suprema II*, 796 F.3d at 1349; *Loper Bright*, 144 S. Ct. at 2273.

provision defining patent infringement,<sup>131</sup> provides an answer as to whether “articles that infringe” include goods that directly infringe after importation.<sup>132</sup>

Interpreting Section 337 amounts to the timing of its applicability. Section 337 states “the sale within the United States after importation . . . of articles that (i) infringe.”<sup>133</sup> Despite the present tense language of “infringe,” the text of Section 337 supports an interpretation that coverage extends to actions beyond those at the time of importation because it additionally mentions sales after importation of the article.<sup>134</sup> Further, Section 337 states “sale within the United States *after importation* by the owner.”<sup>135</sup> Specifying that Section 337’s applicability is extended to sales after importation, suggests that the present tense of “infringe” does not provide an answer to the statute’s ambiguity of “articles that infringe.”<sup>136</sup> Deep analysis of Section 337’s text and tense is a tool utilized by the CAFC and may again be applied toward upholding *Suprema II*.<sup>137</sup> The *Suprema II* court was correct in viewing “the sale . . . after importation” to mean that the statute may include, and thus the ITC may consider, actions post-importation.<sup>138</sup>

Section 337’s application to actions after an article’s importation and up until the sale in the United States accommodates the peculiar temporal link between direct and induced infringement.<sup>139</sup> Although induced infringement relies on a finding of direct infringement, the liability for induced infringement attaches during the inducing activity.<sup>140</sup> In the case of Section 337, although direct infringement may not happen until after importation, the article being imported would nonetheless be an “article that infringes” because inducement of liability attaches to the inducing activity (i.e. importation of the article).<sup>141</sup> For example, in *Comcast*, Comcast’s TV box was an “article that infringes” when its inducing activity “took place overseas, prior to importation; it took place at importation; and it took place in the United

<sup>131</sup> 35 U.S.C. § 271.

<sup>132</sup> See *id.*; *Suprema II*, 796 F.3d at 1349.

<sup>133</sup> 19 U.S.C. § 1337(a)(1)(B)(i); see *Suprema II*, 796 F.3d at 1349.

<sup>134</sup> See 19 U.S.C. § 1337(a)(1)(B)(i); *Suprema II*, 796 F.3d at 1349.

<sup>135</sup> 19 U.S.C. § 1337(a)(1)(B)(i) (emphasis added); see *Suprema II*, 796 F.3d at 1349.

<sup>136</sup> See *Suprema II*, 796 F.3d at 1349.

<sup>137</sup> See *id.*; *Perlick v. Dep’t of Veterans Affs.*, 104 F.4th 1326, 1329–30 (Fed. Cir. 2024) (“Beyond the statute’s text, [the traditional tools of statutory construction] include the statute’s structure, canons of statutory construction, and legislative history.” (alteration in original) (quoting *Timex V.I., Inc. v. United States*, 157 F.3d 879, 882 (Fed. Cir. 1998)).

<sup>138</sup> 19 U.S.C. § 1337(a)(1)(B)(i); see *Suprema II*, 796 F.3d at 1349.

<sup>139</sup> See 19 U.S.C. § 1337(a)(1)(B)(i); *Suprema II*, 796 F.3d at 1349.

<sup>140</sup> See *Suprema II*, 796 F.3d at 1349 (citing *Standard Oil Co. v. Nippon Shokubai Kagaku Kogyo Co.*, 754 F.2d 345, 348 (Fed. Cir. 1985)).

<sup>141</sup> See *id.*

States, after importation,” and when the direct infringement undisputably occurred at the time that the TV box was fitted for Comcast customers in the United States.<sup>142</sup> Because induced infringement attaches during the inducing activity,<sup>143</sup> Comcast’s continuous inducing activities from pre-importation through post-importation means its TV box is an infringing article at the time of importation.<sup>144</sup>

As it relates to the Section 337 ruling in *Suprema I* and *Suprema II*, the ITC investigation concluded that Suprema had aided and abetted Mentalix in its direct infringement.<sup>145</sup> The peculiar timing of direct and infringing liability produces no barrier for Section 337 because the text of the statute implies coverage of actions that take place after the articles after importation, such as its sale.<sup>146</sup> Further, the text states “the sale . . . after importation,” which implies the statute’s coverage is dependent on an action after its importation.<sup>147</sup> Ignoring the statute’s language would cut against an interpretive principle used by courts—Congress passes laws with precision and thus statutes should be interpreted accordingly.<sup>148</sup> Likewise, Section 337 may cover induced infringement when the direct infringement occurs after importation and there is conclusive evidence of such infringing actions, as in *Suprema II*.<sup>149</sup> Further, using this Note’s radio hypothetical, Section 337 may apply to the radios because at the time of direct infringement (fitting the radio with the battery) the liability for induced infringement is attached at the time of the inducing activity (importing the radios and making the radio’s unique battery).<sup>150</sup>

The best reading of the statute is further clarified by looking at the congressional intent of Section 337 in the 1930 Tariff Act, its predecessor Section

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<sup>142</sup> *Comcast Corp. v. Int’l Trade Comm’n*, 951 F.3d 1301, 1308 (Fed. Cir. 2020) (citation omitted).

<sup>143</sup> *See Suprema II*, 796 F.3d at 1349 (citing *Standard Oil*, 754 F.2d at 348).

<sup>144</sup> *See Comcast*, 951 F.3d at 1308.

<sup>145</sup> *See Certain Biometric Scanning Devices, Components Thereof, Associated Software, and Products Containing the Same*, Inv. No. 337-TA-720, USITC Pub. 4366, Comm’n Op. at 16 (Feb. 2013) (Final); *Suprema II*, 796 F.3d at 1343; *Suprema I*, 742 F.3d 1350, 1355 (Fed. Cir. 2013).

<sup>146</sup> *See* 19 U.S.C. § 1337(a)(1)(B)(i).

<sup>147</sup> *Id.*

<sup>148</sup> *See Itsolve All., Inc. v. United States*, 122 F.4th 1364, 1370 (Fed. Cir. 2024) (“It is ‘a cardinal principle of statutory construction’ that ‘a statute ought, upon the whole, to be so construed that, if it can be prevented, no clause, sentence, or word shall be superfluous, void, or insignificant.” (quoting *TRW Inc. v. Andrews*, 534 U.S. 19, 31 (2001))).

<sup>149</sup> *See Suprema II*, 796 F.3d at 1349; *Certain Biometric Scanning Devices, Components Thereof, Associated Software, and Products Containing the Same*, Inv. No. 337-TA-720, USITC Pub. 4366, Comm’n Op. at 16 (Feb. 2013) (Final).

<sup>150</sup> *See Comcast Corp. v. Int’l Trade Comm’n*, 951 F.3d 1301, 1308 (Fed. Cir. 2020).

316 of the 1922 Tariff Act, and the changes Congress made in its 1988 amendment.<sup>151</sup> From its origin, the 1922 Tariff Act was enacted to be a piece of legislation that broadly addressed unfair trade practices.<sup>152</sup> Further, its successor the 1930 Tariff Act was no different in its goal.<sup>153</sup> Decades after the enactment of Section 337, Congress strengthened Section 337 by removing the domestic injury requirements and therefore lowering the threshold of elements that the ITC needed to meet for a holding of liability.<sup>154</sup> Not only had Congress originally enacted Section 337 to be a powerful tool in stopping unfair trade practices, but Congress's refinement of Section 337 in 1988 renewed such desire.<sup>155</sup> The *Suprema I* holding conflicts with Congress's desire for Section 337 to be a robust, more accessible enforcement authority for patent holders looking to curtail infringement.<sup>156</sup>

Accordingly, the ITC's interpretation in cases like *Suprema II* supports Congress's desire for the ITC to have "broad authority to address every type and form of unfair trade practice."<sup>157</sup> Despite *Suprema II*'s *Chevron* deference, the reasoning of its findings as to the legislative history and intent should survive beyond the subsequent overturning of *Chevron*.<sup>158</sup>

### **B. *Suprema II* May Stand Under *Skidmore***

A court is permitted to rely only on its independent judgment to determine the best meaning of the text, but there is a benefit to utilizing expertise where it is due.<sup>159</sup> Regardless of *Skidmore*'s blurry outline after *Loper Bright*,<sup>160</sup> in circuit courts from 2003 to 2013, agency interpretations were more likely to prevail under *Skidmore* deference than with no deference.<sup>161</sup> Accordingly,

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<sup>151</sup> See *Suprema I*, 742 F.3d 1350,1373–74 (Fed. Cir. 2013) (Reyna, J., concurring-in-part, dissenting-in-part).

<sup>152</sup> See *Suprema II*, 796 F.3d at 1350 (citing S. REP. NO. 67-595, at 3 (1922)).

<sup>153</sup> See *id.* (citing Pub. L. No. 71-361, 46 Stat. 590 (1930)).

<sup>154</sup> See *id.* at 1351 (first citing H.R. REP. NO. 100-40, pt. 1, at 155 (1987); and then citing H.R. REP. NO. 100-576, at 112 (1988)).

<sup>155</sup> See *id.*

<sup>156</sup> See *Suprema I*, 742 F.3d 1350, 1374 (Fed. Cir. 2013) (Reyna, J., concurring-in-part, dissenting-in-part).

<sup>157</sup> See *Suprema II*, 796 F.3d at 1350 (citing Pub. L. No. 71-361, 46 Stat. 590 (1930)).

<sup>158</sup> See *id.* at 1346–52.

<sup>159</sup> See Iafolla, *Appeals Courts Wrestling with Agency Leeway*, *supra* note 64; *Loper Bright Enters. v. Raimondo*, 144 S. Ct. 2244, 2267 (2024).

<sup>160</sup> See Iafolla, *Courts Show Little Interest in Skidmore*, *supra* note 64; Walker, *supra* note 69; see also *Lopez v. Garland*, 116 F.4th 1032, 1039–40 (9th Cir. 2024) (applying *Skidmore* deference to an agency interpretation).

<sup>161</sup> See Iafolla, *Courts Show Little Interest in Skidmore*, *supra* note 64; Kent Barnett & Christopher J. Walker, *Chevron in the Circuit Courts*, 116 MICH. L. REV. 1, 6 (2017)

the CAFC's use of *Skidmore* analysis regarding *Suprema II* may be a useful avenue for petitioner's seeking to maintain its precedent.

To begin using *Skidmore* as guidance for maintaining *Suprema II*, a court would first need to determine what it always does in statutory construction cases: whether the statute is ambiguous.<sup>162</sup> The holding of Section 337 ambiguity in *Suprema II* remains undisturbed by *Chevron* because a finding of ambiguity is separate from the level of deference an agency is due.<sup>163</sup> Next, a court would consider the factors of *Skidmore* to determine what weight, if any, is due.<sup>164</sup> Regarding the first factor, the thoroughness of the ITC's ruling and investigation, Section 337 investigations and rulings go through formal adjudication and are subsequently subject to several levels of review by the ITC including review by an ALJ, determination by the Commission, and Presidential review period.<sup>165</sup> Accordingly, the ITC's interpretation that led to *Suprema II* was promulgated through the standard adjudicatory processes where it received thorough consideration.<sup>166</sup>

The *Suprema II* court provides the CAFC with the tools it needs to affirm *Skidmore*'s validity with regard to Section 337's current interpretation.<sup>167</sup> In accordance with *Skidmore*, the validity of the ITC's reasoning can be distilled from the discussion in *Suprema II*.<sup>168</sup> The *Suprema II* court held that the statute may be reasonably construed in favor of the ITC's ruling because of Section 337's text, favorable legislative history, and the overall purpose of Section 337 investigations.<sup>169</sup> The enactment history of Section 337, its predecessor, and its 1988 amendment support the notion that there is Congressional support for the ITC to have authority on issues such as *Suprema II*'s.<sup>170</sup> Each of the

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("[A]gency interpretations were significantly more likely to prevail under *Chevron* deference (77.4%) than *Skidmore* deference (56.0%) or, especially, de novo review (38.5%).")

<sup>162</sup> See *Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944); *Hughes Aircraft Co. v. Jacobson*, 525 U.S. 432, 438 (1999) ("[O]ur analysis begins with 'the language of the statute.'" (quoting *Est. of Cowart v. Nicklos Drilling Co.*, 505 U.S. 469, 475 (1992))).

<sup>163</sup> See *Suprema II*, 796 F.3d at 1346; 19 U.S.C. § 1337(a)(1)(B)(i).

<sup>164</sup> See *Skidmore*, 323 U.S. at 140.

<sup>165</sup> See *Skidmore*, 323 U.S. at 140; MENELL ET AL., *supra* note 36, §§ 1.2.3, 1.4.

<sup>166</sup> See *In re Certain Biometric Scanning Devices*, Inv. No. 337-TA-720, 2011 ITC LEXIS 2154, at \*2-4 (Oct. 24, 2011); *Suprema II*, 796 F.3d at 1346.

<sup>167</sup> See *Suprema II*, 796 F.3d at 1349-52.

<sup>168</sup> See *id.*

<sup>169</sup> See *id.*

<sup>170</sup> See *id.* at 1350-51 (first citing S. REP. NO. 67-595, at 3 (1922); then citing H.R. REP. NO. 100-40, pt. 1, at 155 (1987); and then citing H.R. REP. NO. 100-576, at 112 (1988)); *Suprema I*, 742 F.3d 1350, 1374 (Fed. Cir. 2013) (Reyna, J., concurring-in-part, dissenting-in-part) (first citing The Tariff Act of 1930, ch. 497, Title III, § 337, 46 Stat. 590, 703 (1930); and then citing The Trade Act of 1974, ch. 4, Title III, § 341, 88 Stat. 1978, 1981 (1975)).

changes to Section 337 has strengthened the ITC's enforcement authority, including by eliminating the need to prove an injury has occurred.<sup>171</sup> The consistency of the ITC's interpretation in *Suprema II*, albeit new at the time, did not conflict with decades of case law from the ITC and the CAFC.<sup>172</sup> Further, looking at the thoroughness of the agency interpretation, the ITC has since been consistent with the *Suprema II* ruling for a decade now.<sup>173</sup> With regard to the ITC's expertise, the agency has decades of experience conducting Section 337 investigations<sup>174</sup> and its formal adjudication process is filled with specialized ALJs whose primary docket is patent investigations.<sup>175</sup> Accordingly, there is valid reasoning in the ITC ruling that interprets "articles that infringe" in a manner that supports enforcement for induced infringers at the time of importation.<sup>176</sup>

Applying *Skidmore*, as discussed in *Loper Bright*, suggests the answer for courts is more to do with giving respect to an agency rather than deference, at least in comparison to *Chevron* deference.<sup>177</sup> The respect given to the ITC is coupled with other factors of statutory interpretation because *Skidmore* is a guide for courts, not the outright answer like *Chevron*.<sup>178</sup> To successfully maintain *Suprema II*'s interpretation of Section 337, the text, legislative history, and other statutory construction tools must support the ITC's interpretation.<sup>179</sup> Further, Section 337's text supports a finding of liability for inducing infringers as inducement may attach at the time of importation because the "sale within the United States" suggests that the Section 337 applies to infringing actions occurring after the time of importation—when they are being sold

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<sup>171</sup> See *Suprema I*, 742 F.3d at 1374 (Reyna, J., concurring-in-part, dissenting-in-part) (first quoting S. REP. NO. 100-71, at 127–29 (1987); and then quoting H.R. REP. NO. 100-40, pt. 1, at 154–56 (1987)); Omnibus Trade and Competitiveness Act of 1988, Pub. L. No. 100-418, § 134, 102 Stat. 1107, 1212 (1988).

<sup>172</sup> See *Suprema I*, 742 F.3d at 1372–73 nn.2–4 (Reyna, J., concurring-in-part, dissenting-in-part).

<sup>173</sup> See *Sonos, Inc. v. Int'l Trade Comm'n*, Nos. 2022-1421, 2022-1573, 2024 U.S. App. LEXIS 8352, at \*29 (Fed. Cir. Apr. 8, 2024) (holding that the court is still bound to *Suprema II* precedent).

<sup>174</sup> See The Tariff Act of 1930, ch. 497, § 337, 46 Stat. 590, 703 (1930); The Trade Act of 1974, ch. 4, § 341, 88 Stat. 1978, 1981 (1975).

<sup>175</sup> See *MENELL ET AL.*, *supra* note 36, § 1.4.

<sup>176</sup> See 19 U.S.C. § 1337(a)(1)(B)(i).

<sup>177</sup> See *Loper Bright Enters. v. Raimondo*, 144 S. Ct. 2244, 2267 (2024) ("The better presumption is therefore that Congress expects courts to do their ordinary job of interpreting statutes, with due *respect* for the views of the Executive Branch." (emphasis added)).

<sup>178</sup> See *id.*; *Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944).

<sup>179</sup> See *Loper Bright*, 144 S. Ct. at 2273.

in the United States.<sup>180</sup> Including, an importer who was induced by a direct infringer, but that the direct infringer has not yet infringed at the time of importation like in *Suprema II* and *Comcast*.<sup>181</sup> As discussed by Judge Reyna in *Suprema I*, the expansion of Section 337 in the Trade Act of 1974,<sup>182</sup> and the amendments to the Section in 1988,<sup>183</sup> support a finding that Section 337 was meant to stop instances of unfair trade at the border.<sup>184</sup> These changes strengthened the ITC's authority in Section 337 investigations and lowered the bar for patent holders to hold infringers liable.<sup>185</sup> The *Skidmore* factors coupled with traditional statutory construction tools support the ITC's interpretation that the *Suprema II* court upheld.<sup>186</sup>

### III. Recommendation

The ITC's Section 337 investigations provide U.S. patent holders a venue that is home to an efficient adjudicatory process that keeps the infringing products from seeping their way into the market.<sup>187</sup> Its specialized ALJs and formal adjudicatory process permit a fair process by which parties may seek unique remedies that are unavailable in the U.S. district courts.<sup>188</sup> A part of Section 337's goal is to prevent unfair import practices like those at issue in *Suprema II*.<sup>189</sup> The *Suprema II* court outlined an interpretation that prevents induced infringers from squeezing through Section 337 in the cracks formed in *Suprema I*.<sup>190</sup> The ITC's interpretation in *Suprema II* does not lower the bar by which liability is found in Section 337 investigations.<sup>191</sup> Rather, it properly

<sup>180</sup> See 19 U.S.C. § 1337(a)(1)(B)(i); *Suprema II*, 796 F.3d 1338, 1349 (Fed. Cir. 2015).

<sup>181</sup> See *Suprema II*, 796 F.3d at 1349; *Comcast Corp. v. Int'l Trade Comm'n*, 951 F.3d 1301, 1308 (Fed. Cir. 2020).

<sup>182</sup> See *Suprema I*, 742 F.3d 1350, 1373–74 (Fed. Cir. 2013) (Reyna, J., concurring-in-part, dissenting-in-part) (citing The Trade Act of 1974, ch. 4, Title III, § 341, 88 Stat. 1978, 1981 (1975)).

<sup>183</sup> See *id.* at 1374 (Reyna, J. concurring-in-part, dissenting-in-part) (first citing S. REP. NO. 100-71, at 127–29 (1987); and then citing H.R. REP. NO. 100-40, pt. 1, at 154–56 (1987)); Omnibus Trade and Competitiveness Act of 1988, Pub. L. No. 100-418, § 1341, 102 Stat. 1107, 1212 (1988).

<sup>184</sup> See *id.* at 1373–74 (Reyna, J., concurring-in-part, dissenting-in-part).

<sup>185</sup> See *id.*

<sup>186</sup> See *Suprema II*, 796 F.3d at 1352.

<sup>187</sup> See U.S. INT'L TRADE COMM'N, *supra* note 8; MENELL ET AL., *supra* note 36, § 1.4.

<sup>188</sup> See MENELL ET AL., *supra* note 36, § 1.4.

<sup>189</sup> See U.S. INT'L TRADE COMM'N, *supra* note 8.

<sup>190</sup> See *Suprema II*, 796 F.3d at 1352.

<sup>191</sup> See *id.* at 1350.

permits the ITC to enforce its authority against infringers under the Section designed to cover unfair import practices.<sup>192</sup>

It is only a matter of time before the CAFC is faced with a case that demands it examine the *Chevron* deference in *Suprema II*.<sup>193</sup> Should that moment come before *Skidmore* is well tested in a post-*Chevron* landscape, the CAFC should establish a ruling that can stand alone, or nearly, from too much respect given to the ITC under *Skidmore*. *Loper Bright* made clear that courts are meant to perform an independent analysis of the agency interpretation but may respect an agency where it is due, such as in *Skidmore*.<sup>194</sup> Given the end of *Chevron* in *Loper Bright*, the CAFC should be cautious of the level of respect that it provides the ITC under *Skidmore*. Further, *Skidmore* is not a *Chevron* replacement, and thus relying on *Skidmore* to fill its shoes may prompt challenges.<sup>195</sup> Such challenges may make the CAFC ruling that upholds *Suprema II* a short-lived one. All of this is not to say that a renewed *Suprema II* cannot still use *Skidmore*—it should—only that it should be wary of heavy reliance.

A renewed ruling by the CAFC should deploy an independent statutory review of Section 337's text, congressional intent, and its prior amendments,<sup>196</sup> and then walk through the analytical steps of *Skidmore*.<sup>197</sup> The CAFC's opinion should denote that the “sale within the United States *after importation* by the owner” implies that Section 337 covers articles that infringe after their importation.<sup>198</sup> The opinion should also include *Suprema I* and *Comcast* as examples of how inducing activity may occur prior to importation and thus attaches at the time of importation.<sup>199</sup> The history of Section 337 amendments and Congressional support should be used to indicate Congress's desire for the ITC to have broad authority over unfair imports.<sup>200</sup> *Skidmore* deference may be used to strengthen the opinion by affirming that the *Suprema*

<sup>192</sup> See *id.*

<sup>193</sup> See *Sonos, Inc. v. Int'l Trade Comm'n*, Nos. 2022-1421, 2022-1573 (Fed. Cir. Sep. 10, 2024).

<sup>194</sup> See *Loper Bright Enters. v. Raimondo*, 144 S. Ct. 2244, 2267 (2024).

<sup>195</sup> See *Lopez v. Garland*, 116 F.4th 1032, 1039–40 (9th Cir. 2024); Walker, *supra* note 69 (describing the author's petition for rehearing en banc arguing that the Ninth Circuit's use of *Skidmore* deference in *Lopez* was overly deferential).

<sup>196</sup> See *supra* Section II.A.

<sup>197</sup> See *supra* Section II.B.

