

The Patent Industry Versus *eBay*

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Abstract: Patent industry insiders are lobbying Congress to liberalize access to patent injunctions based on claims that the Supreme Court changed the law in *eBay Inc. v. MercExchange, L.L.C.* These claims are misleading, at best. Congress never authorized automatic or presumed access to injunctive relief for patent infringement. Instead, Congress denied patent injunctions for three decades before eventually permitting them in exceptional cases. Although Congress has consistently rejected proposals to liberalize access to patent injunctions, the patent industry bypassed Congress by convincing sympathetic jurists to adopt new injunction standards favored by the patent bar. These extra-statutory injunction standards persisted until 2003, when *eBay* correctly returned patent injunctions back to their statutory moorings. Nonetheless, the anti-*eBay* movement has convinced several lawmakers to reject a unanimous Supreme Court and abandon centuries of congressional policy. How? The same way the patent industry convinced Congress to reverse other statutory limitations on patent remedies in 1819, 1870, and 1922. Although rarely admitted publicly, the American patent industry has influenced, controlled, and nullified legislative and judicial regulation of patent remedies for over two centuries. Thanks to this history, patent remedies and patent industry self-regulation are now inseparable topics. Every statute, every case, and every precept from the history of American patent remedies compels the same question: did regulatory capture prevail over legal authority? The anti-*eBay* movement avoids this question by paltering narratives about life before *eBay* without disclosing patent industry control over pre-*eBay* injunction policy. This Article reunites the history of American patent injunctions with the history of patent industry self-regulation to explain why *eBay* is both legally correct *and* the target