<sup>198</sup> 19 U.S.C. § 1337(a)(1)(B)(i) (emphasis added); see *Suprema II*, 796 F.3d 1338, 1349 (Fed. Cir. 2015).

<sup>199</sup> See *Suprema II*, 796 F.3d at 1349–53; *Comcast Corp. v. Int'l Trade Comm'n*, 951 F.3d 1301, 1308 (Fed. Cir. 2020).

<sup>200</sup> See *Suprema II*, 796 F.3d at 1351 (first quoting H.R. REP. NO. 100-40, pt. 1, at 155 (1987); and then quoting H.R. REP. NO. 100-576, at 112 (1988)).

*II* interpretation is both consistent with past ITC and CAFC cases<sup>201</sup> and was thoroughly considered by the ITC.<sup>202</sup>

## Conclusion

The United States Court of Appeals for the Federal Circuit should uphold the ITC interpretation discussed in *Suprema I* and *Suprema II*, despite the CAFC's prior reliance on *Chevron* in its 2015 determination. When ruling on Section 337, the CAFC should utilize traditional tools of statutory construction, including looking to the statute's text, legislative intent, and policy. The CAFC should give respect to the ITC's ruling because it adequately meets *Skidmore's* factors. However, unless the ruling comes after further clarification of *Skidmore* by other courts, and ideally the Supreme Court, then the level of respect that the CAFC shows to the ITC should be moderate.

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<sup>201</sup> See *Suprema I*, 742 F.3d 1350, 1372–73 nn.2–4 (Fed. Cir. 2013) (Reyna, J., concurring-in-part, dissenting-in-part).

<sup>202</sup> See *Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944); MENELL ET AL., *supra* note 36, §§ 1.2.3, 1.4.



# Limits of Play: Safeguarding Video Game Modifications with the Federal Circuit’s Infringement Nexus

Charles Joseph Onis\*

## Introduction

“Video games by their nature require player choices, which is the opposite of the strategy of serious film and literature, which requires authorial control.”<sup>1</sup>

A video game cannot proceed without the actions of a player: the medium is defined by the user’s manipulation of programs and elements created by game developers.<sup>2</sup> In contrast to traditional mediums like film, where a director’s final cut of a picture effectively results in a closed work, the interactivity inherent to video games inevitably cedes some control to the player, complicating the amount of authorial control that game developers can ultimately exercise over their works.<sup>3</sup> A subset of video game players choose to take this interactivity further by tinkering and making their own alterations to existing games, giving rise to the subculture of user-developed game modifications (“mods”).<sup>4</sup> Mods—which can range from minor tweaks to expansive overhauls that add entirely new gameplay systems—are often developed without the permission of copyright holders and tend to fall into the grey area that

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<sup>1</sup> Roger Ebert, *Why did the chicken cross the genders?*, ROGEREBERT.COM (Nov. 27, 2005), <https://www.rogerebert.com/answer-man/why-did-the-chicken-cross-the-genders>.

<sup>2</sup> See GUNDOLF S. FREYERMUTH, GAMES | GAME DESIGN | GAME STUDIES: AN INTRODUCTION 55 (transcript Verlag, 2015).

<sup>3</sup> See *id.* at 54.

<sup>4</sup> See Adam Shevell, Scott A. McKinney & Julie E. Krosnicki, *Are Gaming Companies Maddened by Mods or Embracing Them?*, WILSON SONSINI (July 17, 2020), <https://www.wsg.com/en/insights/are-gaming-companies-maddened-by-mods-or-embracing-them.html>.

lies between infringement and fair use.<sup>5</sup> While some game developers permit and encourage user-created content, others have turned towards copyright law as a means of asserting authorial control over user-created content and even over how players interact with their games.<sup>6</sup> While U.S. copyright law has long recognized video games as protected works of authorship like any other art form, it remains primarily concerned with protecting authors' exclusive rights to, inter alia, reproduce or develop derivatives of a work, less so with policing how the audience engages with one.<sup>7</sup>

In the 2010 case *MDY Industries, LLC v. Blizzard Entertainment Inc.*,<sup>8</sup> the United States Court of Appeals for the Ninth Circuit ("Ninth Circuit") provided copyright holders of digital works with a means to assert greater control over how users can make use of such works by interpreting the Digital Millennium Copyright Act of 1998 ("DMCA") as having established a new property right prohibiting the circumvention of digital access control measures. MDY Industries ("MDY") developed and marketed Glider, a software bot program<sup>9</sup> that modified Blizzard Entertainment's ("Blizzard") online video game World of Warcraft ("WoW"), enabling users to bypass Blizzard's intended play style for the game.<sup>10</sup> MDY wrote Glider's programming to bypass Blizzard's Warden program, a security measure that had been implemented by the developer to prevent the use of bot programs in the game.<sup>11</sup> The Ninth Circuit interpreted provisions of the DMCA, intended to prohibit trafficking in technologies that bypass access control measures for digital copyrighted content, as having granted copyright holders a new "anticircumvention" property right and found that MDY had violated this right in bypassing Warden's security measures.<sup>12</sup>

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<sup>5</sup> See *id.*; see also Dom Reseigh-Lincoln, *Skins, Smurfs, and Skyrim: A brief history of PC modding*, TECHRADAR (Aug. 14, 2017), <https://www.techradar.com/news/skins-smurfs-and-skyrim-a-brief-history-of-pc-modding>.

<sup>6</sup> See *id.*

<sup>7</sup> See *Stern Elecs., Inc. v. Kaufman*, 669 F.2d 852, 856-57 (2d Cir. 1982) (concluding that a game is copyrightable as an audiovisual work, because the visual and aural expression of the game is "plainly sufficient" to satisfy the originality and fixation requirements for copyright protection); see also U.S. COPY. OFF., *What is Copyright?*, <https://www.copyright.gov/what-is-copyright/> (last visited Mar. 3, 2024).

<sup>8</sup> 629 F.3d 928 (9th Cir. 2010).

<sup>9</sup> See *MDY Indus., LLC v. Blizzard Ent.*, 629 F.3d 928, 935-36 (9th Cir. 2010). Bot programs like Glider enable users to automate tasks in digital environments like WoW. See *id.* at 935.

<sup>10</sup> See *id.* at 935.

<sup>11</sup> See *id.* at 936.

<sup>12</sup> See *id.* at 942-45.

The Ninth Circuit's decision in *MDY* broke with the conclusion previously reached by the United States Court of Appeals for the Federal Circuit ("Federal Circuit") in the 2003 case *Chamberlain Group, Inc. v. Skylink Technologies, Inc.*,<sup>13</sup> which explicitly rejected the interpretation that the DMCA granted an anticircumvention right.<sup>14</sup> Exercising pendent jurisdiction over the copyright issues in the case, the Federal Circuit's analysis in *Chamberlain* sought to balance the rights of copyright holders to protect their works with the rights of purchasing consumers when using those works.<sup>15</sup> In light of these considerations, the Federal Circuit concluded that the DMCA only prohibited circumvention in cases where a nexus existed between the circumvention of an access control measure and the violation of an exclusive right granted under the Copyright Act, such as copyright infringement.<sup>16</sup> The circuit split between the Federal and Ninth Circuits resulting from *MDY* remains unresolved.

Contrary to *Chamberlain's* consideration of both copyright holders' and consumers' rights, *MDY's* right of anticircumvention handed copyright holders a concerningly powerful tool to assert control over how users may engage with interactive copyrighted works. Though the provisions of the DMCA at issue in both cases were primarily intended to prohibit the unauthorized copying and sharing of copyrighted works online,<sup>17</sup> *MDY's* construction of the anticircumvention right effectively divorces the DMCA from this purpose; it enables circumvention violations to occur absent any copyright infringement.<sup>18</sup> Under *MDY's* framework, developers of mods ("modders") are particularly vulnerable to violations for the non-infringing circumventions that are often inherent to the practice of modifying copyrighted games.<sup>19</sup>

This Note argues that *MDY's* construction of the anticircumvention property right ultimately affords copyright holders an improper means to penalize non-infringing uses of copyrighted software, like mods. It argues in favor of wider adoption of the infringement nexus approach established by the Federal Circuit in *Chamberlain* to prevent copyright law from being extended beyond

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<sup>13</sup> 381 F.3d 1178 (Fed. Cir. 2004).

<sup>14</sup> See *Chamberlain Grp., Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1202 (Fed. Cir. 2004).

<sup>15</sup> See *id.*

<sup>16</sup> See *id.* at 1204.

<sup>17</sup> See *Digital Millennium Copyright Act*, ELEC. FRONTIER FOUND., <https://www.eff.org/issues/dmca> (last visited Nov. 21, 2023).

<sup>18</sup> See *MDY Indus., LLC v. Blizzard Ent.*, 629 F.3d 928, 942 (9th Cir. 2010).

<sup>19</sup> See Zvi S. Rosen, *Man, Mod, and Law: Revisiting The Law of Computer Game Modifications*, 59 IDEA: L. REV. FRANKLIN PIERCE CTR. FOR INTELL. PROP. 269, 280 (2018).

infringement determinations.<sup>20</sup> Part I of this Note begins with an overview of American copyright law in general and the DMCA in particular. It then discusses the Federal Circuit's establishment of the infringement nexus standard in *Chamberlain*. It proceeds to a summary of the modding subculture and its place within the cultural and legal landscape of the video game industry and finally concludes with an examination of the Ninth Circuit's rejection of the nexus standard and its establishment of an anticircumvention right in *MDY*. Part II of this Note analyzes *MDY*'s construction of the anticircumvention right, establishes how the ruling improperly extends copyright law and the DMCA beyond their intended purposes and how video game mods are uniquely vulnerable to this extension in the modern games industry.<sup>21</sup> Part III of this Note concludes with a recommendation that courts employ a *Chamberlain* infringement nexus analysis to avoid the issues created by the *MDY* ruling and properly balance the rights of both copyright holders and consumers.

## I. Background

The advent of the digital age necessitated updates to copyright law to ensure it remained capable of protecting authors' exclusive rights in the face of technological advances like the internet.<sup>22</sup> The ultimate result of these efforts was the DMCA, whose anticircumvention provisions, intended as anti-piracy measures, established consequences to dissuade copyright infringers from bypassing protection methods controlling access to digital copyrighted works.<sup>23</sup> Nevertheless, as evidenced through *Chamberlain*'s infringement analysis, the circumvention of access control measures does not inherently involve the infringement of a copyright.<sup>24</sup> In the past twenty years, digitization has fundamentally transformed the video game industry and the modding scene within it, altering how games and mods are developed, distributed, and

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<sup>20</sup> See *Chamberlain*, 381 F.3d at 1200–01 (arguing that the proper deterrents for a violation of access, absent the violation of a protected exclusive right, lie in tort and criminal law, not in copyright law).

<sup>21</sup> While the anticircumvention provisions of the DMCA at the center of this Note apply to a wide array of copyrightable digital media, this Note restricts its focus to their impact on the video game industry and its modding subculture.

<sup>22</sup> *The Digital Millennium Copyright Act*, U.S. COPY. OFF., <https://www.copyright.gov/dmca/> (last visited Mar. 1, 2024).

<sup>23</sup> See ELEC. FRONTIER FOUND., *Unintended Consequences: Sixteen Years under the DMCA* 2 (Sep. 2014), <https://www EFF.ORG/files/2014/09/16/unintendedconsequences2014.pdf>.

<sup>24</sup> See *Chamberlain*, 381 F.3d at 1204.

played.<sup>25</sup> In this context, *MDY's* construction of the DMCA as granting an anticircumvention property right concerningly enables copyright holders to bypass copyright infringement analysis and bring claims solely based on circumvention of access control measures.<sup>26</sup>

### A. The Mandate of Copyright Law

Article I, Section 8, clause 8 of the Constitution of the United States establishes the fundamental purpose of American copyright law; it directs Congress to “promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries[.]”<sup>27</sup> The Copyright Act of 1976 provides the modern legal framework for copyright law’s mandate to promote and protect the rights of creators, codified in Title 17 of the U.S. Code.<sup>28</sup> Copyright protection is extended to original works “fixed in any tangible medium of expression,” including literary and audiovisual works.<sup>29</sup> Works are considered “fixed” when they are captured in a perceivable and reproducible medium for more than a transitory period.<sup>30</sup> In the case of computer programs and video games, works can be fixed in multiple ways: in the underlying code of the software and in the audiovisual expression of the program as it appears to the end user.<sup>31</sup> The valid owner of copyright in a work is granted the exclusive rights to, inter alia, reproduce the work, prepare derivative works based upon the copyrighted work, and distribute copies of the work to the public by sale or other transfer of ownership.<sup>32</sup> The unauthorized violation of any of these exclusive rights constitutes copyright infringement.<sup>33</sup>

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<sup>25</sup> See JOOST VAN DREUNEN, *ONE UP: CREATIVITY, COMPETITION, AND THE GLOBAL BUSINESS OF VIDEO GAMES* 14–15 (Columbia University Press, 2020).

<sup>26</sup> See *MDY Indus., LLC v. Blizzard Ent.*, 629 F.3d 928, 947 (9th Cir. 2010).

<sup>27</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>28</sup> See U.S. COPY. OFF., *COPYRIGHT LAW OF THE UNITED STATES AND RELATED LAWS CONTAINED IN TITLE 17 OF THE UNITED STATES CODE* vii (2022).

<sup>29</sup> 17 U.S.C. § 102(a).

<sup>30</sup> See U.S. COPY. OFF., *supra* note 7.

<sup>31</sup> See *Apple Comput., Inc. v. Franklin Comput. Corp.*, 714 F.2d 1240, 1249 (3d Cir. 1983) (holding that a computer program, whether in object code or source code, is a “literary work” protected from unauthorized copying, because the statutory definition of the term includes not only expressions of words, but numbers and other numerical symbols); see also *Atari Games Corp. v. Oman*, 888 F.2d 878, 885–86 (D.C. Cir. 1989) (holding that, for the purpose of copyright registration, the underlying program of a video game is distinct from its audiovisual display, because the sole registration of its programming would not protect the unique display of images generated by the game).

<sup>32</sup> See 17 U.S.C. § 106.

<sup>33</sup> See 17 U.S.C. § 501.

However, the exclusive rights of copyright holders are not absolute; the fair use doctrine is a statutory limitation on the exclusive rights and serves as an affirmative defense to claims of copyright infringement when certain conditions are met.<sup>34</sup> Fair use seeks to promote freedom of expression by allowing limited unauthorized use of copyrighted material for certain purposes, such as criticism, commentary, education, or research.<sup>35</sup> Fair use determinations are made on a case-by-case basis by considering four factors: (1) the purpose and character of the use, including whether the use is for commercial or non-commercial educational purposes; (2) the nature of the original work; (3) the amount of unauthorized copyrighted material used in relation to the whole of the work; and (4) the effect of the use on the value of, or the market for, the original work.<sup>36</sup> A use of copyrighted material determined to be fair use under these factors is thus not an infringement of copyright.<sup>37</sup>

### **B. The Digital Millennium Copyright Act**

The origins of the DMCA lie in the efforts of the World Intellectual Property Organization (“WIPO”) to establish new protections to meet the unique challenges that the internet posed to the existing scheme of international copyright law.<sup>38</sup> Since 1970, WIPO, a specialized agency of the United Nations, has served as the principal administrative body promoting and coordinating the international protection of intellectual property, including copyright, through treaties.<sup>39</sup> Notable among those treaties is the Berne Convention for the Protection of Literary and Artistic Works (“Berne Convention”), the major multilateral agreement governing international copyright law.<sup>40</sup> In 1988, Congress passed the Berne Convention Implementation Act, which sought to bring U.S. copyright laws in line with the Berne Convention’s higher standards for international copyright protection and establish a stronger voice for the United States in the administration of international copyright law amidst a time of technological change.<sup>41</sup>

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<sup>34</sup> See 17 U.S.C. § 107.

<sup>35</sup> See U.S. COPY. OFF., *U.S. Copyright Office Fair Use Index*, <https://www.copyright.gov/fair-use/> (last visited Mar. 3, 2024).

<sup>36</sup> See 17 U.S.C. § 107.

<sup>37</sup> See *id.*

<sup>38</sup> See ELEC. FRONTIER FOUND., *supra* note 23 at 2.

<sup>39</sup> See ALISON DUXBURY ET AL., *RESEARCH HANDBOOK ON THE WORLD INTELLECTUAL PROPERTY ORGANIZATION: THE FIRST 50 YEARS AND BEYOND* 31 (Sam Ricketson ed., 2020).

<sup>40</sup> See S. Rep. No. 100-352, at 2 (1988).

<sup>41</sup> See Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (1988); see also S. Rep. No. 100-352, at 2–4 (1988).

By 1996, the widespread adoption of new technologies, like the internet, prompted WIPO to convene in Geneva to establish new standards for copyright protection appropriate for the digital age.<sup>42</sup> Chief among the concerns at the conference was the notion that internet piracy posed a unique threat to existing international copyright laws as “national boundaries [were] made irrelevant by the fast, borderless world of the Internet.”<sup>43</sup> The convention resulted in two treaties, both adopted as special agreements under the Berne Convention: the WIPO Copyright Treaty, covering artistic and literary works, including computer programs and audiovisual works, and the WIPO Performances and Phonograms Treaty (together, “Internet Treaties”), covering rights of performers and producers of sound recordings.<sup>44</sup> The Internet Treaties established obligations for members to provide legal protections and remedies to prevent the circumvention of technological measures used by authors in restricting unauthorized uses of their works.<sup>45</sup> These anticircumvention provisions were intended to serve as “technological adjuncts” to the existing rights of copyright holders; establishing a legal framework for copyright holders to use measures like data encryption to safeguard their works from unauthorized copying and dissemination over the internet.<sup>46</sup> On October 28, 1998, the Internet Treaties were incorporated into U.S. copyright law as part of the DMCA.<sup>47</sup> The DMCA implemented the Internet Treaties’ anticircumvention obligations by creating new prohibitions in Title 17 of the U.S. Code on circumventing technological protection measures employed by copyright owners and adding civil remedies and criminal penalties for violations.<sup>48</sup>

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<sup>42</sup> See Denise Caruso, *Global Debate Over Treaties on Copyright*, N.Y. TIMES, Dec. 16, 1996, <https://www.nytimes.com/1996/12/16/business/global-debate-over-treaties-on-copyright.html>.

<sup>43</sup> Elif Kaban, *Nations Tackle Copyright Law Overhaul*, WASH. POST, Dec. 3, 1996, <https://www.washingtonpost.com/archive/business/1996/12/03/nations-tackle-copyright-law-overhaul/5554025f-8823-4077-b62e-fd372401b372/>.

<sup>44</sup> See WIPO, *WIPO Internet Treaties*, [https://www.wipo.int/copyright/en/activities/internet\\_treaties.html](https://www.wipo.int/copyright/en/activities/internet_treaties.html) (last visited Nov. 19, 2023).

<sup>45</sup> See WIPO Copyright Treaty art. XI, Dec. 20, 1996, 2186 U.N.T.S. 1211; see also WIPO Performances and Phonograms Treaty art. XVIII, Dec. 20, 1996, 2186 U.N.T.S. 203.

<sup>46</sup> See WIPO, *supra* note 44.

<sup>47</sup> See Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (Oct. 28, 1998).

<sup>48</sup> See U.S. COPY. OFF., COPYRIGHT OFFICE SUMMARY: THE DIGITAL MILLENNIUM COPYRIGHT ACT OF 1998 2 (Dec. 1998), <https://www.copyright.gov/legislation/dmca.pdf> (last visited Nov. 19, 2023).

### 1. *The Anticircumvention Provisions*

Section 1201 of the U.S. Code establishes three provisions concerning the circumvention of technological protection measures.<sup>49</sup> Section 1201(a)(1)(A) establishes a general prohibition on circumventing technological measures that “effectively” control access to works protected under Title 17, namely copyrighted works.<sup>50</sup> This subsection provides that unauthorized circumventions can take a wide array of forms: descrambling scrambled works, decrypting encrypted ones, or any other means of avoiding, bypassing, removing, or deactivating an established technological measure used by a copyright owner to control a work.<sup>51</sup> Under the statute, a technological measure is understood to be an effective access control if it requires that some process granted authority by the copyright owner be used in order to gain access to the work.<sup>52</sup>

Section 1201(a)(2) establishes a prohibition on the manufacture or sale of technologies primarily designed or marketed “for the purpose of circumventing a technological measure that effectively controls access to a work.”<sup>53</sup> Section 1201(b)(1) establishes a similar prohibition on trafficking in technologies primarily designed or marketed “for the purpose of circumventing protection afforded by a technological measure that effectively protects a right of a copyright holder” under Title 17.<sup>54</sup> Under this subsection, a technological measure protecting a right of a copyright owner is one that prevents an infringement of a copyright holder’s exclusive right.<sup>55</sup>

While the fair use doctrine is not an applicable defense to § 1201(a)’s prohibition on the circumvention of technological measures controlling access to a copyrighted work, the DMCA did establish a number of exceptions to its new circumvention provisions.<sup>56</sup> The most significant of these exceptions is detailed in § 1201(a)(1)(C), which empowers the Librarian of Congress (“Librarian”) to conduct ongoing rulemaking proceedings to determine appropriate non-infringing uses of copyrighted works by users who are adversely affected by the prohibition on circumvention.<sup>57</sup> The Librarian is directed to examine five factors when determining whether to grant an exception to a proposed class of copyrighted works: (1) the general availability for use of the class; (2) the availability for use of the class for archival and educational

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<sup>49</sup> See *MDY Indus., LLC v. Blizzard Ent.*, 629 F.3d 928, 942 (9th Cir. 2010).

<sup>50</sup> See 17 U.S.C. § 1201(a)(1)(A).

<sup>51</sup> See 17 U.S.C. § 1201(a)(3)(A).

<sup>52</sup> See 17 U.S.C. § 1201(a)(3)(B).

<sup>53</sup> See 17 U.S.C. § 1201(a)(2).

<sup>54</sup> See 17 U.S.C. § 1201(b)(1).

<sup>55</sup> See 17 U.S.C. § 1201(b)(2)(B).

<sup>56</sup> See U.S. COPY. OFF., *supra* note 48 at 5.

<sup>57</sup> 17 U.S.C. § 1201(a)(1)(C).

purposes; (3) the impact of the prohibition on criticism, commentary, reporting, and research; (4) the effect allowing circumvention would have on the market for copyrighted works; and (5) any other factors the Librarian deems appropriate.<sup>58</sup> If the Librarian, acting with the recommendation of the Register of Copyrights, chooses to grant an exception to a particular class of copyrighted works, that class is exempted from the prohibition on circumvention for a three-year period.<sup>59</sup>

The legislative record detailing the implementation of § 1201 details that Congress intended for the provisions to retain the Internet Treaties' anti-piracy focus. Congressional debates on the DMCA explicitly tied the legislation's provisions to the anti-piracy aims of the Internet Treaties and the infringement of copyright via the internet.<sup>60</sup> The anticircumvention protections granted by the DMCA were similarly tied to the need to protect copyrighted works from internet piracy, but these protections were not intended to be absolute:

United States copyright law historically has carved out important exceptions to the rights of copyright owners to have exclusive control over the use of their property . . . Both Congress and the courts repeatedly have recognized this important balance in the law between the right of copyright owners to be compensated for their efforts, and the right of information consumers to use these works in limited ways to increase knowledge and understanding for the benefit of our whole society.<sup>61</sup>

The U.S. Senate Committee on the Judiciary ("Senate Judiciary Committee") Report for the DMCA characterized the anticircumvention provisions of the DMCA as stemming from the need to "provide 'legal protection and effective legal remedies' against circumventing technological measures . . . that are used by copyright owners to protect their works from piracy."<sup>62</sup> This was echoed by the U.S. House of Representatives Committee on the Judiciary ("House Judiciary Committee") Report which characterized the provisions as necessary to prevent "those who will try to profit from the works of others by decoding the encrypted codes protecting copyrighted works, or engaging in the business of providing devices or services to enable others to do so."<sup>63</sup>

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<sup>58</sup> *See id.*

<sup>59</sup> *See id.* The three-year exemption periods can be successive, pending a petition and renewal recommendation from the Librarian. *See id.*

<sup>60</sup> *See* 144 Cong. Rec. H7102-03 (daily ed. Aug. 4, 1998) (statement of Rep. Slaughter) ("I am greatly concerned about the grave effects of copyright violations on America's artists, writers, and software engineers. The dramatic growth of the Internet is providing us with tremendous new opportunities . . . But these same technological developments also carry significant risks, especially in the area of international copyright piracy.").

<sup>61</sup> 144 Cong. Rec. H7099 (daily ed. Aug. 4, 1998) (statement of Rep. Dingell).

<sup>62</sup> S. Rep. No. 105-190, at 10-11 (1998).

<sup>63</sup> H.R. Rep. No. 105-551, pt. 1, at 10 (1998).

### ***C. Chamberlain Group v. Skylink Technologies, Inc.***

Six years after the passage of the DMCA, the Federal Circuit became the first appellate court to fully consider the boundaries of its anticircumvention provisions in *Chamberlain*.<sup>64</sup> The Chamberlain Group (“Chamberlain”) sued Skylink Technologies (“Skylink”), alleging that a universal garage door opener (“GDO”) developed by Skylink had infringed upon three of Chamberlain’s patents in a digital GDO security system.<sup>65</sup> Chamberlain alleged that, by circumventing this security measure, Skylink had violated § 1201(a)(2) of the DMCA.<sup>66</sup> The district court granted summary judgment on the DMCA claim in Skylink’s favor and dismissed all the other claims, leading Chamberlain to appeal before the Federal Circuit.<sup>67</sup>

#### ***1. The Federal Circuit’s Pendent Jurisdiction in Chamberlain***

While the Federal Circuit docket overwhelmingly consists of cases falling within its exclusive subject matter jurisdiction, it retains the ability to hear appeals on claims outside of its usual exclusive scope, exercising pendent jurisdiction over such claims when they are included alongside a claim within the court’s exclusive jurisdiction, such as a patent claim.<sup>68</sup> The Federal Circuit’s ability to consider the DMCA issues on appeal in *Chamberlain* was predicated upon the inclusion of three patent infringement claims in the amended complaint.<sup>69</sup> Initially, the district court’s dismissal of the patent claims in the case was “without prejudice,” solely to maintain a separate action involving the same transmitter patents before the U.S. International Trade Commission (“ITC”).<sup>70</sup> The Federal Circuit’s jurisdiction in the case would have been divested had this dismissal ultimately left the parties in the same legal position had no patent lawsuit been filed.<sup>71</sup> However, when the

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<sup>64</sup> See *Chamberlain Grp., Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1195 (Fed. Cir. 2004). The Second Circuit did interpret the DMCA’s anticircumvention provisions in 2001’s *Universal City Studios v. Corley*, 273 F.3d 429, but its statutory construction analysis was done as a means of addressing that case’s constitutional considerations. See *id.*

<sup>65</sup> See Amended Complaint at 3–5, *Chamberlain Group, Inc. v. Skylink Techs.*, 292 F.Supp.2d 1023 (N.D. Ill. 2003) (No. 1:02-cv-06376), <https://www.bloomberglaw.com/product/blaw/document/X6JA9TPMUAN89OBNOREBUQGDDQ7M>.

<sup>66</sup> See *id.*

<sup>67</sup> See *Chamberlain*, 381 F.3d at 1188.

<sup>68</sup> See *Appeals Filed, by Category*, U.S. CT. APPEALS FOR FED. CIR. (2023), <http://cafc.uscourts.gov/wp-content/uploads/reports-stats/FY2023/CaseloadbyCategory-FY2023.pdf> (showing only 7% of claims appealed before the Federal Circuit in 2023 involved claims outside of the Federal Circuit’s exclusive subject matter jurisdiction); see also 28 U.S.C. § 1295.

<sup>69</sup> See *Chamberlain*, 381 F.3d at 1189.

<sup>70</sup> *Id.*

<sup>71</sup> See *id.* at 1190.

ITC rejected Chamberlain's argument in the other action, the condition of the district court's dismissal without prejudice went unfulfilled and effectively became a judgment on the merits of the patent claims, enabling the Federal Circuit to exercise its jurisdiction over all the claims in the case, including the copyright claims.<sup>72</sup>

When resolving issues of copyright law, the Federal Circuit applies the law as interpreted by the regional circuit where the case originated: the United States Court of Appeals for the Seventh Circuit ("Seventh Circuit") in the case of *Chamberlain*.<sup>73</sup> However, the Seventh Circuit had only considered the DMCA on one other occasion, which involved provisions of the DMCA other than § 1201, making the case one of first impression with no binding precedent.<sup>74</sup>

## 2. *The Infringement Nexus*

The Federal Circuit approached the question of whether Skylink was entitled to summary judgment on the § 1201 claim as a matter of statutory construction: it first had to determine exactly what § 1201(a)(2) prohibited in order to determine if Skylink's universal transmitter had violated the statute.<sup>75</sup> The first conclusion the Federal Circuit made was that the anticircumvention provisions § 1201(a) and § 1201(b) clearly establish new causes of action for liability for unauthorized circumvention, but did not go so far as to confer a new property right to copyright holders.<sup>76</sup> The Federal Circuit noted that Congress purposely balanced the DMCA's new protections for copyright holders with language that the new prohibitions do not supersede existing principles of copyright law; namely, the right of a consumer to make use of the software they have purchased.<sup>77</sup>

The Federal Circuit determined that construing § 1201 to establish a new property right would shift this intended balance too heavily in favor of copyright holders.<sup>78</sup> The Federal Circuit employed a hypothetical scenario to demonstrate how Chamberlain's construction of the statute implicates DMCA violations occurring far outside the realm of copyright law: disabling a burglar alarm to a house containing copyrighted content could be seen to violate the DMCA, as the burglar alarm functions as a technological measure controlling

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<sup>72</sup> *See id.*

<sup>73</sup> *See id.* at 1191.

<sup>74</sup> *See id.* at 1191–92.

<sup>75</sup> *See Chamberlain*, 381 F.3d at 1192.

<sup>76</sup> *See id.*

<sup>77</sup> *See id.* at 1203.

<sup>78</sup> *See id.*

access to copyrighted works.<sup>79</sup> It further noted that the appropriate way to deter such conduct lies in other areas of the law, like tort and criminal law.<sup>80</sup>

Accordingly, the Federal Circuit construed § 1201 to require a nexus between the access violated and a protected right granted under copyright law.<sup>81</sup> Copyright holders seeking to bring anticircumvention claims under the DMCA must show a reasonable connection between the circumvention and a use infringing upon an existing property right granted under the Copyright Act.<sup>82</sup> Additionally, a copyright holder seeking to bring an anti-trafficking claim under the DMCA must show that the trafficking device directly enables either infringement or prohibited circumvention.<sup>83</sup> The Federal Circuit affirmed the district court's judgment in favor of Skylink.<sup>84</sup>

### **D. Modding and the Modern Landscape of the Video Game Industry**

Video game modding has long offered video game developers a unique and potentially lucrative means to extend the commercial lifecycles of their existing games.<sup>85</sup> While the practice of modifying a video game's source code can be traced as far back as the advent of the personal computer in the 1970s, the contemporary video game modding scene emerged in the early 1990s, with some developers taking steps to enable and encourage player modification of their games.<sup>86</sup> The widespread availability of modding tools facilitated the growth of early modding communities, extended the shelf life and sales of original games, and provided many hobbyist developers with the means to enter professional game development.<sup>87</sup> The practice of modding gradually became more mainstream within the industry, with some user-developed

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<sup>79</sup> See *id.* at 1201.

<sup>80</sup> See *id.*

<sup>81</sup> See *Chamberlain*, 381 F.3d at 1204.

<sup>82</sup> See *id.*

<sup>83</sup> See *id.*

<sup>84</sup> See *id.* Chamberlain's subsequent petition to the Supreme Court for a writ of certiorari was denied. See *Chamberlain Grp., Inc. v. Skylink Techs., Inc.*, 125 S. Ct. 1669, 1669 (2005).

<sup>85</sup> See Matt Gardner, *Game Modding Offers 'Huge Financial Opportunities' For Studios In 2022*, FORBES (Apr. 7, 2022), <https://www.forbes.com/sites/mattgardner1/2022/04/07/game-modding-offers-huge-financial-opportunities-for-studios-in-2022/?sh=1ad98f00590d>.

<sup>86</sup> See Reseigh-Lincoln, *supra* note 5. The origins of the modern subculture of video game modding largely stem from the release of id Software's 1993 game Doom, which included a software development kit containing the game's artistic assets and map designs, which eased the creation of player modifications. See *id.*

<sup>87</sup> See Chris Kohler, *Q&A: Doom's Creator Looks Back on 20 Years of Demonic Mayhem*, WIRED (Dec. 18, 2013, 6:30 AM), <https://www.wired.com/2013/12/john-carmack-doom/>; see also William Antonelli, *Video game mods are wildly popular — and it's easier than ever*

mods even eclipsing the popularity of the original titles from which they were spawned, becoming standalone franchises in their own right, which have gone on to accrue hundreds of millions of dollars in revenue.<sup>88</sup>

Early legal cases involving mods provide basic illustrative examples of both the modding process and its tendency to implicate copyright considerations. The 1992 case of *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*<sup>89</sup> marks one of the first instances in which the legality of modding a copyrighted game was adjudicated. The Ninth Circuit rejected Nintendo's argument that the modified audiovisual displays created by the Game Genie product<sup>90</sup> constituted infringing derivative works: "[t]he Game Genie is useless by itself, it can only enhance, and cannot duplicate or recaste [sic], a Nintendo game's output. It does not contain or produce a Nintendo game's output in some concrete or permanent form[.]"<sup>91</sup> Assuming for the sake of the argument that the Game Genie's modifications could qualify as derivative works in their own right, the Ninth Circuit further concluded that the alterations of Nintendo games produced by the Game Genie would still qualify for fair use protections as private, non-commercial uses of purchasers' Nintendo games.<sup>92</sup>

Six years later, the Ninth Circuit further expounded on the legal status of mods in *Micro Star v. FormGen Inc.*,<sup>93</sup> when FormGen, developer of the popular game Duke Nukem 3D ("D/N-3D"),<sup>94</sup> brought suit against the developer of the Nuke It ("N/I") mod pack for re-packaging and commercially releasing user-created levels, which the game stored in the form of "MAP" files.<sup>95</sup> The Ninth Circuit's explanation of how D/N-3D makes use of user-created MAP files is incredibly helpful to understanding both *Micro Star* and the general process of running modified games:

The game consists of three separate components: the game engine, the source art library and the MAP files. The game engine is the heart of the computer program; in some sense, it is the program. It tells the computer when to read data, save and

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*for modders to turn their hobby into a career*, BUS. INSIDER (July 9, 2025, 9:53 AM), <https://www.businessinsider.com/video-game-modding-patreon-creators-hobby-into-career-2025-7>.

<sup>88</sup> See Shevell, McKinney & Krosnicki, *supra* note 4.

<sup>89</sup> 964 F.2d 965 (9th Cir. 1992).

<sup>90</sup> Lewis Galoob Toys' Game Genie product interfaced with Nintendo Entertainment System cartridges, allowing users to input commands that modified features of Nintendo games, such as increasing a game's speed or granting the user extra lives within the game. *See id.* at 967.

<sup>91</sup> *See id.* at 969.

<sup>92</sup> *See id.* at 969–72.

<sup>93</sup> 154 F.3d 1107 (9th Cir. 1998).

<sup>94</sup> FormGen had packaged Duke Nukem 3D with a "Build Editor" tool that enabled users to create their own levels within the game. *See id.* at 1109–10.

<sup>95</sup> *See id.* at 1109.

load games, play sounds and project images onto the screen. In order to create the audiovisual display for a particular level, the game engine invokes the MAP file that corresponds to that level. Each MAP file contains a series of instructions that tell the game engine (and, through it, the computer) what to put where. . . . The MAP file describes the level in painstaking detail, but it does not actually contain any of the copyrighted art itself; everything that appears on the screen actually comes from the art library. . . . When the player selects one of the N/I levels, the game engine references the N/I MAP files, but still uses the D/N-3D art library to generate the images that make up that level.<sup>96</sup>

Micro Star argued that because the N/I MAP files do not contain any of D/N-3D's copyrighted art files, they do not infringe on D/N-3D's protected expression and the MAP files themselves were thus not derivative works.<sup>97</sup> The Ninth Circuit rejected this argument, pointing out that Micro Star had misconstrued the protected work at issue in the case: the D/N-3D story itself.<sup>98</sup> As expressed within D/N-3D, the N/I levels effectively told new stories starring the Duke Nukem character, an infringement upon FormGen's exclusive right to produce derivative works.<sup>99</sup> As the Ninth Circuit pointed out, "[a] book about Duke Nukem would infringe for the same reason, even if it contained no pictures."<sup>100</sup> However, the Ninth Circuit also noted that the N/I MAP files could only be used within D/N-3D; were another game capable of running the files, then the files "would not incorporate the protected expression of D/N-3D because they would not be telling a D/N-3D story."<sup>101</sup> *Galoob* and *Micro Star* both demonstrate how modding efforts often walk a precarious line between permissible fair use and the creation of infringing derivative works.<sup>102</sup>

Like FormGen, some developers have encouraged the modding of their games, hoping to capitalize on the buoying effect that popular mods can have on the sales and popularity of existing titles, though this risks the prospect that a particularly popular mod might eclipse the original title it modifies.<sup>103</sup> Developers have attempted to both encourage modding and simultaneously

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<sup>96</sup> *Id.* at 1110.

<sup>97</sup> *See id.* at 1112.

<sup>98</sup> *See id.*

<sup>99</sup> *See id.*

<sup>100</sup> *Id.*

<sup>101</sup> *See id.*

<sup>102</sup> *See* Lewis Galoob Toys, Inc. v. Nintendo Am., Inc., 964 F.2d 965, 969–72 (9th Cir. 1992); *see also* *Micro Star*, 154 F.3d at 1112.

<sup>103</sup> *See* Shevell, McKinney & Krosnicki, *supra* note 4. The 1999 mod Counter-Strike and the 2003 mod Defense of the Ancients, mods of Valve Corporation's 1998 game Half-Life and Blizzard Entertainment's 2002 game Warcraft III: Reign of Chaos respectively, both proved more popular than the games they originally modified and established enduring and lucrative franchises. *See id.*

exert control over the hosting and distribution of user-created mods, resulting in significant pushback from modding communities.<sup>104</sup> Other developers have employed more restrictive End User License Agreements (“EULAs”), which govern the terms of use for their games, asserting copyright ownership over all mods developed within their games as a condition of use.<sup>105</sup> When faced with copyright claims from major publishers, hobbyist developers will often fold in response to publishers’ cease and desist letters and takedown requests.<sup>106</sup> Despite such efforts, copyright holders have less capability to assert control over gameplay concepts developed within mods; modders can employ original concepts from their mods in standalone titles so long as they make no use of an existing game’s assets.<sup>107</sup>

Over the past twenty years, the video game industry itself has grown to become a major sector of the entertainment industry and increasingly embraced a transition towards digitization.<sup>108</sup> In 2025, the global video games market boasted roughly 3.6 billion players and generated estimated revenues of \$188.8 billion.<sup>109</sup> In recent years, much of the video game market has transitioned away from traditional physical delivery methods towards online marketplaces and subscription models.<sup>110</sup> This trend enables developers to

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<sup>104</sup> See Nicole Carpenter, *New Skyrim mod feature pulling the mod community apart*, POLYGON (Dec. 7, 2023), <https://www.polygon.com/23992142/skyrim-creations-paid-mod-update-feature-controversy>. Bethesda Softworks’ *The Elder Scrolls V: Skyrim* has maintained its popularity long past its 2011 release due in large part to the game’s active modding community. Bethesda has made two prominent attempts at bringing the *Skyrim* modding community under its roof, both efforts drawing significant backlash from the game’s modding community. See *id.*

<sup>105</sup> See Kyle Orland, *Blizzard now claims full copyright for player-made “custom game” mods*, ARS TECHNICA (Jan. 29, 2020), <https://arstechnica.com/gaming/2020/01/blizzard-now-claims-full-copyright-for-player-made-custom-game-mods/>. Blizzard’s EULA for their remake of *Warcraft III* asserts full copyright ownership of player-made mods. See *id.*

<sup>106</sup> See ELEC. FRONTIER FOUND., *supra* note 23 at 17–20; see also Vincent Acovino, *‘Super Mario Bros. 35’ Evokes Nintendo’s Strained Relationship With Fan Developers*, NPR (Oct. 5, 2020, 7:00 AM), <https://www.npr.org/2020/10/05/919178106/super-mario-35-evokes-nintendo-s-strained-relationship-with-fan-developers>; see also Wes Fenlon, *Aggressive Nintendo copyright strikes on YouTube push Breath of the Wild multiplayer modders into taking down mod*, PC GAMER (Apr. 14, 2023), <https://www.pcgamer.com/aggressive-nintendo-copyright-claims-on-youtube-push-breath-of-the-wild-multiplayer-modders-into-taking-down-mod/>.

<sup>107</sup> See Dennis Chau, *The Legal Risks Surrounding User-Created Content in Video Games*, 64 IDEA: L. REV. FRANKLIN PIERCE CTR. FOR INTELL. PROP. 178, 193–194 (2023).

<sup>108</sup> See VAN DREUNEN, *supra* note 25 at 14–15.

<sup>109</sup> NEWZOO, *2025 Global Games Market Report: Updated November 2025 | Free Edition* 10 (2025).

<sup>110</sup> *Id.* at 40; see also Kyle Orland, *Physical console games are quickly becoming a relatively niche market*, ARS TECHNICA (Feb. 17, 2022), <https://arstechnica.com/gaming/2022/02/>

package digital games with digital rights management (“DRM”) protection features: access control measures that can require players to have a persistent internet connection in order to access and play the games they purchase.<sup>111</sup>

Game developers have consequently embraced additional digital monetization efforts as a means to extend the lifecycles of existing titles.<sup>112</sup> Major game publishers like Sony and Microsoft have transitioned their business models towards always-online “live service” games and subscription models.<sup>113</sup> Such efforts have led to a considerable expansion in both the scope and length of many games released by major publishers, intended to establish existing titles as ongoing services.<sup>114</sup> This push has led to significant increases in both development time and investment costs for major titles, with developers pouring significant resources into titles’ post-release content with the hopes of turning greater profits on recurring live-service revenue.<sup>115</sup> Other developers have responded to the games-as-a-service shift by reorganizing their games’ business models around user-generated content, like mods, which can maintain player engagement while avoiding significant developer costs.<sup>116</sup>

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fewer-and-fewer-console-games-are-seeing-a-physical-release/.

<sup>111</sup> See Olivia Yoon, *Always Online DRM and Video Games*, CARDOZO ARTS & ENT. L.J. BLOG (Sep. 21, 2021), <https://larc.cardozo.yu.edu/aelj-blog/293>.

<sup>112</sup> See NEWZOO, *supra* note 109 at 44, 84–85. Many developers now augment their sales revenue from a game’s initial release by developing and selling new content, distributed digitally, for their games. Such content can take many forms: major additions of downloadable content that can rival full game releases in size, smaller “microtransactions” of virtual currencies or digital cosmetic items, or ongoing subscription models that distribute additional content over a set period of time. *See id.*

<sup>113</sup> See Jay Peters, *PlayStation is betting big on new franchises and live service games*, THE VERGE (May 23, 2023), <https://www.theverge.com/2023/5/23/23735274/sony-playstation-new-franchises-live-service-games-business>; *see also* Andrew Webster, *Microsoft is slowly building to a future where ‘every screen is an Xbox’*, THE VERGE (Feb. 15, 2024), <https://www.theverge.com/2024/2/15/24074166/microsoft-xbox-strategy-multiplatform>.

<sup>114</sup> See Teddy Amenabar, *Video games keep getting longer. It’s all about time and money*, WASH. POST: LAUNCHER (Mar. 18, 2022, 11:09 AM), <https://www.washingtonpost.com/video-games/2022/03/18/game-length-open-world/>. Brendan Keogh, an Australian games researcher, argues that “[t]he general leading business model of the game industry right now is about holding players within a game service for as long as humanly possible, . . . You want players to just hang around for as long as possible and not go play something else.” *Id.*

<sup>115</sup> See Stephen Totilo et al., *The wait between major video game sequels is getting longer*, AXIOS (Aug. 11, 2023), <https://www.axios.com/2023/08/11/video-game-sequels-wait>. Some franchises that previously released games on an annual or bi-annual basis now boast development cycles lasting five years or more in-between releases, with eight or nine-figure budgets. *See id.*

<sup>116</sup> See Aron Garst, *Fortnite and Roblox are dueling for the future of user-built games*, THE VERGE (Apr. 7, 2023), <https://www.theverge.com/23674121/fortnite-roblox-user-generated-games>.

### E. *MDY Industries, LLC v. Blizzard Entertainment Inc.*

Blizzard Entertainment's World of Warcraft is an online multiplayer role-playing game<sup>117</sup> in which players inhabit the role of a character in the fantasy realm of Azeroth, a persistently-online, networked virtual world.<sup>118</sup> Players progress through the game by interacting with both non-playable characters<sup>119</sup> and other human players to accumulate virtual currency and experience points and develop their personal character to higher levels in the game.<sup>120</sup> In order to log into Blizzard's servers and play WoW, players pay a monthly subscription fee and agree to a EULA, which establishes Blizzard's expectations for user behavior.<sup>121</sup> Soon after its release, WoW quickly became a critical and commercial success, dominating the market and becoming an early success story of the monthly pay-to-play subscription model.<sup>122</sup>

Michael Donnelly, the founder of MDY Industries, developed and marketed the mod Glider to WoW players seeking to skip aspects of the game that some players found tedious.<sup>123</sup> Glider ran independently of WoW and functioned by automating in-game tasks, enabling players to reap the game's

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User-generated content as seen in games like Fortnite and Roblox should be differentiated from the video game mods at issue in this Note; such user-generated content is both created and run in-game, using tools created by the game developers. *See id.* In contrast, video game mods are generally created outside of a game, and are then run either in-game or independent of the game. *See* Shevell, McKinney & Krosnicki, *supra* note 4.

<sup>117</sup> Role-playing games are a subgenre of video games "in which players advance a character through a series of battles or quests to gain experience, strength, and skill as part of a progressive narrative arc usually depicting the hero's journey." *Role-playing game*, Merriam-Webster.com Dictionary, <https://www.merriam-webster.com/dictionary/role-playing%20game> (last visited Jan. 11, 2026).

<sup>118</sup> *See* MDY Indus., LLC v. Blizzard Ent., 629 F.3d 928, 945 (9th Cir. 2010).

<sup>119</sup> Non-playable characters within video games are those whose actions cannot be directly manipulated or controlled by the player. *See Non-playable character*, Merriam-Webster.com Dictionary, <https://www.merriam-webster.com/dictionary/non-player%20character> (last visited Jan. 11, 2026).

<sup>120</sup> *See* MDY, 629 F.3d at 945.

<sup>121</sup> *See id.* at 935.

<sup>122</sup> *See* Seth Schiesel, *World of Warcraft Keeps Growing, Even as Players Test Its Limits*, NY TIMES (Feb. 10, 2005), <https://www.nytimes.com/2005/02/10/technology/circuits/world-of-warcraft-keeps-growing-even-as-players-test-its-limits.html>; *see also* Seth Schiesel, *New Lives, New Deaths, New Challenges*, NY TIMES (Sep. 9, 2010), <https://www.nytimes.com/2010/09/12/arts/television/12schiesel.html>.

<sup>123</sup> *See* MDY, 629 F.3d at 936–937. Despite its success, WoW faced the criticism that its game design often required players to engage in time-consuming, repetitive tasks in order to gain levels and continue progressing through the game. *See* Kieron Gillen, *World of Warcraft*, EUROGAMER (Mar. 18, 2008), <https://www.eurogamer.net/r-wow-pc>.

digital rewards without having to be physically present at their computers to control their player characters.<sup>124</sup> Blizzard subsequently received complaints from subscribers about the negative impact that bot programs like Glider had on the player experience.<sup>125</sup> In response, Blizzard updated the EULA to prohibit the use of bots and developed a moderation program titled Warden which ran alongside WoW.<sup>126</sup> Warden's sole purpose was to read the memory of a player's computer to check for the presence of bot programs and boot offending players from the game's servers should one be detected.<sup>127</sup> MDY subsequently updated Glider to circumvent Warden's detection measures.<sup>128</sup>

After receiving a cease and desist from Blizzard, MDY brought an action in the U.S. District Court for the District of Arizona, seeking a declaratory judgment establishing that the sale of Glider did not violate Blizzard's copyrights.<sup>129</sup> Blizzard, in turn, asserted a number of counterclaims against MDY, including multiple violations of § 1201 of the DMCA for circumventing Warden and a contributory copyright infringement claim for facilitating other players' violations of the game's EULA.<sup>130</sup> The district court ruled in Blizzard's favor on all but one of the claims, including the DMCA and contributory copyright infringement claims.<sup>131</sup> MDY appealed to the Ninth Circuit, which reversed the District Court's summary grant on the contributory copyright infringement claim, but affirmed MDY's violations of the anticircumvention provisions of the DMCA.<sup>132</sup>

### **1. *The Anticircumvention Right***

While the Ninth Circuit considered the *Chamberlain* infringement nexus in its analysis and noted its focus on balancing the interests of copyright holders and consumers, it nonetheless declined to follow its standard.<sup>133</sup> In its view, the plain language of the DMCA contradicted the Federal Circuit's reading in *Chamberlain* and indicated that § 1201(a) granted a distinct anticircumvention

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<sup>124</sup> See *MDY*, 629 F.3d at 936–937.

<sup>125</sup> See *id.* at 942.

<sup>126</sup> See *id.* Prior to Glider's release, WoW's EULA contained no language prohibiting the use of bots. See *id.* at 936.

<sup>127</sup> See *id.*

<sup>128</sup> See *id.*

<sup>129</sup> See *id.* at 937.

<sup>130</sup> See *id.*

<sup>131</sup> See *id.*

<sup>132</sup> See *id.* at 941–43 (9th Cir. 2010) (noting that while Glider users violate their covenants with Blizzard through the EULA, they do not commit copyright infringement in the process because Glider does not infringe any of Blizzard's exclusive rights).

<sup>133</sup> See *id.* at 950.

property right.<sup>134</sup> The Ninth Circuit found that, because the language of § 1201(b) implicates exclusive rights granted under the Copyright Act, the absence of similar language in § 1201(a) indicated that the violation of an exclusive right is not necessary to a § 1201(a) violation.<sup>135</sup> The Ninth Circuit also pointed to the role that § 1201 grants to the Librarian of Congress in making exceptions to § 1201(a) as indicative that Congress foresaw situations where the public's right to circumvent an access control measure would outweigh a copyright holder's right to prohibit it.<sup>136</sup> It similarly pointed to the legislative history of the DMCA as supporting its construction of a new property right.<sup>137</sup> The Ninth Circuit found *Chamberlain's* concerns that an anticircumvention right would disturb the balance of rights between copyright holders and consumers to be overstated, and argued that even if they were taken as true, it would not permit a reading of the statute as imposing an infringement nexus.<sup>138</sup>

In its analysis of the case, the Ninth Circuit broke down Blizzard's copyrights in WoW into three categories to examine where MDY's liability under the DMCA might lie: (1) literal elements, which included the source code governing the game; (2) individual non-literal elements, which included the art assets and game files pulled by the source code to produce the game for the user; and (3) dynamic non-literal elements, which included the overall audiovisual experience of playing WoW as displayed to the end user.<sup>139</sup> The Ninth Circuit found that Warden did not act as an access control measure to WoW's literal and individual non-literal elements, and thus MDY had no DMCA liability with respect to those elements of the game.<sup>140</sup>

However, it did find MDY liable under § 1201(a)(2) with respect to WoW's dynamic non-literal elements, because it viewed Warden as an effective access control to those elements of the game.<sup>141</sup> While Warden's primary purpose was bot detection, the Ninth Circuit looked to Warden's functionality to boot offending players from the game, denying them the copyrighted audiovisual experience of playing WoW and finding that this satisfied the requirements of an effective access control measure under § 1201(a).<sup>142</sup> In rewriting Glider to avoid detection by Warden, Glider had thus circumvented an access control

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<sup>134</sup> *See id.*

<sup>135</sup> *See id.* at 945.

<sup>136</sup> *See id.* at 951.

<sup>137</sup> *See id.* at 946–47.

<sup>138</sup> *See id.*

<sup>139</sup> *See id.*

<sup>140</sup> *See id.* at 953.

<sup>141</sup> *See id.* at 953–954.

<sup>142</sup> *See id.* at 954.

measure to copyrighted content and violated § 1201(a), without actually infringing upon that copyrighted content.<sup>143</sup>

## II. Analysis

The fundamental issue at the core of the *MDY* and *Chamberlain* split is whether § 1201(a) prescribes a blanket prohibition on the circumvention of access control measures or only when the circumvention contains a nexus to infringement. The U.S. Copyright Office's view has long aligned with the Ninth Circuit's construction of § 1201(a) as having granted a distinct anti-circumvention property right, yet even it acknowledges that there remains considerable disagreement as to whether the scope of the provisions has been properly drawn.<sup>144</sup> Section 1201(a) cannot be disconnected from the infringement considerations at the core of the DMCA, and a blanket anticircumvention right has concerning implications for those, like modders, who make fair, non-infringing uses of digital copyrighted works. Since *MDY* was decided in 2010, the video game industry's shift towards digitization<sup>145</sup> has made *MDY*'s holding more relevant than ever. As a result of changed industry conditions and *MDY*'s empowerment of copyright holders to go after non-infringing circumventions, video game modders are now more vulnerable to liability under § 1201(a) than they were when the *MDY* decision was first rendered in 2010.<sup>146</sup>

### A. The Anticircumvention Right Divorces Copyright Law from the Infringement Considerations at the Core of the DMCA

The Ninth Circuit grounds the anticircumvention right in the plain language of § 1201(a), but its analysis failed to fully consider the statute's place within both the DMCA and the broader scheme of copyright law. It flattened legislative history arguments to support this new right, removing the anti-piracy concerns at the core of the DMCA from the statute in the process.<sup>147</sup> This led to a similarly flawed application of § 1201(a) to the facts of the case, ultimately establishing a low bar for circumvention violations that could provide copyright holders an improper means to compel user behaviors.<sup>148</sup>

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<sup>143</sup> See *id.*

<sup>144</sup> See U.S. Copy. Off., *Section 1201 of Title 17: A Report of the Register of Copyrights* 36 (June 2017).

<sup>145</sup> See VAN DREUNEN, *supra* note 25 at 14–15.

<sup>146</sup> See James Harrell, *Permissible Error?: Why the Ninth Circuit's Incorrect Application of the DMCA in MDY Industries, LLC v. Blizzard Entertainment, Inc. Reaches The Correct Result*, 14 WAKE FOREST J. BUS. & INTELL. PROP. L. 211, 227–28 (2013).

<sup>147</sup> See ELEC. FRONTIER FOUND., *supra* note 23, at 2.

<sup>148</sup> See *MDY*, 629 F.3d at 951; see also Harrell *supra* note 146, at 227–28.

### *1. The Ninth Circuit's Statutory Construction Arguments*

The Ninth Circuit's contention that a new anticircumvention property right fits the plain meaning of § 1201(a) is flawed because it ignores the statute's place within the greater context of the purpose of the DMCA and copyright law in general.<sup>149</sup> The Ninth Circuit stated that, because § 1201(b) directly implicates the exclusive rights granted under the Copyright Act in its language, the absence of such language in § 1201(a) implies that an exclusive right need not be violated for a § 1201(a) violation.<sup>150</sup> While § 1201(a) prohibits both the act of circumventing access controls to a work and trafficking in technologies that enable such acts, § 1201(b) only prohibits trafficking in devices that circumvent measures protecting the exclusive rights of a copyright holder; it does not prohibit the circumvention of such measures.<sup>151</sup> The distinction in language between § 1201(a) and § 1201(b) is significant, though not because the language used in § 1201(b) is meant to imply something about § 1201(a) through its omission, as the Ninth Circuit contended, but because § 1201(b) was employed to ensure the continued applicability of copyright law's fair use doctrine.<sup>152</sup> The copying of a protected work may still be fair use under certain circumstances, thus circumventing access control measures designed specifically to prevent copying or other infringements of the exclusive rights is not fully prohibited under the DMCA.<sup>153</sup>

The Ninth Circuit makes a stronger argument with its analysis of § 1201(a)(1)(C), which grants the Librarian the power to make exceptions for "noninfringing uses" of particular classes of copyrighted works via rule-making proceedings.<sup>154</sup> It correctly recognized that this exception—which has no equivalent in § 1201(b)—demonstrated that Congress expected situations where the public's right to circumvent an access control would outweigh a copyright holder's right to prohibit it.<sup>155</sup> The Ninth Circuit asserts that the Librarian's role in establishing such exceptions does not authorize the infringement of a copyright owner's traditional exclusive rights, thus the Librarian's rulemaking authority must be limited to moderating the new anticircumvention right.<sup>156</sup> The Ninth Circuit appears to take § 1201(a)(1)(C)'s use of the phrase "noninfringing uses" to mean uses of copyrighted material that do

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<sup>149</sup> See *MDY*, 629 F.3d at 945.

<sup>150</sup> See *id.*

<sup>151</sup> Compare 17 U.S.C. § 1201(a), with 17 U.S.C. § 1201(b).

<sup>152</sup> See U.S. COPY. OFF., *supra* note 48, at 3–4.

<sup>153</sup> See *id.*

<sup>154</sup> See *MDY*, 629 F.3d at 946.

<sup>155</sup> See *id.*

<sup>156</sup> See *id.*

not implicate the infringement of an exclusive right.<sup>157</sup> However, this analysis ignores that a number of the § 1201(a)(1)(C) factors the Librarian must examine when considering such exceptions—“(ii) the availability for use of works for nonprofit archival, preservation, and educational purposes; (iii) the impact that the prohibition . . . has on criticism, comment, news reporting, teaching, scholarship, or research; (iv) the effect of circumvention . . . on the market for or value of copyrighted works; and (v) such other factors as the Librarian considers appropriate” —have clear parallels in copyright law’s existing doctrine of fair use.<sup>158</sup> § 1201(a)(1)(C)(ii), § 1201(a)(1)(C)(iii), and § 1201(a)(1)(C)(v) correspond to the fair use doctrine’s balancing consideration of the purpose and character of the use of copyrighted material, including whether the use is for nonprofit educational purposes,<sup>159</sup> while § 1201(a)(1)(C)(iv) corresponds to the doctrine’s consideration of whether the use will impact the market for the original work.<sup>160</sup>

Viewing the § 1201(a)(1)(C) factors in the light of their clear parallels in the fair use doctrine, the Ninth Circuit’s assertion that the Librarian’s rulemaking authority must relate solely to the anticircumvention right becomes tenuous.<sup>161</sup> Although the Ninth Circuit correctly recognizes that the Librarian cannot “authorize” infringement through the rulemaking,<sup>162</sup> neither does the fair use doctrine “authorize” infringing uses of copyrighted material; it instead limits the exclusive rights so that uses of copyrighted content meeting the fair use factors are not infringements of copyright at all.<sup>163</sup> The fair use doctrine requires an analysis of whether a use falls within the established limits on exclusive rights before establishing a use as noninfringing.<sup>164</sup> Both the fair use doctrine and the rulemaking exist to define the borders of the copyright holder’s exclusive rights under the law. The centrality of fair-use-like considerations in § 1201(a)(1)(C) demonstrates that infringement analysis remains a part of § 1201(a), even if not addressed as explicitly as it is in § 1201(b). The Ninth Circuit cannot so easily sever § 1201(a) from the infringement considerations that lie at the heart of copyright law.

<sup>157</sup> See *MDY*, 629 F.3d at 945–46.

<sup>158</sup> 17 U.S.C. § 1201(a)(1)(C)(i)—“the availability for use of copyrighted works”—functions as a threshold consideration specific to access control-protected works; does the measure prevent access to the work? Accordingly, it does not have a parallel in 17 U.S.C. § 107, as a fair use analysis could not proceed if the work was unavailable to be used. Compare 17 U.S.C. § 1201(a)(1)(C)(i) with 17 U.S.C. § 107.

<sup>159</sup> Compare 17 U.S.C. § 1201(a)(1)(C)(ii)–(iii) with 17 U.S.C. § 107(1).

<sup>160</sup> Compare 17 U.S.C. § 1201(a)(1)(C)(iv) with 17 U.S.C. § 107(4).

<sup>161</sup> See *MDY*, 629 F.3d at 945–46.

<sup>162</sup> See *MDY*, 629 F.3d at 946.

<sup>163</sup> See 17 U.S.C. § 1201(a)(1)(C); see also 17 U.S.C. § 107.

<sup>164</sup> See 17 U.S.C. § 1201(a)(1)(C); see also 17 U.S.C. § 107.

## 2. *The Ninth Circuit's Legislative History Arguments*

The DMCA and its WIPO predecessors were fundamentally concerned with ensuring that copyright law remained capable of tackling the unique threats posed by the internet, namely mass internet piracy.<sup>165</sup> The anticircumvention provisions were intended to aim directly at programs which severed copyrighted material from their digital protective measures so that they could be shared freely on the internet.<sup>166</sup>

The Ninth Circuit argues that the legislative history of the DMCA is consistent with its construction of the anticircumvention property right.<sup>167</sup> It summarizes its view by quoting similar examples employed by both the Senate and House Judiciary Committees comparing the anticircumvention provisions of the DMCA to prohibitions on breaking a lock in order to enter a house.<sup>168</sup> The Ninth Circuit states that such an act would not infringe any of the exclusive rights of a copyright holder, yet is still analogous to the kind of conduct the DMCA seeks to prohibit.<sup>169</sup> But the Ninth Circuit flattens the arguments of both the Senate and House Judiciary Committees in order to make this point; the Senate Judiciary Committee's use of the home break-in example was intended to highlight the primary purpose of the tool used to break into the house, arguing that the DMCA's anticircumvention provisions were "roughly analogous to making it illegal to break into a house using a tool, the primary purpose of which is to break into houses."<sup>170</sup> The House Judiciary Committee employs this example to demonstrate that the DMCA's anticircumvention provisions were intended to be the "electronic equivalent of breaking into a locked room in order to obtain a copy of a book."<sup>171</sup> The Ninth Circuit failed to address that the "electronic equivalent" of such an act would entail digitally copying the book once the "lock" was broken, thus directly implicating the perpetrator in copyright infringement. In both instances, the Ninth Circuit narrows its focus on the issue to the prohibition of the act of circumvention, and flattens details elaborating on the context and purpose of these provisions.<sup>172</sup>

Both the Senate and House Judiciary Reports are explicit about the fact that the purpose of the DMCA, including the anticircumvention provisions, was

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<sup>165</sup> See ELEC. FRONTIER FOUND., *supra* note 17.

<sup>166</sup> See Harrell, *supra* note 146, at 231.

<sup>167</sup> See *MDY*, 629 F.3d at 947.

<sup>168</sup> See *id.*

<sup>169</sup> See *id.*

<sup>170</sup> S. Rep. No. 105-190, at 11 (1998).

<sup>171</sup> H.R. Rep. No. 105-551, pt. 1, at 17 (1998).

<sup>172</sup> See *MDY*, 629 F.3d at 947.

to inhibit piracy efforts.<sup>173</sup> These efforts were directly concerned with ensuring the digital protection of the exclusive rights of copyright holders granted under the Copyright Act.<sup>174</sup> Absent the infringement of one of these exclusive rights, the anticircumvention right does little to further the DMCA's purpose of ensuring adequate digital protections for copyrighted material and combating internet piracy. Evaluating the anticircumvention right in the larger context of copyright law as a whole demonstrates the flaws of establishing such a right within the domain of copyright law. Copyright law is predicated upon the protection of authors' exclusive rights to their works, providing them a means to redress injuries when those rights have been infringed.<sup>175</sup> Once again, absent infringement, no appreciable harm is committed upon a copyright owner when an access control measure is bypassed. As the Federal Circuit demonstrated through its burglar alarm hypothetical in *Chamberlain*, whatever harm that is inflicted does not lie within the realm of copyright law.<sup>176</sup> *MDY*'s anticircumvention right thus extends the DMCA, and copyright law as a whole, beyond its intended boundaries.

The Ninth Circuit in fact employed the broad strokes of a similar argument itself within *MDY* while dismissing Blizzard's contributory copyright infringement claims.<sup>177</sup> It concluded that *MDY* had not committed contributory copyright infringement by enabling users to violate the terms of the *WoW* EULA, because none of Blizzard's exclusive rights were infringed in the act of operating *Glider*.<sup>178</sup> It correctly recognized that enabling Blizzard to designate and punish disfavored conduct as copyright infringement by conditioning the validity of players' licenses upon their behavior "would allow software copyright owners far greater rights than Congress has generally conferred on copyright owners."<sup>179</sup> Yet its establishment of the anticircumvention right could lead to a markedly similar result: copyright holders can designate and punish disfavored conduct by conditioning it upon the circumvention of an access control measure.<sup>180</sup>

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<sup>173</sup> See S. Rep. No. 105-190, at 10-11 (1998); see also H.R. Rep. No. 105-551, pt. 1, at 10 (1998).

<sup>174</sup> See *supra* notes 60-63 and accompanying text.

<sup>175</sup> See U.S. COPY. OFF., *supra* note 7.

<sup>176</sup> See *Chamberlain*, 381 F.3d at 1201.

<sup>177</sup> See *MDY*, 629 F.3d at 941-942.

<sup>178</sup> See *id.*

<sup>179</sup> See *id.* at 941.

<sup>180</sup> See Harrell, *supra* note 146, at 227-28.

### ***3. The Unconsidered Implications of MDY's Anticircumvention Right***

The Ninth Circuit's broad characterization of Warden's nature as an effective access control measure under § 1201(a) similarly extends copyright law beyond its intended subject matter. Warden was not developed as an access control: it was fundamentally a moderation tool.<sup>181</sup> Warden ensured Blizzard's desired player experience within WoW by booting the hundreds of thousands of regular players who used Glider to speed their progress through WoW in a way Blizzard deemed inappropriate.<sup>182</sup> Blizzard was certainly within its right to moderate its game and control access to its servers as it wished, but absent infringement, attempting to circumvent Warden should not have been a violation of copyright law, because Warden was not intended to protect Blizzard's copyrights in WoW.<sup>183</sup>

Glider undoubtedly modified the WoW player experience, but it was distinct from many types of mods in that it ran completely independent of WoW and did not access the game's files.<sup>184</sup> The Ninth Circuit recognized that Glider had no interaction with WoW's copyrightable literal elements or individual non-literal elements: its source code and artistic assets, respectively.<sup>185</sup> Its analysis of MDY's liability focused solely on Warden's ability to control access to WoW's dynamic non-literal elements, essentially, the game's audiovisual display on a user's computer monitor, through its ability to boot offending players from game servers upon detection of a bot.<sup>186</sup> The Ninth Circuit's argument hinged on its finding that Warden served as an access control measure to copyrighted material based on its ability to turn off access to these dynamic non-literal elements by booting a player.<sup>187</sup>

In doing so, the Ninth Circuit established a concerning low bar for copyright holders to clear when bringing anticircumvention claims: any program designed to deny access in response to a disfavored user behavior could now qualify as an access control measure.<sup>188</sup> Accordingly, any efforts to circumvent such moderation measures would now qualify as § 1201(a) violations, regardless of the actual purpose of the circumvention.<sup>189</sup> Under this logic, Blizzard could employ Warden to dissuade WoW users from operating any

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<sup>181</sup> See *MDY*, 629 F.3d at 936.

<sup>182</sup> See *id.*

<sup>183</sup> See *id.*

<sup>184</sup> See *id.* at 935.

<sup>185</sup> See *id.* at 953.

<sup>186</sup> See *id.* at 953-954.

<sup>187</sup> See *id.* at 953.

<sup>188</sup> See Harrell, *supra* note 146, at 227-28.

<sup>189</sup> See *id.*

type of independent application it disfavored during gameplay, so long as Warden was capable of detecting the disfavored activity and removing violating players from the game.<sup>190</sup> If Blizzard hypothetically decided that it wanted to use Warden to prevent players from accessing an internet browser while playing, any efforts from users or developers to restore browser access during gameplay could qualify as a § 1201(a) violation.<sup>191</sup> This was not what § 1201(a) was designed to protect against: § 1201(a)(2) prohibits circumventions “primarily designed or produced for the purpose of circumventing a technological measure.”<sup>192</sup> That a circumventing program, like Glider, has a purpose unrelated to circumvention, let alone unrelated to copyright infringement, becomes irrelevant in the Ninth Circuit’s construction of this new right.<sup>193</sup> This further divorces § 1201(a) from its anti-piracy purposes and creates the means for copyright holders to employ § 1201(a) as a means to punish circumventions of moderating access control measures, unfairly limiting valid software uses to that which copyright holders deem appropriate.<sup>194</sup>

### **B. The Vulnerable Position of Modding in the Modern Video Game Industry**

Since *MDY* was decided in 2010, structural shifts in the video game industry have made its flawed holdings more relevant to a wider swath of the video game industry and, consequently, made modders more vulnerable.<sup>195</sup> While today’s video game industry is, on the whole, more profitable than ever, the stakes for development studios are remarkably tenuous.<sup>196</sup> Game development is more costly and time-consuming than it ever has been and a failed launch of a major title could threaten a development studio’s livelihood.<sup>197</sup> The industry has sought to mitigate such dangers by embracing digitization and seeking recurring revenue streams by transitioning major titles into games-as-a-service business models.<sup>198</sup> When the *MDY* decision was rendered in 2010, *WoW*, a massive, persistently-online, subscription model game, was a

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<sup>190</sup> See *id.*

<sup>191</sup> See *id.*

<sup>192</sup> 17 U.S.C. § 1201(a)(2).

<sup>193</sup> See Harrell, *supra* note 146, at 227–28.

<sup>194</sup> See *id.* at 227.

<sup>195</sup> See Yoon, *supra* note 111; see also Orland, *supra* note 105.

<sup>196</sup> See Amenabar, *supra* note 114.

<sup>197</sup> See Totilo et al., *supra* note 115.

<sup>198</sup> See NEWZOO, *supra* note 109, at 44, 85–86. The “games-as-a-service” business model relies on a game receiving ongoing content updates intended to generate recurring revenue, such as subscription revenue, from engaged players. See *id.* at 85.

relative anomaly in the industry.<sup>199</sup> Today, games that emulate WoW's scope and business model are now the norm in the industry.<sup>200</sup> Given this shift in the industry landscape, non-infringing game modders are arguably more vulnerable to liability under *MDY's* standards today than they were in 2010.<sup>201</sup> A prospective modder today is far more likely to circumvent a moderating DRM measure or violate a restrictive EULA provision as a part of the natural process of accessing and modifying a game's constituent elements, simply due to the increased prominence of such measures in the current gaming landscape.<sup>202</sup>

The current state of the industry also incentivizes developers to seek out new revenue streams, with user-generated content becoming a valuable part of companies' business strategies.<sup>203</sup> An active modding community has the ability to boost sales and engagement for existing titles.<sup>204</sup> Developers with ambitions of transitioning their games to service business models can rely on the interest and engagement generated by modders' efforts, without having to commit costly development resources to updating their games themselves.<sup>205</sup> While modding communities have pushed back on attempts by developers to consolidate modding efforts under their control, in many cases, these communities still operate under the auspices of developer goodwill.<sup>206</sup> Even developers like Blizzard, which once encouraged modding communities in their games, have become more aggressive in asserting copyright ownership over mods made using their games.<sup>207</sup> Consequently, modders have increasingly less room to assert their ownership over the original work that goes into their efforts.<sup>208</sup> This speaks to the inherent power dynamic at play in the industry: modders are often individuals or small teams of hobbyist developers that lack the resources to engage in drawn-out litigation with developers and have little choice but to acquiesce under legal pressure.<sup>209</sup> As a result, they rarely get the opportunity to argue their cases on the merits.<sup>210</sup>

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<sup>199</sup> See Amenabar, *supra* note 114.

<sup>200</sup> See Schiesel, *New Lives, New Deaths, New Challenges*, *supra* note 122.

<sup>201</sup> See Rosen, *supra* note 19, at 280.

<sup>202</sup> See Yoon, *supra* note 111; see also Orland, *supra* note 105.

<sup>203</sup> See NEWZOO, *Global Games Market Report: October 2023 | Free Edition* 28-29, 40 (2023).

<sup>204</sup> See Shevell, McKinney & Krosnicki, *supra* note 4.

<sup>205</sup> See *id.*

<sup>206</sup> See Carpenter, *supra* note 104.

<sup>207</sup> See Orland, *supra* note 105.

<sup>208</sup> See Fenlon, *supra* note 106.

<sup>209</sup> See ELEC. FRONTIER FOUND., *supra* note 23 at 17–20; see also Acovino, *supra* note 106; see also Fenlon, *supra* note 106.

<sup>210</sup> See ELEC. FRONTIER FOUND., *supra* note 23 at 17–20; see also Acovino, *supra* note 106; see also Fenlon, *supra* note 106.

The *MDY* decision further empowered copyright holders by handing them another powerful tool in the form of the anticircumvention property right. After *MDY*, modders face additional liability for the act of circumventing access control measures and an even lower bar for what can constitute a violating circumvention.<sup>211</sup> The current state of the video games industry incentivizes developers to view mods as a cost-effective means of maintaining player engagement,<sup>212</sup> while *MDY* empowered them to use moderating access control measures as an additional means of directing user behaviors.<sup>213</sup> This potentially leaves modding communities with few options other than to accept whatever terms of use developers deign to provide them.<sup>214</sup> The result is a games industry where modders have fewer opportunities to engage in their hobby without running afoul of potential violations.<sup>215</sup>

The unconsidered limits that *MDY* imposes on non-infringing circumventions, such as video game modifications, inevitably conflict with the overall goals of copyright law and threaten the viability of an established and vital part of the video game medium. Mods have long been a proving ground for new and original ideas within the games industry; numerous major developers and influential franchises in the games industry began in modding communities.<sup>216</sup> Mods also serve as a vital entry point for enthusiast developers to enter careers in game development.<sup>217</sup> The ultimate purpose of copyright law's constitutional mandate is to "promote the Progress of Science and useful Arts."<sup>218</sup> Mods can be seen as one of the most vital drivers of such progress within the video game medium.<sup>219</sup> *MDY* further limits the original work that arises from modding communities, in a way that is ultimately inconsistent with copyright law's mandate.<sup>220</sup> While the rights of copyright holders are intended to be balanced with the right of consumers to use their products as they see fit,<sup>221</sup> by severing § 1201(a) from any infringement considerations, *MDY* improperly tilted this balance too heavily in favor of copyright holders and expanded copyright law beyond its intended domain in the process.<sup>222</sup>

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<sup>211</sup> See *MDY Indus., LLC v. Blizzard Ent.*, 629 F.3d 928, 954 (9th Cir. 2010).

<sup>212</sup> See *supra* notes 108–116 and accompanying text.

<sup>213</sup> See *supra* notes 188–194 and accompanying text.

<sup>214</sup> See Orland, *supra* note 105.

<sup>215</sup> See Yoon, *supra* note 111; see also Orland, *supra* note 105.

<sup>216</sup> See Shevell, McKinney & Krosnicki, *supra* note 4.

<sup>217</sup> See Kohler, *supra* note 87; see also Antonelli, *supra* note 87.

<sup>218</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>219</sup> See Reseigh-Lincoln, *supra* note 5.

<sup>220</sup> See Rosen, *supra* note 19, at 280.

<sup>221</sup> See *Chamberlain Grp., Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1202–03 (Fed. Cir. 2004).

<sup>222</sup> See *id.* at 1203.

### III. Recommendation

In contrast to the numerous issues implicated by *MDY*'s establishment of the anticircumvention right, the infringement nexus standard employed by the Federal Circuit in *Chamberlain* provides the courts with a more equitable means to resolve potential § 1201(a) violations.<sup>223</sup> Necessitating that anticircumvention claims possess a nexus between a prohibited access and a protected right ensures that copyright owners are not improperly empowered to expand the reach of copyright law beyond its intended boundaries. Courts trying § 1201(a) claims should therefore employ the infringement nexus framework established by the Federal Circuit in *Chamberlain*.

While there are practical limitations to this approach, it ultimately remains the most viable method of ensuring that § 1201(a) claims are properly considered. Congress has examined the impact of § 1201 and the need for reform, but such efforts have failed to produce legislative changes, leaving the triennial rulemaking as the primary means of redress for those impacted by the statute.<sup>224</sup> While seeking a class exemption through § 1201(a)'s rulemaking provisions provides a means of sidestepping the all-inclusive anticircumvention right provided by *MDY*, the process is regarded by some as flawed, requiring that interested parties expend resources to continually petition the Librarian of Congress to grant and renew exceptions.<sup>225</sup> Further, exemptions granted under the rulemaking are limited to the particular class of copyrighted materials for which the exemption is granted.<sup>226</sup> While an exemption granted to video game mods, for example, would safeguard that class, it would not challenge the underlying issues generated by *MDY*'s improper expansion of copyright law's scope, which are not specific to any one class of copyrighted works.<sup>227</sup>

The current scope of the infringement nexus standard itself is limited by the fact that copyright issues are only rarely considered within the Federal Circuit, given its exclusive subject matter jurisdiction.<sup>228</sup> Even *Chamberlain*'s own path to the Federal Circuit was the result of a complicated series of events that are not easily reproduced.<sup>229</sup> Despite copyright law falling outside of

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<sup>223</sup> See *id.* at 1204.

<sup>224</sup> See Kevin Madigan, *Senate DMCA Hearing Explores the Current State of Section 1201*, COPY. ALL. (Sep. 18, 2020), <https://copyrightalliance.org/senate-dmca-hearing-explores-the-current-state-of-section-1201/>.

<sup>225</sup> See Krista Cox, *Flaws of the 1201 Rulemaking Process*, ASS'N RSCH. LIBR.'S (Jan. 21, 2015), <https://www.arl.org/blog/flaws-of-the-1201-rulemaking-process/>.

<sup>226</sup> See 17 U.S.C. § 1201(a)(1)(C).

<sup>227</sup> See Harrell, *supra* note 146, at 227–28.

<sup>228</sup> See U.S. CT. APPEALS FOR FED. CIR., *supra* note 68.

<sup>229</sup> See discussion *supra* Section I.C.1.

the Federal Circuit's subject matter jurisdiction, its holding in *Chamberlain* properly captured the intent and purpose of copyright law, and a widespread adoption of the infringement nexus in other circuit courts would provide the best means to ensure that its considered approach to § 1201(a) is not limited by the unpredictability of the Federal Circuit's pendent jurisdiction.<sup>230</sup>

The overall value of the Federal Circuit's *Chamberlain* approach can be demonstrated by applying the infringement nexus standard to the facts of *MDY*. The Ninth Circuit separated Blizzard's copyrights in *WoW* into three categories: its literal elements including the game's source code, its individual non-literal elements including art assets, and its dynamic non-literal elements including the game's audiovisual display.<sup>231</sup> As the Ninth Circuit noted, Warden did not control access to any of *WoW*'s literal or individual non-literal elements, and thus *MDY* could not be liable with respect to those elements of the game.<sup>232</sup> Under the infringement nexus standard, the analysis would simply end at this stage, as the literal and individual non-literal elements of *WoW*, files contained on the player's hard drive, are the only copyrightable elements of the game that a circumventing program could theoretically access and subsequently infringe upon.<sup>233</sup> Yet the Ninth Circuit hinged its holding on the fact that Warden controlled access to *WoW*'s copyrightable dynamic non-literal elements.<sup>234</sup> These elements encompass the game's unique expression and presentation to the user as they play the game; they are the end result of all the literal and individual non-literal elements that create the ultimate experience of playing *WoW*.<sup>235</sup> Infringing upon *WoW*'s dynamic non-literal elements would effectively entail a wholesale copying and reproducing of the entire online game.<sup>236</sup> Given *WoW*'s scale and persistently online nature, it would be essentially impossible for a program like *Glider* to accomplish such a task through circumvention.<sup>237</sup> Further, *Glider*'s primary purpose was not infringement or even circumvention, but to automate the experience of playing *WoW*.<sup>238</sup> Under this standard, without a nexus between *Glider*'s circumvention of Warden and an infringement of Blizzard's copyrights, no § 1201(a) violation could be found.<sup>239</sup> Accordingly, § 1201(a) remains fixed

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<sup>230</sup> *See id.*

<sup>231</sup> *See MDY Indus., LLC v. Blizzard Ent.*, 629 F.3d 928, 942–43 (9th Cir. 2010).

<sup>232</sup> *See id.* at 953.

<sup>233</sup> *See id.* at 952–53.

<sup>234</sup> *See id.* at 953.

<sup>235</sup> *See id.* at 953–54.

<sup>236</sup> *See Atari Games Corp. v. Oman*, 888 F.2d 878, 885–86 (D.C. Cir. 1989).

<sup>237</sup> *See supra* notes 117–123 and accompanying text.

<sup>238</sup> *See MDY*, 629 F.3d at 935.

<sup>239</sup> *See Chamberlain Grp., Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1203 (Fed. Cir. 2004).

to its original intended purpose of prohibiting circumventions that enable copyright infringement, and copyright law remains firmly within its intended boundaries.

The *Chamberlain* framework can thus be seen as the ideal means to ensure that non-infringing circumventions and uses of copyrighted material, like mods, are not improperly inhibited by copyright holders. As the Federal Circuit noted in *Chamberlain*, while the DMCA was intended to provide copyright holders with additional protections for the digital age, it was not meant to upset the existing balance between the rights of copyright holders and consumers.<sup>240</sup> Just as copyright law did not provide *Chamberlain* with a means to prevent its customers from using Skylink's universal GDO, copyright law should not have provided Blizzard with the means to prevent its customers from using mods like Glider.<sup>241</sup> Non-infringing video game mods in particular would benefit from widespread implementation of the infringement nexus standard, as § 1201(a) claims against mod developers could not proceed without the infringement of an exclusive right.<sup>242</sup> The infringement nexus properly focuses modding cases on whether the mod at issue has infringed upon a copyright holder's exclusive rights, consistent with the approaches taken in earlier modding cases like *Galoob* and *Micro Star*.<sup>243</sup> Copyright holders thus lose the ability granted by *MDY*'s anticircumvention right to bring § 1201(a) claims for violations of moderating access control measures.<sup>244</sup> This ensures that copyright law cannot be used as a roundabout means of directing user behaviors in interactive works.<sup>245</sup> The Federal Circuit's infringement nexus framework ultimately stands as the best existing method to ensure that the rights of copyright holders and consumers are properly considered and balanced, and that the scope of copyright law remains fixed to its intended purpose of protecting the exclusive rights.

## Conclusion

For the foregoing reasons, courts ruling on § 1201(a) claims under the DMCA should reject the Ninth Circuit's conclusion in *MDY Industries, LLC v. Blizzard Entertainment Inc.*, on the grounds that its construction of an anticircumvention property right would ultimately provide copyright holders with an inappropriate means to stymie non-infringing uses of copyrighted software,

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<sup>240</sup> See 144 Cong. Rec. H7099 (daily ed. Aug. 4, 1998) (statement of Rep. Dingell).

<sup>241</sup> See *Chamberlain*, 381 F.3d at 1203.

<sup>242</sup> See *id.* at 1204.

<sup>243</sup> *Lewis Galoob Toys, Inc. v. Nintendo Am., Inc.*, 964 F.2d 965, 969–72 (9th Cir. 1992); see also *Micro Star v. FormGen Inc.*, 154 F.3d 1107, 1112 (9th Cir. 1998).

<sup>244</sup> See Harrell, *supra* note 146, at 227–28.

<sup>245</sup> See *id.*

which is inconsistent with the intent of both the DMCA and copyright law in general. Courts ruling on anticircumvention claims should instead look to the infringement nexus test employed by the Federal Circuit in *Chamberlain Group, Inc. v. Skylink Technologies, Inc.*<sup>246</sup> Using the Federal Circuit's infringement nexus standard ensures that copyright law is not extended beyond its proper domain and does not prohibit valid non-infringing circumventions of copyrighted software, such as game mods.

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<sup>246</sup> See *Chamberlain*, 381 F.3d at 1202–03.

# Guidance for United States Government Termination for Convenience or Illegality

Grace Tramack\*

## Introduction

With changes in presidential administration comes new challenges in allocating government resources.<sup>1</sup> Such changes require contractors, more than ever, to understand their relevant rights and protections when contracting.<sup>2</sup>

Government contract law allows the federal government and its agencies to make contracts binding the government to purchase goods or services from contractors.<sup>3</sup> Two principles govern government contracts law and intersect through the field: congruence and exceptionalism.<sup>4</sup> Lawmakers and judges use the principles of both to determine who to protect in government contracting law—the government, which enjoys expanded rights because of its sovereignty, or the contractor.<sup>5</sup>

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<sup>1</sup> Sean Michael Newhouse, *Trump's proposed cuts to the federal workforce could increase dependency on contractors, experts say*, GOV'T EXEC. (Jan. 14, 2025), <https://www.govexec.com/workforce/2025/01/trumps-proposed-cuts-federal-workforce-could-increase-dependency-contractors-government-relations-attorneys/402190/>; Donald J. Trump, Inaugural Address (Jan. 20, 2025).

<sup>2</sup> Elizabeth N. Jochum, Robyn N. Burrows & Sara N. Gerber, *A Roadmap for Terminations for Convenience in the DOGE-Era*, BLANK ROME (Mar. 31, 2025), <https://www.blankrome.com/publications/roadmap-terminations-convenience-doge-era>.

<sup>3</sup> *Arizona v. California*, 373 U.S. 546, 580 (1963) (The government's "general authority to make[] contracts" includes the "power to choose with whom and upon what terms the contracts will be made . . . unless Congress has placed some limit on it"); accord *Confederacion de Asociaciones Agricolas del Estado de Sinaloa, A.C. v. United States*, 32 F.4th 1130, 1140 (Fed. Cir. 2022), *Crowley Gov't Servs. v. United States*, 171 Fed. Cl. 453, 464 (2024).

<sup>4</sup> Joshua Schwartz, *Liability for Sovereign Acts: Congruence and Exceptionalism in Government Contracts Law*, GEO. WASH. L. REV. 663 (1996).

<sup>5</sup> *United States v. Winstar Corp.*, 518 U.S. 839, 884 (1996) (“[T]he Government’s practical capacity to make contracts . . . [is] ‘the essence of sovereignty itself’”) (quoting *United States v. Berkins*, 304 U.S. 27, 51–52 (1938)).

One aspect of private contract law which carries over to government contracts law is the doctrine of illegality.<sup>6</sup> A contract for illegal purposes is void “because it is against public policy to permit it to stand.”<sup>7</sup> For instance, in *McMullen v. Hoffman*,<sup>8</sup> John McMullen and Leah Hoffman, operating as Hoffman & Bates, submitted separate bids for a public works contract. However, they had agreed amongst themselves to share the work if one of them received the contract.<sup>9</sup> The defendant, Hoffman & Bates, received the contract.<sup>10</sup> Shortly thereafter, the government discovered Hoffman & Bates had made such an agreement with McMullen and refused to enforce the initial award of the contract.<sup>11</sup> Though the existing contract with the government and the contract sharing the work with McMullen were not inherently illegal, bidders were required to disclose any such agreements with the government during the bidding process.<sup>12</sup> Thus, the government contract with Hoffman & Bates was found illegal, and *McMullen* demonstrated that “no court will lend its assistance in any way towards carrying out the terms of an illegal contract.”<sup>13</sup>

Courts which find a contract illegal will order the termination of performance and consider remedies owed to each party.<sup>14</sup> It is sometimes unclear why the contracting party or government would invoke the doctrine of illegality. Given the government’s additional power to terminate a contract for convenience, it is unclear why they would want to admit to their contract being so “flagrantly illegal” that it cannot be upheld.<sup>15</sup> Under Federal Acquisition Regulation (“FAR”) 52.249-2(a) “Termination for Convenience of the Government (Fixed-Price),” the government “may terminate performance of work under this contract in whole or, from time to time, in part if

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<sup>6</sup> Areas of private contract law such as illegality overlap with federal procurement law. Restatement (Second) of Contracts § 36(2) cmt. c; *United States v. Amdahl Corp.*, 786 F.2d 387, 395 (Fed. Cir. 1986). State procurement law, however, tends to be decentralized and state-specific, and is thus outside of the scope of this Note. Aron C. Beezley & Nathaniel J. Greeson, *Understanding State-Level Procurement: Key Differences from the Federal System*, BRADLEY (October 28, 2025).

<sup>7</sup> *Kaiser Steel Corp. v. Mullins*, 455 U.S. 72, 77 (1982) (citing *McMullen v. Hoffman*, 174 U.S. 639, 669 (1899)).

<sup>8</sup> 174 U.S. 639.

<sup>9</sup> *Id.* at 653.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 655, 656.

<sup>13</sup> *Id.* at 654.

<sup>14</sup> *United States v. Amdahl Corp.*, 786 F.2d 387 (Fed. Cir. 1986).

<sup>15</sup> Joshua Schwartz, *Cases and Materials for a Survey of Govt Procurement Law*, Fall 2024 ed. at 419.

the Contracting Officer determines that a termination is in the Government's interest."<sup>16</sup> The contracting officer "shall terminate by delivering to the Contractor a Notice of Termination specifying the extent of termination and the effective date."<sup>17</sup> This gives the contracting officer broad discretion in determining what constitutes whether something is "in the Government's interest" because the FAR does not give contracting officers guidance on the factors they should consider when determining whether to terminate a contract.<sup>18</sup> A protestor must overcome the "wide discretion" courts grant contracting officers when terminating contracts and show that the government acted in bad faith or abuse of discretion when terminating the contract.<sup>19</sup>

This Note asserts that courts take the "innocent contractor" into consideration in a way that balances the nearly-pure exceptionalism right for the government to terminate for convenience.<sup>20</sup> Effectively, courts try to protect "innocent contractors" by "preventing the government from entering into illegal contracts with impunity" and spreading the risk between the contractor and the government.<sup>21</sup> This serves as a public policy check on government power, but is not yet applied consistently enough.<sup>22</sup> The court should be clearer in the way it reviews contract termination issues and use termination

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<sup>16</sup> FAR 52.249-2(a).

<sup>17</sup> *Id.*

<sup>18</sup> *Cherokee Gen. Corp. v. United States*, 150 Fed. Cl. 270, 277–78 (2020) ("[a]s a general matter, government contracting officers have 'broad discretion to terminate whether to terminate a contract for default'" (quoting *Allen Eng'g Contractor, Inc. v. United States*, 611 F. App'x 701, 705 (Fed. Cir. 2015) (quoting *Lanterman v. United States*, 75 Fed. Cl. 731, 733–34 (2007)); *Newhouse*, *supra* note 1).

<sup>19</sup> *Newhouse*, *supra* note 1; *Caldwell & Santmyer, Inc. v. Glickman*, 55 F.3d 1578, 1581 (1995) ("We treat the decision of an agency board on any question of fact as final and conclusive unless the decision is 'fraudulent, or arbitrary, or capricious, or so grossly erroneous as to necessarily imply bad faith, or if such decision is not supported by substantial evidence.'") (quoting 41 U.S.C. § 609(b) (1988)). It is unclear whether this deference will change with *Loper Bright*. See discussion *infra* Section IV.B.

<sup>20</sup> Major Justin Hess, *Keeping Commitments: A Balanced Approach to Termination for Convenience*, 227 MIL. L. REV. 252, 252–53 (2019) ("Because an agency can readily terminate a contract and reset the solicitation process, the government is incentivized to conduct hastily planned acquisitions riddled with mistakes. Contractors then charge the government higher prices to accommodate the additional risks assumed by the use of T4C clauses").

<sup>21</sup> Michael T. Janik & Margaret C. Rhodes, *Gould, Inc. v. United States: Contractor Claims for Relief Under Illegal Contracts with the Government*, 45 AM. U. L. REV. 1949, 1951 (1996).

<sup>22</sup> *Terminations for Convenience: When are They Improper?*, 26 Nash & Cibinic Rep. No. 10 ¶ 52 (Oct. 2013) (courts and boards of contract appeals are "still searching for meaningful limitations that will accommodate the government's legitimate needs and leave the contractor with some rights under this clause").

for convenience versus illegality to balance remedies for the government and contractors.<sup>23</sup>

Part I discusses the background of the government's right to contract through a congruence and exceptionalism lens, which includes the right to terminate for convenience or claim their contract was "plainly or palpably illegal."<sup>24</sup> Part II analyzes cases in which the government or contractor terminated based on illegality, and find that the court determines such questions of termination for convenience and illegality on a case-by-case basis. Part III briefly mentions the current political climate, as the current administration leans heavily on termination for convenience. Part IV addresses the lack of consistency in the cases analyzed in Part II, and posits that courts, contractors, and contracting officers for the government would all benefit from a clearer standard of application.

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<sup>23</sup> Other scholars have proposed the restriction of the government's use of termination for convenience in three situations: (1) when the parties agree to it, (2) to "comply with competition requirements where the government pays the innocent contractor its total bid and proposal costs," and (3) when circumstances of contract performance change after the award. See Hess, *supra* note 20, at 253. However, changed circumstances were once the law, but now are only relevant when the government fails to enter the contract in good faith. See *Krygoski Constr. Co. v. United States*, 94 F.3d 1537, 1545 (Fed. Cir. 1996) (partially overturning *Torncello* in that changed circumstances need only be demonstrated when the government enters a contract in bad faith. Such a changed circumstance can only benefit the contractor; a changed circumstance can validate a contract originally made with the government's bad faith). This Note asserts that the third of these situations alone, when circumstances of contract performance change after the award, continues to grant the government too broad of discretion similar to any "interest of the Government" per FAR 52.249-2(a). If this third prong governed terminations for convenience, the government might be able to assert any minute change that would grant them the ability to terminate a contract. See *Salsbury Indus. v. United States*, 905 F.2d 1518, 1521 (Fed. Cir. 1990) (finding that the government cannot assert changed circumstances to invalidate a contract when the contract was entered by the government in good faith); *Torncello v. United States*, 231 Ct. Cl. 20, 36 (1982) (the government could not assert "changed circumstances" to avoid responsibility for terminating a contract when the changed circumstance was simply the possibility of a cheaper contract); accord *Krygoski Constr. Co.*, 94 F.3d at 1545.

<sup>24</sup> *United States v. Amdahl Corp.*, 786 F.2d 387, 395 (Fed. Cir. 1986) (quoting To the Sec'y of the Air Force, 52 Comp. Gen. 214, 218 (1972)) (citing *John Reiner & Co. v. United States*, 163 Ct. Cl. 381, 386 (1963); *Warren Bros. Roads Co. v. United States*, 173 Ct. Cl. 714, 720 (1965)).

## I. Background

### A. Limitations on Government Contracting

Even though the power is not explicitly stated in the Constitution, the government has the authority to contract for goods and services with private entities.<sup>25</sup> Valid contracts between the government and contractors, much like private entities, universally require mutual assent.<sup>26</sup>

The government's inability to make non-consensual contracts is evident in *United States v. Tingey*,<sup>27</sup> where the government appealed a trial court judgment in favor of the plaintiffs who executed a bond for the government.<sup>28</sup> The plaintiffs argued that their duties under the bond exceeded the duties originally negotiated.<sup>29</sup> Upon finding "coercion or extortion by colour of office" when the government substituted the agreed-upon bond for the "statute bond" without consent of the plaintiffs, the Court found that the bond was involuntary and thus illegal.<sup>30</sup> Therefore, *Tingey* stands for the principle that, like private contracts, government contracts are subject to the same offer and acceptance standard, by which contractors cannot be coerced into making non-volitional or non-consensual contracts.<sup>31</sup>

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<sup>25</sup> *Winstar v. United States*, 64 F.3d 1531, 1546 (1995) ("The government has the power to enter into contracts which confer vested rights – rights which the government has a duty to honor") (citing *Perry v. United States*, 294 U.S. 330, 351 (1935)); *Crowley Gov't Servs. v. United States*, 171 Fed. Cl. 453, 464 (2024) (finding that it is "well-settled" that the government may "choose with whom and upon what terms" to make contracts. Such capacity to contract is "the essence of sovereignty itself). The government is presumed to contract in good faith. *JKB Sols. & Servs., LLC v. United States*, 18 F.4th 704, 709 (Fed. Cir. 2021) (citing *Caldwell & Santmyer, Inc. v. Glickman*, 55 F.3d 1578, 1581 (1995)). There are also exceptions for private sector relations with the U.S. government which confer on the President a broad power to influence domestic industries when it is necessary for national defense and security. 50 U.S.C. §§ 4501–4568. This authority, codified in the Defense Production Act of 1950, could further impact government contracting and termination for convenience, but is outside the scope of this Note. *Id.*

<sup>26</sup> *Sinking-Fund Cases*, 99 U.S. 700, 719 (1878) ("The United States are as much bound by their contracts as are individuals. If they repudiate their obligations, it is as much repudiation, with all the wrong and reproach that term implies, as it would be if the repudiator had been a State or a municipality or a citizen"); accord *Lynch v. United States*, 292 U.S. 571, 580 (1934).

<sup>27</sup> 30 U.S. 115 (1831).

<sup>28</sup> *United States v. Tingey*, 30 U.S. 115, 125 (1831).

<sup>29</sup> *Id.* at 129.

<sup>30</sup> *Id.* at 129–30.

<sup>31</sup> *Id.*

## B. The Exceptionalist Theory of Government Contracting

Though the government is subject to some of the limitations of private entities in its contract formation and performance, some courts have used the exceptionalist theory in expanding the government's rights in both formation and performance.<sup>32</sup> Exceptionalism "emphasizes that, because of its sovereign status, unique functions, and special responsibilities, the government as a contracting party is not subject to all of the legal obligations and liabilities of private contracting parties."<sup>33</sup> The opposing theory of exceptionalism is congruence, which dictates that "when the United States enters into contract relations, its rights and duties therein are governed generally by the law applicable to contracts between private individuals."<sup>34</sup>

One of these expanded rights in government contracts is the power of the government to terminate a contract for convenience.<sup>35</sup> The government may terminate a contract in whole, or sometimes in part, at the discretion of the contracting officer if they determine "that a termination is in the Government's interest."<sup>36</sup> The FAR provides limited guidance to contracting officers in determining when to terminate a contract for convenience: besides simply being "in the Government's interest,"<sup>37</sup> the FAR only tells the contracting officer that "[w]hen the price of the undelivered balance of the contract is less than \$5,000, the contract should not normally be terminated for convenience but should be permitted to run to completion," and that continuing small business contracts should take priority.<sup>38</sup> The G.L. Christian Doctrine finds that a termination for convenience clause is mandatory and should be read into all contracts with the government, even if it was initially left out.<sup>39</sup>

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<sup>32</sup> See, e.g., *G.L. Christian & Assoc. v. United States*, 312 F.2d 418, 427 (1963) (finding that the government may still terminate for convenience even if there is no provision for it in the contract because of its sovereign status).

<sup>33</sup> Schwartz, *supra* note 4, at 637–38.

<sup>34</sup> *Lynch v. United States*, 292 U.S. 571, 579 (1932).

<sup>35</sup> *United States v. Corliss Steam-Engine Co.*, 91 U.S. 321, 322–23 (1875).

<sup>36</sup> FAR 52.249-2(a) (2025). "Contracting officers have authority to enter into, administer, or terminate contracts and make related determinations and findings. Contracting officers may bind the Government only to the extent of the authority delegated to them. Contracting officers shall receive from the appointing authority (see 1.603-1) clear instructions in writing regarding the limits of their authority. Information on the limits of the contracting officers' authority shall be readily available to the public and agency personnel." FAR 1.602-1 (2025). The government can termination for convenience in a multitude of situations, including changes in budget or project priorities, and during nearly any stage of the contract, though it rarely provides a reason for the termination. Jochum, Burrows & Gerber, *supra* note 2.

<sup>37</sup> FAR 52.249-2(a) (2025).

<sup>38</sup> FAR 49.101(c), (e) (2025).

<sup>39</sup> *G.L. Christian & Assoc. v. United States*, 312 F.2d 418, 427 (1963).

Termination in part is rarer but still possible.<sup>40</sup> It is treated the same as modifying the contract, and only the contracting officer may modify a contract.<sup>41</sup> One example of a partial termination is evident in *Bruce Construction Corporation v. United States*.<sup>42</sup> In *Bruce Construction*, the government terminated a portion of a contract with a construction company because of a dispute regarding an adequate substitute of a building block.<sup>43</sup> The purpose of a partial termination for convenience is to provide an avenue for conflict resolution regarding a specific or minor change in the contract.<sup>44</sup>

Another example of the exceptionalist theory of government contracts is in the doctrine of estoppel. In private contract law, parties invoke promissory estoppel, which requires enforcement of an agreement where the promisor acted with the reasonable expectation that the promisee would uphold their promise.<sup>45</sup> Such a promise is binding if it is the only way to avoid injustice to the promisor.<sup>46</sup> However, *Office of Personnel Management v. Richmond*<sup>47</sup> holds that the government cannot be estopped unless Congress has specifically appropriated funds to come from the U.S. Department of the Treasury (“Treasury”) to a specified government purpose.<sup>48</sup> It also holds that courts

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<sup>40</sup> Under a partial termination, a contractor “may file a proposal with the Contracting Officer for an equitable adjustment of the price(s) of the continued portion of the contract.” FAR 52.249-2(k).

<sup>41</sup> *United States v. Corliss Steam-Engine Co.*, 91 U.S. 321 (1875).

<sup>42</sup> *Bruce Constr. Corp. v. United States*, 163 Ct. Cl. 97 (1963).

<sup>43</sup> *Id.* at 103–04.

<sup>44</sup> Contractors facing a partial termination for convenience may be able to challenge the termination as a deductive change. Valerie Mullaley, *An Overview of the Deductive Changes Process and Areas of Potential Challenge*, 2024 *ARMY LAW.* at 33. However, this goes beyond the scope of this Note.

<sup>45</sup> RESTATEMENT (SECOND) OF CONTRACTS § 90(1) (Promissory Estoppel requires “[a] promise which the promisor should reasonably expect to induce action or forbearance on the part of the promisee or a third person and which does induce such action or forbearance is binding if injustice can be avoided only by enforcement of the promise”).

<sup>46</sup> *Id.*

<sup>47</sup> 496 U.S. 414 (1990).

<sup>48</sup> “Glossary of Terms,” UNITED STATES HOUSE OF REPRESENTATIVES, <https://www.house.gov/the-house-explained/open-government/statement-of-disbursements/glossary-of-terms>. *Richmond*, 496 U.S. at 423–24. The Office of Personnel Management (OPM) in January 2025 offered federal employees a “buyout program” the Trump Administration is calling “Fork in the Road.” Original email to Employees, OPM, <https://www.opm.gov/fork/original-email-to-employees> (last visited Feb. 28, 2025). “Fork in the Road” is a Voluntary Separation Incentive Payment (VSIP) authorized by the Federal Workforce Restructuring Act of 1994. Cross Conrad, “The Fork in the Road,” *The Regulatory Review* (Feb. 25, 2025) <https://www.theregreview.org/2025/02/25/conrad-the-fork-in-the-road/>. Several courts are currently litigating the constitutionality of this program. See *Am. Fed’n of Gov’t Emps., AFL-CIO v. Ezell*,

have “never upheld an estoppel claim against the Government for the payment of money,” and indicates that courts will continue this trend.<sup>49</sup> This phenomenon places estoppel squarely in the exceptionalist theory because courts grant greater rights to the government than parties in private contracting.<sup>50</sup>

### C. Termination for Convenience

Termination for convenience gives the contracting officer broad discretion in its reason for terminating, because the FAR does not offer contracting officers guidance regarding how to exercise this power.<sup>51</sup> The reason behind a termination for convenience is typically not reviewable by courts unless it is for “bad faith or clear abuse of discretion.”<sup>52</sup> While the government historically had to justify a termination for convenience with a material change in circumstances of the contract, the government now need only justify with changed circumstances if they entered the contract in bad faith.<sup>53</sup> Contractors

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No. 25-cv-10276, 2025 WL 470459, at \*1 (D. Mass. Feb. 12, 2025) (holding that unions did not have standing in that court to challenge the program and dissolving the temporary restraining order preventing the government from enforcing the original February 6 deadline to accept the VSIP); Nat’l Treasury Emps. Union v. Trump, 2025 U.S. Dist. LEXIS 30592, at \*5–6 (D. D.C. Feb. 20, 2025). Depending on the results of OPM’s deferred resignation program, the area of equitable estoppel may be impacted. However, any further analysis is currently beyond the scope of this Note.

<sup>49</sup> *Off. of Pers. Mgmt. v. Richmond*, 496 U.S. 414, 415 (1990). The holding of *Richmond* seems to uphold the premise that courts decline to uphold estoppel claims against the government. *Id.* Some scholars find that the more likely outcome of *Richmond* is that estoppel against the government is highly unlikely but not absolutely impossible. See Schwartz, *supra* note 15, at 165–67. This Note similarly assumes that *Richmond* makes it highly unlikely for contractors to bring an estoppel claim against the government, and will not further analyze this issue.

<sup>50</sup> *McNabb*, 54 Fed. Cl. at 775 (“Equitable estoppel will not lie against the government as it lies against private litigants”) (quoting *Richmond*, 496 U.S. at 419–20; see also S.J. Amoroso Constr. Co. v. United States, 12 F.3d 1072, 1075 (Fed. Cir. 1993) (finding that it is “Supreme Court law that the United States is neither bound nor estopped by its agents who act beyond their authority or contrary to statute and regulations”); *Yosemite Park and Curry Co. v. United States*, 217 Ct. Cl. 360, 370 (1978).

<sup>51</sup> *Krygoski Constr. Co. v. United States*, 94 F.3d 1537, 1541 (Fed. Cir. 1996) (“The contractor’s burden to prove the Government acted in bad faith, however, is very weighty”) (citing *Kalvar Corp. v. United States*, 543 F.2d 1298, 1301 (Ct. Cl. 1976)).

<sup>52</sup> *JKB Sols. & Servs., LLC v. United States*, 18 F.4th 704, 709 (Fed. Cir. 2021) (citing *Caldwell & Santmyer, Inc. v. Glickman*, 55 F.3d 1578, 1581 (1995)).

<sup>53</sup> *Torncello v. United States*, 231 Ct. Cl. 20, 45 (1982); *Krygoski Constr. Co.*, 94 F.3d at 1545 (citing *Salsbury Indus. v. United States*, 905 F.2d 1518, 1521 (Fed. Cir. 1990) (“*Torncello* applies only when the Government enters a contract with no intention of fulfilling its promises”).

whose contracts have been terminated for convenience are entitled to notice of termination “specifying the extent of termination and the effective date.”<sup>54</sup>

The contracting officer not only has the authority to formulate, modify, or terminate a contract for convenience, but they also have the right to “settle or to pay any termination settlement proposal arising out of those terminations.”<sup>55</sup> Under the Contract Disputes Act (“CDA”), the private contractor must bring their claim first to the contracting officer if they are dissatisfied and want to challenge the government’s termination of their contract.<sup>56</sup> Contractors dissatisfied with a contracting officer’s final decision to terminate “may appeal the decision to the appropriate agency board of contract appeals” authorized by the CDA or to the U.S. Court of Federal Claims (“Court of Federal Claims”).<sup>57</sup> The Tucker Act specifically gives the Court of Federal Claims jurisdiction over issues in government contracts, and decisions made by the Court of Federal Claims and any Board of Contract Appeals (“BCA”) are brought to the United States Court of Appeals for the Federal Circuit (“Federal Circuit”).<sup>58</sup>

#### D. The Illegality Doctrine

However, when a contractor brings a bid protest claim to a BCA or the Court of Federal Claims, the government need not only terminate for convenience; it can claim illegality as well.<sup>59</sup> For questions of illegality arising after the contract was awarded, “the court should ordinarily impose the binding stamp of nullity only when the illegality is plain. If the contracting officer has viewed the award as lawful, and it is reasonable to take that position under the legislation and regulations, the court should normally follow suit.”<sup>60</sup> A contract is only invalid when “its illegality is palpable”<sup>61</sup> and the record shows “some causal link between the illegality and the contract provisions.”<sup>62</sup>

A contract is plainly or palpably illegal if it was made “contrary to statutory or regulatory requirements because of some action or statement by the contractor.”<sup>63</sup> Violating statutory or regulatory requirements means the gov-

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<sup>54</sup> FAR 52.249-2(a) (2025).

<sup>55</sup> FAR 52.249-2(b)(4) (2025).

<sup>56</sup> 41 U.S.C. § 7102(a).

<sup>57</sup> U.S. Dept. of Just., Civil Resource Manual § 70 (2013); Admin. Dispute Resolution Act, Pub. Law 104-320, 110 Stat. 3874 § 12(a)(3) (1996).

<sup>58</sup> 28 U.S.C. § 1491; 28 U.S.C. § 1295(4); 28 U.S.C. 1295(10).

<sup>59</sup> *United States v. Amdahl Corp.*, 786 F.2d 387, 395 (Fed. Cir. 1986).

<sup>60</sup> *John Reiner & Co. v. United States*, 163 Ct. Cl. 381, 386 (1963).

<sup>61</sup> *Warren Bros. Roads Co. v. United States*, 173 Ct. Cl. 714, 720 (1965).

<sup>62</sup> *Godley v. United States*, 5 F.3d 1473, 1476 (Fed. Cir. 1993).

<sup>63</sup> *Amdahl*, 786 F.2d at 395 (citing *Prestex, Inc. v. United States*, 162 Ct. Cl. 620 (1963)).

ernment has “exceeded [their] actual authority” and might deny recovery to contractors who assume this risk when contracting with the government.<sup>64</sup> Illegality is also plain or palpable if the contractor “was on direct notice that the procedures being followed were violative of such requirements.”<sup>65</sup>

It is important to remember, however, that the contract *itself* must be plainly or palpably illegal.<sup>66</sup> A lack of the requisite “causal link” is evident in *Godley v. United States*.<sup>67</sup> Mr. Godley entered into a contract with the U.S. Postal Service (“Postal Service”) agent Mr. Paramore for the construction of a postal facility with a ten-year lease and an option to purchase after the first year.<sup>68</sup> Shortly after, Mr. Paramore pled guilty to conspiracy and bribery involving a subcontractor other than Mr. Godley.<sup>69</sup> The Postal Service informed Mr. Godley that the contract was invalid because of Mr. Paramore’s illegal conduct.<sup>70</sup> However, the Federal Circuit found that Mr. Paramore’s illegal actions did not “cause[] any unfavorable contract terms” and therefore lacked a causal link required to show that the illegal actions caused a contract which should thus be found illegal as well.<sup>71</sup> Therefore, to invoke the doctrine of illegality, a party must sufficiently allege that they entered into the contract itself illegally.<sup>72</sup>

### **E. The Difference Between Termination for Convenience and Illegality**

A main difference between a contract terminated for convenience and one found illegal is that a finding of illegality implies that the contract was void, while a finding of termination for convenience implies that the contract was voidable.<sup>73</sup> The difference between the two is important, as each give the government and contractors different rights and remedies.

If courts decide the contract is illegal, the contract is void and remedies may not be available to injured contractors.<sup>74</sup> Scholars have found that illegality

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<sup>64</sup> *Prestex, Inc.*, 162 Ct. Cl. at 625.

<sup>65</sup> *Amdahl*, 786 F.2d at 395 (citing *Schoenbrod v. United States*, 187 Ct. Cl. 627 (1969)).

<sup>66</sup> *Godley v. United States*, 5 F.3d 1473, 1476 (Fed. Cir. 1993).

<sup>67</sup> *Id.*

<sup>68</sup> *Id.* at 1474.

<sup>69</sup> *United States v. Paramore*, No. 91-6630, 1992 U.S. App. LEXIS 13606 (4th Cir. June 10, 1992). Mr. Godley “allegedly lacked any knowledge of the illegal activities.” *Godley*, 5 F.3d at 1474.

<sup>70</sup> *Godley*, 5 F.3d at 1474.

<sup>71</sup> *Id.* at 1476.

<sup>72</sup> *Id.*

<sup>73</sup> *United States v. Amdahl Corp.*, 786 F.2d 387, 395 (Fed. Cir. 1986)

<sup>74</sup> *Total Med. Mgmt. v. United States*, 104 F.3d 1314, 1321 (Fed. Cir. 1997).

serves significant public policy purposes.<sup>75</sup> The first is equitable considerations: courts should avoid placing financial losses “to innocent contractors while preventing the government from entering into illegal contracts with impunity.”<sup>76</sup> The second reason is that the government already “enjoys certain privileges that a private [contractor] does not,” and courts should force the government to share the burden stemming from an illegal contract.<sup>77</sup>

Another major difference between termination for convenience and illegality is the remedies that are available to the contractor. Under termination for convenience, the contractor may be awarded five main types of remedies: (1) “contract price for completed supplies or services accepted” and not yet paid for by the government; (2) a total of the costs “incurred in the performance of the work terminated;” (3) costs of settling and “paying termination settlement proposals under terminated subcontracts that are properly chargeable to the terminated portion of the contract;” (4) a fair and reasonable profit; and (5) reasonable costs of terminated work.<sup>78</sup>

Remedies for a contractor whose contract has been deemed illegal varies. When the contractor has already conferred a benefit on the government, the contractor “may recover at least on a . . . quantum meruit basis,” or “as much as he merited” based on an implied-in-fact contract for goods or services.<sup>79</sup> The most favorable outcome for the government is when the contractor does not receive compensation for the termination, because the contract was so flagrantly illegal that they knew or should have known it was invalid from the start.<sup>80</sup> However, judges seem reluctant to withhold all remedies to contractors because of these contractors’ lack of control over terminations for convenience.<sup>81</sup> Often, courts will award remedies when the terminated contract was not flagrantly illegal from the perspective of the contractor.<sup>82</sup> Courts seem, here, to be motivated by a public policy check on government power,

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<sup>75</sup> Janik & Rhodes, *supra* note 21, at 1951.

<sup>76</sup> *Id.*

<sup>77</sup> *Id.* at 1979.

<sup>78</sup> *Bannum, Inc. v. United States*, 151 Fed. Cl. 755, 762–63 (2021) (citing FAR 52.249-2(g)). “If a contractor can demonstrate that the agency’s termination for convenience was improper, the contractor will not be limited to damages identified in the termination for convenience clause.” *TigerSwan, Inc. v. United States*, 110 Fed. Cl. 336, 345 (2013).

<sup>79</sup> *United States v. Amdahl Corp.*, 786 F.2d 387, 393 n. 6 (Fed. Cir. 1986). Quantum valebant, or “as much as it was worth,” applies to implied-in-fact contracts for goods. *Amdahl*, 786 F.2d at 393 n. 6 (citing *Urban Data Sys., Inc. v. United States*, 699 F.2d at 1154–55 n.8 (1983)).

<sup>80</sup> *Total Med. Mgmt. v. United States*, 104 F.3d 1314, 1321 (Fed. Cir. 1997).

<sup>81</sup> Janik & Rhodes, *supra* note 21, at 1956; *see also* *John Reiner & Co. v. United States*, 163 Ct. Cl. 381, 420 (1963); *Amdahl*, 786 F.2d at 398.

<sup>82</sup> *Reiner v. United States*, 163 Ct. Cl. at 387.

using the idea of the “innocent contractor” especially because, under the theory of exceptionalism, the government tends to have greater liberties in contract formation and performance than does a contractor.<sup>83</sup>

The government has an incentive to terminate a contract for convenience when it feels it must be terminated: their decision can be for nearly any reason absent bad faith, courts do not review that reason, and it is less likely to reflect poorly on the government.<sup>84</sup> Terminating the contract based on illegality, however, seems unfavorable for the government—why would the government make a contract it knows is illegal, or admit to flagrant illegality? It is difficult to predict when the government will plead the contract is illegal, and thus void or voidable, rather than terminate for convenience.

### **F. Government Discretion in Terminating a Contract**

While the government has discretion in terminating a contract for convenience, it is unclear how that discretion will change with The United States Supreme Court’s (“Supreme Court”) decision in *Loper Bright Enterprises v. Raimondo*,<sup>85</sup> which overruled *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*<sup>86</sup> *Chevron* gave significant deference to federal government agencies to interpret ambiguous statutes.<sup>87</sup> The Supreme Court held in *Loper Bright* that “[c]ourts must exercise their independent judgment in deciding whether an agency has acted within its statutory authority, as the APA [Administrative Procedure Act] requires.”<sup>88</sup> Government contractors have a strong argument for courts interpreting whether a termination for convenience falls under the ambiguous requirements of the statute: both the ambiguous termination for convenience clause and decrease in agency

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<sup>83</sup> Schwartz, *supra* note 4, at 637–38.

<sup>84</sup> *Krygoski Constr. Co. v. United States*, 94 F.3d 1537, 1545 (Fed. Cir. 1996); *JKB Sols. & Servs., LLC v. United States*, 18 F.4th 704, 709 (Fed. Cir. 2021) (citing *Caldwell & Santmyer, Inc. v. Glickman*, 55 F.3d 1578, 1581 (1995)).

<sup>85</sup> 603 U.S. 369 (2024).

<sup>86</sup> *Loper Bright & Enters. v. Raimondo*, 603 U.S. 369 (2024) (“*Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837 (1984), is overruled. Courts must exercise their independent judgment in deciding whether an agency has acted within its statutory authority, as the APA requires”).

<sup>87</sup> *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 844 (1984) (“We have long recognized that considerable weight should be accorded to an executive department’s construction of a statutory scheme it is entrusted to administer, and the principle of deference to administrative interpretations”).

<sup>88</sup> *Loper Bright*, 603 U.S. at 412.

discretion in *Loper Bright* allow contractors to argue that the government agency acted outside of their discretion.<sup>89</sup>

This Note analyzes two types of cases: (1) those in which the government claimed illegality; and (2) those in which the contractor claimed illegality. Within each section, the court has found, on separate occasions, that the contract was not illegal and was thus constructively terminated for convenience, that the contract was illegal but that the contractor should be entitled to remedies, or that the contract was illegal, and the contractor should not receive damages.<sup>90</sup> Ultimately, this Note posits that the government and courts continue to inconsistently apply the standards for illegality and termination for convenience because the standard for termination for convenience is unclear.<sup>91</sup> This Note further argues that the FAR should be clarified to place a higher burden on contracting officers to explain that they do not intend to specifically harm the contractor, and courts should have more consistent factors in determining whether a termination for convenience was proper to protect both parties from changes occurring post-*Loper Bright*.

## II. Case Using *Amdahl's* Theory of Illegality Over Termination for Convenience

*United States v. Amdahl*<sup>92</sup> establishes the precedent that the government may choose whether to terminate a contract for convenience or claim that the contract is plainly or palpably illegal.<sup>93</sup> There are two types of cases relating to this theory: (1) cases in which the contractor claimed illegality; and (2) cases in which the government claimed illegality. While courts use the idea of the “innocent contractor” and allow contractors to bring claims of illegality, it is more likely to find a contract illegal when the government brings such a claim.<sup>94</sup> This effectively leaves contractors at the mercy of the

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<sup>89</sup> Sandeep N. Nandivada, *The End of Chevron Deference: What It Means for Government Contractors*, MORRISON FOERSTER (July 3, 2024).

<sup>90</sup> See, e.g., *United States v. Amdahl Corp.*, 786 F.2d 387 (Fed. Cir. 1986); *Total Medical Mgmt. v. United States*, 104 F.3d 1314, 1316 (Fed. Cir. 1997); *Salsbury Indus. v. United States*, 905 F.2d 1518 (Fed. Cir. 1990).

<sup>91</sup> Compare *Ameriserv Trust & Fin. Servs. Co. v. United States*, 125 Fed. Cl. 733, 736 (2016) with *John Reiner & Co. v. United States*, 163 Ct. Cl. 381, 384 (1963) and *Total Med. Mgmt.*, 104 F.3d at 1316.

<sup>92</sup> 786 F.2d 387 (Fed. Cir. 1986).

<sup>93</sup> *Id.* at 387 (citing *John Reiner & Co. v. United States*, 163 Ct. Cl. 381 (1963)).

<sup>94</sup> *Total Medical Mgmt.*, 104 F.3d at 1314.

government's ability to terminate for convenience at will and protect itself from estoppel claims.<sup>95</sup>

### ***1. United States v. Amdahl and the Rise of the Illegality Claim***

*Amdahl* established the government's right to claim illegality in bid protest litigation.<sup>96</sup> However, in this case, the contractor was the one who claimed illegality.<sup>97</sup> In *Amdahl*, the Treasury purchased a "used mainframe computer and certain related equipment from the Federal Home Loan Mortgage Corporation (Freddie Mac)."<sup>98</sup> Upon signature of the contract, the parties agreed that the Treasury "shall have acquired" the equipment, but in the meantime, Freddie Mac stored it at its facilities.<sup>99</sup> The parties agreed that within 30 days, Freddie Mac must provide the Treasury with a certification that the equipment was in proper working order.<sup>100</sup> The parties signed the agreement, and Freddie Mac provided the certification.<sup>101</sup> However, *Amdahl* filed a bid protest with the General Services BCA only 15 days before transport of the equipment to the Treasury, arguing that the sale was in violation of the Brooks Act and thus illegal.<sup>102</sup> The Federal Circuit found for the government, that the contract was void and Freddie Mac could not recover damages because the computer had been delivered and accepted.<sup>103</sup> However, the contractor could recover quantum meruit damages on account of being an "innocent contractor."<sup>104</sup>

#### **A. The Government's Claims of Illegality**

Within the universe of cases in which the government claimed illegality, there are three common outcomes. First, the Federal Circuit has found that the contract was not plainly or palpably illegal, thus defining the government's

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<sup>95</sup> *Richmond*, 496 U.S. at 414; *Trauma Serv. Group v. United States*, 33 Fed. Cl. 426, 432 (1995).

<sup>96</sup> *Amdahl*, 786 F.2d at 387.

<sup>97</sup> *Id.*

<sup>98</sup> *Id.* at 389.

<sup>99</sup> *Id.* at 397.

<sup>100</sup> *Id.* at 390.

<sup>101</sup> *Id.*

<sup>102</sup> *Amdahl*, 786 F.2d at 391.

<sup>103</sup> *Id.* at 395 (finding that the selling agency "could retain the initial payment as compensation for the computer").

<sup>104</sup> *Id.* "The contractor is not compensated *under* the contract, but rather under an implied-in-fact contract." *Amdahl*, 786 F.2d at 393 (citing *Prestex, Inc. v. United States*, 320 F.2d 367, 373 (Ct. Cl. 1963)).

claim as a constructive termination for convenience.<sup>105</sup> Second, the Federal Circuit has found that the contract was illegal, but conferred remedies to the contractor on a quantum meruit basis.<sup>106</sup> Third, but more rarely, the Federal Circuit has found the contract plainly or palpably illegal and declined to award damages to the contractor.<sup>107</sup>

### ***1. Constructive Termination for Convenience***

*Ameriserv Trust & Financial Services Co. v. United States*<sup>108</sup> illustrates the first category of cases.<sup>109</sup> Here, Ameriserv provided a \$7.5 million construction loan “to enable VA Butler Partners (Westar) to begin construction of a hospital for the Department of Veterans Affairs.”<sup>110</sup> However, the government found fraud in Westar’s dealing with the government.<sup>111</sup> The government argued that because of Westar’s fraud, the contract was void ab initio, which also “voids the Subordination Agreement between Ameriserv and the government.”<sup>112</sup> The Court of Federal Claims found that because the government made no claim of fraud against Ameriserv, it would not extend the “void-for-fraud” rule, “where a completely innocent contractor entered a contract with the [g]overnment which, despite illegal conduct by [another party], was nonetheless wholly untainted by fraud.”<sup>113</sup>

### ***2. Quantum Meruit Recovery***

Other than illustrating the standard for illegality, *John Reiner & Co. v. United States*<sup>114</sup> falls into the second category of cases, where the court found the contractor conferred some benefit on the government and deserves payment on a quantum meruit basis despite a finding that the contract was illegal.<sup>115</sup> The government in *Reiner* sought bids on generator sets to be purchased by the Army Corps of Engineers.<sup>116</sup> The bid invitation stated that

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<sup>105</sup> See *Ameriserv*, 125 Fed. Cl. at 736 (finding that an innocent government could not recover from an illegal contract because it did not initially allege that the contractor’s fraudulent conduct resulted in an illegal contract).

<sup>106</sup> See *John Reiner & Co.*, 163 Ct. Cl. at 384 (holding that illegality must be plain and palpable).

<sup>107</sup> See *Total Med. Mgmt.*, 104 F.3d at 1316 (holding that the government brought a successful illegality claim and could recover damages).

<sup>108</sup> 125 Fed. Cl. 733 (2016).

<sup>109</sup> *Ameriserv*, 125 Fed. Cl. at 733.

<sup>110</sup> *Id.* at 736.

<sup>111</sup> *Id.* at 746.

<sup>112</sup> *Id.*

<sup>113</sup> *Id.* (citing *Godley v. United States*, 5 F.3d 1473, 1475 (Fed. Cir. 1993)).

<sup>114</sup> 163 Ct. Cl. 381 (1963).

<sup>115</sup> *Id.*

<sup>116</sup> *John Reiner & Co. v. United States*, 163 Ct. Cl. 381, 384 (1963).

“bids offering a proposed delivery schedule which will extend the time for the delivery . . . by more than 60 days, *may* be cause for rejection of bid.”<sup>117</sup> After an unsuccessful bidder appealed to the General Accounting Office “to rule that the award was improper and the contract should be cancelled,” the plaintiff, Reiner, brought this claim to the Comptroller General.<sup>118</sup> He argued that the “decision was not binding on the Army and that the contractor considered the cancellation a breach for which it would seek recovery for full damages.”<sup>119</sup> The government argued that award of the contract was invalid because “the invitation to bid did not adequately inform bidders as to how they should bid with respect to delivery dates.”<sup>120</sup> The court held that the contract was valid because its illegality was not plain, and “the court should ordinarily impose the binding stamp of nullity only when the illegality is plain.”<sup>121</sup>

### ***3. Plain and Palpable Illegality***

*Total Medical Management v. United States*<sup>122</sup> is one of the few cases in which the court found a contract void ab initio and failed to grant the contractor an avenue to recover damages.<sup>123</sup> At conflict in this case were contracts under the Dependents Medical Care Act of 1956, which established a health plan for dependents of armed services members.<sup>124</sup> Under this Act, military and private hospitals or healthcare companies could create “facility-sharing arrangements” if it would make the “delivery of health care . . . more effective, efficient, or economical.”<sup>125</sup> Total Medical Management (“TMM”) entered into two Memorandums of Understanding (“MOU”) with the Army – one for primary care and one for pediatric care, containing the same billing rates and reimbursement limitations.<sup>126</sup> After re-executing one of the MOUs and the government failing to reimburse TMM, TMM filed a complaint in the Court of Federal Claims.<sup>127</sup> TMM claimed that the government breached their contract; the government responded that a MOU was not a contract and thus invalid.<sup>128</sup> The Federal Circuit found that “the existence of the negotiated, signed MOUs evidences offer and acceptance,” and that there was

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<sup>117</sup> *Id.*

<sup>118</sup> *Id.* at 385–86.

<sup>119</sup> *Id.* at 385–86.

<sup>120</sup> *Id.* at 385.

<sup>121</sup> *Id.* at 386.

<sup>122</sup> 104 F.3d 1314 (Fed. Cir. 1997).

<sup>123</sup> *Id.* at 1316.

<sup>124</sup> *Id.*

<sup>125</sup> *Id.* at 1316–17.

<sup>126</sup> *Id.* at 1318.

<sup>127</sup> *Id.*

<sup>128</sup> *Total Medical Mgmt.*, 104 F.3d at 1319.

consideration “in the mutuality of obligation: TMM is to provide discounted health care services; the Army is to provide support staff and free space in the military hospital.”<sup>129</sup> However, because the government was on notice that the Memoranda would use a new billing scheme, and attempted to make a contract under the old scheme, the contract was determined “plainly illegal” and void *ab initio*.<sup>130</sup>

As shown in the three categories above, courts rarely use the illegality doctrine because they tend to affirm the existence of a contract when possible.<sup>131</sup> *Total Medical Management*, an outlier, is a contract which the government claimed was illegal, not the contractor, and the court declined TMM any remedies.<sup>132</sup> This indicates that the court is perhaps more willing to find that the contract was illegal when the government brings such a claim.

### B. The “Innocent Contractor”

The idea of the “innocent contractor” is one courts use to shield contractors from “bear[ing] all of this risk” associated with contracting with the government.<sup>133</sup> *Amdahl* stands for the principle that in some instances, “it would violate good conscience to impose upon the contractor *all* economic loss from having entered an illegal contract.”<sup>134</sup> Such a focus on the innocent contractor by courts in these cases serves a public policy purpose by giving contractors the benefit of the doubt as well as remedies when they confer benefits on the government.<sup>135</sup>

The petitioners in *Salsbury Industries v. United States*<sup>136</sup> attempted to use the idea of the “innocent contractor” to recover from an improper termination.<sup>137</sup> In *Salsbury*, the Postal Service “solicited bids for the manufacture and installation of aluminum post office lockboxes, and Salsbury and four other bidders were awarded contracts.”<sup>138</sup> Before the government terminated the contract, Salsbury had already delivered nearly half of the contracted lockboxes and been paid roughly \$4.6 million, “including over \$260,000

<sup>129</sup> *Id.* at 1320.

<sup>130</sup> *Id.* at 1321.

<sup>131</sup> *See supra* Section II.A.

<sup>132</sup> *Total Medical Mgmt.*, 104 F.3d at 1314.

<sup>133</sup> Janik & Rhodes, *supra* note 21, at 1974–75 (citing *Amdahl*, 786 F.2d at 392–93).

<sup>134</sup> *Amdahl*, 786 F.2d at 393 (emphasis in original).

<sup>135</sup> Janik & Rhodes, *supra* note 21, at 1975–76.

<sup>136</sup> 905 F.2d 1518 (Fed. Cir. 1990).

<sup>137</sup> *Id.*

<sup>138</sup> *Id.* at 1519.

in incentive payments.”<sup>139</sup> Salsbury challenged the termination of their contract without proper delivery incentive payments as well as termination costs, arguing that under *Torncello*, “the termination of its contract was improper because it was the foreseeable victim of the U.S. Postal Service’s illegal conduct” for contracting in bad faith.<sup>140</sup>

However, the court found that “*Torncello* has nothing to do with this case.”<sup>141</sup> While *Torncello* allows contractors to recover from contracts that the government has no intention to honor, here, the government “entered into a definite quantity contract with every intention of honoring it.”<sup>142</sup> Disqualifying the other bidder had no relevance to its intent to honor its contract with Salsbury.<sup>143</sup> In fact, the court found that Salsbury was not entitled to anticipated profits or incentive payments because the government fairly paid Salsbury in the first year of its contract and properly terminated for convenience.<sup>144</sup>

While often, the government is given leeway due to its unique exceptionalist power, courts often balance that power with a hint of congruence.<sup>145</sup> The Court of Federal Claims in *Ulysses, Inc. v. United States*<sup>146</sup> found that the courts’ tendency to reward the “innocent contractor” sometimes leads to a ruling that the government improperly terminated for convenience.<sup>147</sup> Ulysses, “a manufacturer of electronic equipment,” contracted with the government via the Defense Supply Center Columbus (“DSCC”).<sup>148</sup> One contracting officer learned that Ulysses would not be fulfilling their side of the contract, sent letters to its president, and halted the contract “so that DSCC could determine if Ulysses was an approved source.”<sup>149</sup> Ultimately, the contracting officer informed Ulysses that they were not a “Navy-approved manufacturer”

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<sup>139</sup> The U.S. District Court for the District of Columbia ordered the suspension of a related contract after a bidder was deemed nonresponsible, so the contracting officer for the U.S. Postal Service halted their work order with Salsbury as well. *Id.*

<sup>140</sup> *Salsbury Indus.*, 905 F.2d at 1521.

<sup>141</sup> *Id.*

<sup>142</sup> *Id.*

<sup>143</sup> *Id.*

<sup>144</sup> *Id.* at 1521–22 (citing *Schlesinger v. United States*, 182 Ct. Cl. 571, 390 F.2d 702 (1968) and *John Reiner & Co. v. United States*, 163 Ct. Cl. 381 (1963)) (“convenience terminations have been sustained when they were invoked to avoid conflict with other governmental entities”).

<sup>145</sup> *Lynch v. United States*, 292 U.S. 571, 579 (1932).

<sup>146</sup> 110 Fed. Cl. 618 (2013).

<sup>147</sup> *Ulysses, Inc. v. United States*, 110 Fed. Cl. 618, 622–23 (2013).

<sup>148</sup> *Id.* at 623, 632.

<sup>149</sup> *Id.* at 633.

and terminated for convenience.<sup>150</sup> Ulysses submitted a claim under the CDA, which the contracting officer denied, and filed a claim in the Court of Federal Claims.<sup>151</sup> The court found that while the first contract was properly terminated, the second was unreasonable because plaintiff “reasonably assumed” it could supply its own part.<sup>152</sup> This overrode the government’s discretion to terminate for convenience.<sup>153</sup>

### C. Analysis and Public Policy Considerations

In the above cases, the contractor claims the contract is plainly or palpably illegal, but that they should recover damages on a quantum meruit or quantum valebant basis—that “it may recover only the value of the benefit it has conferred to date on the government.”<sup>154</sup> The contractor, though, also entered the contract; like the government, contractors have an interest in making valid contracts and recovering legitimate damages if something goes wrong.<sup>155</sup> Given that the government holds extra privileges because of its sovereign status, it is less likely that the court will find a contract illegal, because courts tend to lean toward affirming the existence of a contract.<sup>156</sup> Honoring the existence of a contract preserves the parties’ intentions, even if the court must read in their intentions through an implied-in-fact contract which awards remedies to the contractor.<sup>157</sup>

Thus, the greatest check on the government is rarely, if ever, upheld. Courts seem to use the idea of the innocent contractor as a means of granting relief while upholding the existence of a contract as the government intended.<sup>158</sup>

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<sup>150</sup> *Id.* at 634.

<sup>151</sup> 41 U.S.C. § 7102(a); *Ulysses*, 110 Fed. Cl. at 635–36.

<sup>152</sup> *Ulysses*, 110 Fed. Cl. at 640.

<sup>153</sup> *Id.*

<sup>154</sup> See Schwartz, *supra* note 15, at 418.

<sup>155</sup> *Agility Pub. Warehousing Co. KSCP v. Mattis*, 852 F.3d 1370, 1383–84 (Fed. Cir. 2017) (“An implied duty of good faith and fair dealing exists in government contracts and applies to the government just as it does to private parties . . . The duty to cooperate is an aspect of the implied duty of good faith and fair dealing.”) (citing *Centex Corp. v. United States*, 395 F.3d 1283, 1304 (Fed. Cir. 2005); *Precision Pine & Timber, Inc. v. United States*, 596 F.3d 817, 820 n.1 (Fed. Cir. 2010)).

<sup>156</sup> See *Torncello v. United States*, 231 Ct. Cl. 20, 33 (1982) (“We have said in this opinion that we will not construe a contract clause in such a way that the contract is destroyed if there is an alternate reading that will uphold the contract”).

<sup>157</sup> Consideration “is invoked as an aid to interpretation of ambiguous contract language or regulations” because it demonstrates the intent of the parties. See Schwartz, *supra* note 15, at 519.

<sup>158</sup> *Ulysses*, 110 Fed. Cl. at 622–23.

When courts so rarely uphold contractors' illegality claims, any public policy benefit the illegality doctrine may serve is not easily accessible to contractors.<sup>159</sup>

#### D. Equitable Estoppel—Does it Undermine *Amdahl*?

The area of equitable estoppel seems to contain cases questioning the ruling in *Amdahl*.<sup>160</sup> The doctrine of equitable estoppel is related to the promissory estoppel in private contracting. A party to a promise which relied on that promise to their detriment, and in fact suffered losses resulting from their following actions, may recover from the party who broke that promise.<sup>161</sup> Equitable estoppel in government contracts is governed by *Office of Personnel Management v. Richmond*.<sup>162</sup> In *Richmond*, a government employee was twice given the wrong information about the effect of accepting a job while on disability benefits, and he detrimentally relied on this information by exceeding the earning limit placed on him by his disability benefits.<sup>163</sup> The Federal Circuit allowed a successful equitable estoppel claim and awarded damages to the employee for affirmative misconduct when the government ended his disability payments.<sup>164</sup> The court held that an individual cannot use an estoppel argument to receive damages from the government unless that money was previously appropriated for government use.<sup>165</sup> By declining to state a universal rule for equitable estoppel, the court reinforced the government's expansive termination authority and rendered estoppel an unavailable defense mechanism for contractors.<sup>166</sup>

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<sup>159</sup> "Important public policy goals are served by recognizing contractor claims under illegal contracts." Janik & Rhodes, *supra* note 21, at 1951. This Note does not disagree; however, if courts so rarely uphold contractor's claims of illegality, the public policy purpose is nearly moot.

<sup>160</sup> *Trauma Serv. Group v. United States*, 33 Fed. Cl. 426, 431&c n.4 (1995); *Off. of Pers. Mgmt. v. Richmond*, 496 U.S. 414, 433–34 (1990).

<sup>161</sup> See *supra* note 45 and accompanying text.

<sup>162</sup> *Richmond*, 496 U.S. at 414.

<sup>163</sup> *Id.* at 418–19.

<sup>164</sup> *Id.* at 433–34.

<sup>165</sup> *Id.* at 433–34.

<sup>166</sup> There are four interpretations of the holding in *Richmond*: (1) Estoppel requiring payments out of the Treasury which violates the Appropriations Act (this is the narrowest interpretation and the strongest argument), (2) estoppel requiring payments out of the Treasury which violates the terms of a statute, (3) estoppel requiring payments out of the Treasury which violates the terms of a statute or a regulation, and (4) Estoppel requiring any payments out of the Treasury (this is the broadest holding and weakest argument). See Schwartz, *supra* note 15, at 165–67. This Note assumes that the narrower interpretations are the strongest and thus the proper holdings.

*Trauma Service Group v. United States*<sup>167</sup> makes clear that those “who deal with the government are expected to know the law and may not rely on the conduct of Government agents contrary to the law.”<sup>168</sup> This case distinguishes the application of the illegality doctrine from *Amdahl* from its own facts but mentions that *Amdahl* “appear[s] to have been overruled by the Supreme Court’s rejection of promissory estoppel in” *Richmond*.<sup>169</sup> *Trauma Service Group* implies that illegality has a component of estoppel; that even if the contractor could legitimately argue the government allowed them to rely on the contract, and then suddenly deemed it illegal, the contractor could not bring that argument because the government cannot be estopped.<sup>170</sup> Thus, *Richmond* may weaken the illegality rebuttal available to contractors.

### III. Modern Uses of Termination for Convenience

The beginning of Donald Trump’s second presidency tested the scope of the government’s power in wielding termination for convenience against contractors.<sup>171</sup> With the assistance of Elon Musk and the Department of Government Efficiency (“DOGE”), the government terminated contracts at an unprecedented rate, relying heavily on their sovereign status to terminate for convenience.<sup>172</sup> Though OPM terminated DOGE, its impacts remain significant to understanding modern uses of termination for convenience.<sup>173</sup>

<sup>167</sup> 33 Fed. Cl. 426 (1995).

<sup>168</sup> *Trauma Serv. Group v. United States*, 33 Fed. Cl. 426, 432 (1995) (citing *New Am. Shipbuilders, Inc. v. United States*, 871 F.2d 1077 (Fed. Cir. 1989); *United States Steel Corp. v. United States*, 210 Ct. Cl. 228 (1976)).

<sup>169</sup> *Trauma Serv. Group*, 33 Fed. Cl. at 431 & n.4.

<sup>170</sup> *Id.*; *Richmond*, 496 U.S. at 433–34.

<sup>171</sup> “Fact Sheet: President Donald J. Trump Eliminates Waste and Saves Taxpayer Dollars by Consolidating Procurement,” THE WHITE HOUSE, <https://www.whitehouse.gov/fact-sheets/2025/03/fact-sheet-president-donald-j-trump-eliminates-waste-and-saves-taxpayer-dollars-by-consolidating-procurement/>.

<sup>172</sup> In the first three months of his administration, “President Trump’s Department of Government Efficiency (DOGE) identified more than \$100 billion in estimated savings from a ‘combination of asset sales, contract/lease cancellations and renegotiations, fraud and improper payment deletion, grant cancellations, interest savings, programmatic changes, regulatory savings, and workforce reductions.’” *Id.* See, e.g., Department of Government Efficiency (@DOGE), X (Mar. 31, 2025, 9:12 PM), <https://x.com/doge/status/1906877209962586191>. Though DOGE does not still exist, and this Note will not be exploring it further, it does highlight the extremity with which termination for convenience could be used in government contracting.

<sup>173</sup> Courtney Rozen, “Exclusive: DOGE ‘doesn’t exist’ with eight months left on its charter,” Reuters (Nov. 24, 2025). President Trump stated in Executive Order 14210 that DOGE would terminate on July 4, 2026, but according to OPM director Scott Kupor, it no longer

One of the most widely discussed terminated contracts is Executive Order 14169, entitled “Reevaluating and Realigning United States Foreign Aid.”<sup>174</sup> This Executive Order, issued on January 20, 2025, seeks to end foreign aid that is “not aligned with American interests and in many cases antithetical to American values.”<sup>175</sup> This Order does not purport to establish what such interests or values are, and only gives the reasoning that “it is the policy of United States that no further United States foreign assistance shall be disbursed in a manner that is not fully aligned with the foreign policy of the President of the United States.”<sup>176</sup> Through this Executive Order, the Trump administration set the precedent going forward that it would terminate contracts based on political partisanship.<sup>177</sup> Will, and should, this become a new normal in government contracting, effectively ridding an “innocent contractor” of an opposing political party of all protections?<sup>178</sup>

It is likely too early yet to determine how courts, contractors, or agencies will react to the shifting landscape of termination for convenience.<sup>179</sup> It is also unclear how this will affect the future of the government’s ability to

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existed as of November 2025. Exec. Order No. 14210, Establishing and Implementing the President’s “Department of Government Efficiency,” 90 Fed. Reg. 9669; *Id.*

<sup>174</sup> Exec. Order No. 14169, Reevaluating and Realigning United States Foreign Aid, 90 Fed. Reg. 8619.

<sup>175</sup> *Id.*

<sup>176</sup> *Id.*

<sup>177</sup> *Id.* It is unclear, and outside the scope of this Note, whether political terminations for convenience fall under the category of being “in the Government’s interest.” FAR 52.249-2(a) (2025).

<sup>178</sup> Executive Order 14169 was accompanied by other “political terminations for convenience” such as Executive Order 14151, which ended “the illegal and immoral discrimination programs, going by the name ‘diversity, equity, and inclusion’ (DEI), into virtually all aspects of the Federal Government, in areas ranging from airline safety to the military.” Exec. Order No. 14151, Ending Radical and Wasteful Government DEI Programs and Preferencing, 90 Fed. Reg. 8339.

<sup>179</sup> On January 15, 2025, the Federal Acquisition Regulatory Council (FAR Council) “proposed two significant rule changes that could reshape compliance obligations for government contractors: one establishing standardized safeguards for Controlled Unclassified Information (CUI) and another updating the framework for addressing organizational conflicts of interest (OCI).” Taylormoore, Melissa, et al., What’s New – FAR Council Publishes Proposed Rules Concerning CUI and OCIs, White & Case (Feb. 4, 2025), <https://www.whitecase.com/insight-alert/whats-new-far-council-publishes-proposed-rules-concerning-cui-and-ocis#:~:text=On%20January%2015%2C%202025%2C%20the,another%20updating%20the%20framework%20for>. The two “proposed rules aim to bring long-needed clarity and consistency to federal procurement, with public comments due by March 17, 2025.” *Id.*; Federal Acquisition Regulation: Controlled Unclassified Information, 90 Fed. Reg. 30437 (proposed Jan. 15, 2025) (to be codified at 48 C.F.R. pts. 1, 2, 4, et al.). It is unclear what

terminate contracts for convenience. This Note mentions ongoing current events to further show the need for a narrower construction of termination for convenience theory which discourages the government from using strictly political reasons to terminate contracts.

## IV. A Clearer Standard

### A. Taking Inspiration from Case Patterns

The link between the contractor and courts' use of the "innocent contractor" theory demonstrates when illegality serves other public policy concerns.<sup>180</sup> It seems there are two distinguishing traits of cases which grapple with the differences between termination for convenience and illegality: first, courts tend to use the idea of the innocent contractor to serve a public policy purpose, but that second, the government and courts seem far more likely to use termination for convenience even if one party challenges legality of the contract.<sup>181</sup>

#### 1. Allow Illegality to Serve its Public Policy Purpose

First, the doctrine of illegality serves a public policy purpose.<sup>182</sup> The court considers inequity in burdening the contractor, who may not have realized the illegality of the contract, while the government knew or should have known it was illegal.<sup>183</sup> The government already "enjoys certain privileges that a private [contractor] does not," and courts should draw the line so that contractors need not constantly shoulder the government's burden.<sup>184</sup> As in *Ulysses*, the court took the "innocent contractor" into consideration when it held "[i]t would be unfair to saddle the contractor with the costs of performance incurred under the flawed Purchase Order."<sup>185</sup> Thus, between *Amdahl* and *Ulysses*, courts consider innocent contractors and fairness to them.<sup>186</sup>

Another public policy purpose the illegality doctrine may serve is one which "maintains the distinction between the government as sovereign and the government as a contracting party. When the government is acting as a contracting party, it cannot be permitted to take advantage of other contracting parties by virtue of its sovereign position."<sup>187</sup> The illegality doctrine is

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changes to the FAR could be coming next, especially with the volatility in the government contracting landscape in 2025.

<sup>180</sup> Janik & Rhodes, *supra* note 21, at 1951.

<sup>181</sup> *Ulysses, Inc. v. United States*, 110 Fed. Cl. 618, 640 (2013).

<sup>182</sup> Janik & Rhodes, *supra* note 21, at 1951.

<sup>183</sup> *Amdahl*, 786 F.2d at 393.

<sup>184</sup> *Id.*

<sup>185</sup> *Ulysses*, 110 Fed. Cl. at 640.

<sup>186</sup> *Amdahl*, 786 F.2d at 393; *Ulysses*, 110 Fed. Cl. at 622–23.

<sup>187</sup> Janik & Rhodes, *supra* note 21, at 1951.

thus intended to even the playing field between contractor and government, positioning both as if they were parties to a private contract.<sup>188</sup> However, *Richmond* may still negate this argument.<sup>189</sup> One way in which contractors could argue the government is taking advantage of them is by misleading them to act in a manner inconsistent with their intent to uphold the contract, as the contractors argue in *Richmond*.<sup>190</sup> The contractor still cannot use an estoppel argument coupled with an illegality argument, and because courts so rarely uphold either one, it is unlikely contractors will reap the theoretical public policy benefits.<sup>191</sup>

## ***2. Grant Contractors Greater Benefit of the Doubt***

The second pattern emerging from the above cases is that courts are far more likely to deem contracts at issue legal, and allow the government to instead terminate the contract for convenience.<sup>192</sup> This is likely because courts “will not construe a contract clause in such a way that the contract is destroyed if there is an alternate reading that will uphold the contract.”<sup>193</sup> Using a termination for convenience analysis gives the benefit of the doubt to the government, that they had the intention of following through with the contract and did not initially intend to terminate it.<sup>194</sup> On the other hand, this benefit of the doubt conferred on the government conflicts with courts’ idea of the innocent contractor, so in cases where illegality is questioned, courts will grant damages to the contractor even if the contract is illegal when (1) the contractor has already conferred benefit on the government; or (2) if the government never intended to uphold the contract in the first place.<sup>195</sup> Thus,

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<sup>188</sup> “Important public policy goals are served by recognizing contractor claims under illegal contracts.” *Id.* This Note does not disagree; however, if courts so rarely uphold contractor’s claims of illegality, the public policy purpose is nearly moot.

<sup>189</sup> *Off. of Pers. Mgmt. v. Richmond*, 496 U.S. 414 (1990) (finding that the Supreme Court has never upheld an estoppel claim against the government, thus rendering it rare, but perhaps not impossible). This Note argues if estoppel and illegality are both rare occurrences in granting a contractor redress against the federal government, contractors are at a severe disadvantage when facing political terminations for convenience, because of the government’s broad discretion.

<sup>190</sup> *Richmond*, 496 U.S. at 433–34.

<sup>191</sup> *McNabb v. United States*, 54 Fed. Cl. 759, 775 (2002) (standing for the proposition that estoppel against the government is rare because the government is held to a more flexible standard than private parties); *supra* Part III.

<sup>192</sup> See *supra* Part II.

<sup>193</sup> *Torncello v. United States*, 231 Ct. Cl. 20, 33 (1982).

<sup>194</sup> *Salsbury Indus. v. United States*, 905 F.2d 1518, 1521 (Fed. Cir. 1990).

<sup>195</sup> *United States v. Amdahl Corp.*, 786 F.2d 387, 393 (Fed. Cir. 1986); *Torncello*, 231 Ct. Cl. at 33.

courts are more likely to invoke termination for convenience.<sup>196</sup> In theory, because of the range in remedies made available to contractors when the government terminates for convenience, this government action should benefit contractors more.<sup>197</sup> However, as the next section argues, there remain issues with the scope of termination for convenience that must fill in the gaps.

## B. Clarifying Termination for Convenience

The scope of termination for convenience as written into the FAR and shaped in courts is far too broad.<sup>198</sup> There are three main issues with termination for convenience. First, the language in the FAR is too broad and gives little guidance to contracting officers for when they can terminate for convenience.<sup>199</sup> Second, courts do not have a consistent way to evaluate claims of improper termination for convenience against the government, which is to both the contractor and federal government's detriment.<sup>200</sup> Third, termination for convenience should be adjusted to prepare for the potential for contractor lawsuits against federal agencies under *Loper Bright*.<sup>201</sup>

First, the FAR gives only two bits of guidance to contracting officers seeking to terminate a contract for convenience: (1) if the contracting officer determines "that a termination is in the Government's interest;"<sup>202</sup> and (2) "[w]hen the price of the undelivered balance of the contract is less than \$5,000, the contract should not normally be terminated for convenience but should be permitted to run to completion."<sup>203</sup> This language is not sufficient. Courts only override contracting officers when the government entered or terminated the contract in bad faith, and contractors must overcome a large burden of proof to show the government in fact acted in bad faith.<sup>204</sup> Illegal motivations or "evidence of some *specific intent to injure the plaintiff*" constitutes bad faith actions by the government.<sup>205</sup>

Second, courts do not use specific, predetermined factors when analyzing a claim of termination for convenience, but rather an arbitrary and capricious

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<sup>196</sup> *See id.*

<sup>197</sup> FAR 52.249-2(g) (2012).

<sup>198</sup> *See supra* notes 16–18 and accompanying text.

<sup>199</sup> *Id.*

<sup>200</sup> *See Krygoski Constr. Co. v. United States*, 94 F.3d 1537, 1543 (Fed. Cir. 1996) (using only an arbitrary and capricious standard to evaluate a contracting officer's reasoning for termination for convenience).

<sup>201</sup> *Loper Bright Enters. v. Raimondo*, 603 U.S. 369 (2024).

<sup>202</sup> FAR 52.249-2(a) (2025).

<sup>203</sup> FAR 49.101(c), (e) (2025).

<sup>204</sup> *See supra* notes 52–53 and accompanying text.

<sup>205</sup> *Torncello*, 231 Ct. Cl. at 45 (emphasis in original).

test.<sup>206</sup> Courts should create a set of factors guiding how they determine a proper termination for convenience including the government's intent to harm, changed circumstances, emergency circumstances, contractor performance, and a higher standard of scrutiny for public interest.<sup>207</sup> Courts should combine these factors into a "changed circumstances plus" test.<sup>208</sup> By showing the government how they analyze termination for convenience decisions, courts will inherently guide contracting officers to decide properly whether they should terminate for convenience of the government.

The FAR's language in 52.249-2(a) should further place some of the burden on the government to show that they do not have specific intent to injure the plaintiff, especially because government contractors may have a greater incentive to challenge termination for convenience by a government agency with the Supreme Court's passage of *Loper Bright*.<sup>209</sup> Placing this burden on the government would protect both the government contractor and the government agency through increased transparency during the termination process.<sup>210</sup> If the government must explain why they are terminating the contract and show they have no "specific intent to injure the plaintiff," they may be less likely to attempt to terminate in bad faith.<sup>211</sup>

Conversely, this requirement for the contracting officer to explain their decision would favor the government by shielding them from unnecessary legal action and questions of deference.<sup>212</sup> Claims made by contractors could drastically shift after the Supreme Court's decision in *Loper Bright*, and clarifying the standard for termination for convenience would benefit both the contractor and federal government agency.<sup>213</sup> *Loper Bright* overturned *Chevron*, which gave significant deference to agencies when interpreting ambiguous statutes.<sup>214</sup> The Supreme Court held in *Loper Bright* that courts must independently decide if an agency acted "within its statutory authority."<sup>215</sup> Thus, though it is still too early to determine the exact effects of *Loper Bright*, government agencies will not be entitled to as much deference as originally held

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<sup>206</sup> *Supra* note 200.

<sup>207</sup> *Krygoski Constr. Co.*, 94 F.3d at 1543; *Torncello*, 231 Ct. Cl. at 45.

<sup>208</sup> *Krygoski Constr. Co.*, 94 F.3d at 1543; Hess, *supra* note 20, at 253.

<sup>209</sup> *Loper Bright Enters. v. Raimondo*, 603 U.S. 369 (2024).

<sup>210</sup> Nandivada, *supra* note 89; Jochum, Burrows & Gerber, *supra* note 2.

<sup>211</sup> *Torncello*, 231 Ct. Cl. at 45 (emphasis removed).

<sup>212</sup> Nandivada, *supra* note 89.

<sup>213</sup> Nandivada, *supra* note 89.

<sup>214</sup> *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 844 (1984) ("We have long recognized that considerable weight should be accorded to an executive department's construction of a statutory scheme it is entrusted to administer, and the principle of deference to administrative interpretations").

<sup>215</sup> *Loper Bright*, 603 U.S. at 412.

under *Chevron*.<sup>216</sup> This allows the possibility of government contractors to potentially raise new claims against contracting officers or federal agencies for improper termination for convenience.<sup>217</sup> *Torncello* and *Krygoski*'s interpretations of termination for convenience assume that federal government agencies have broad authority and discretion of whether termination for convenience is proper.<sup>218</sup> As seen above, the FAR statute describing terminate for convenience is incredibly vague and lends no guidance to contracting officers.<sup>219</sup> Thus, contractors may be able to argue that courts should not give deference to contracting officers and ask courts to interpret the FAR themselves.<sup>220</sup> In such cases, courts should be prepared to give more specific factors to benefit not only government contractors but contracting officers and federal government agencies as well. More specificity would allow the termination process to run more efficiently and effectively and reduce resource spending, because contractors will know their rights before contracting with the government, and because more transparency will likely lead to fewer conflicts brought to the courts.<sup>221</sup>

## Conclusion

Current use of remedies for a termination for convenience versus a claim of illegality are still unclear, and courts should clarify the standard to counteract the unchecked discretion contracting officers are given by FAR 52.249-2(a).<sup>222</sup> As the field of government contracts expands to include aspects of the ever-changing digital world, it is important to return to the basics of contractors' rights, the government's responsibilities, and the ways in which courts balance both. Courts' decisions regarding contracts being terminated for convenience should inform a change in FAR 52.249-2(a) to guide contracting officers to terminate for convenience beyond their overly broad discretion.<sup>223</sup> It is important that courts, as well as agency BCAs, are prepared to handle contract terminations uniformly, fairly, and efficiently.

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<sup>216</sup> *Id.*

<sup>217</sup> Nandivada, *supra* note 89.

<sup>218</sup> *Torncello*, 231 Ct. Cl. 20, 45 (1982); *supra* note 51.

<sup>219</sup> *Supra* Section IV.B.

<sup>220</sup> *Id.*

<sup>221</sup> Nandivada, *supra* note 89.

<sup>222</sup> FAR 52.249-2(a) (2025); *Loper Bright*, 603 U.S. at 369.

<sup>223</sup> *Supra* Section IV.B.

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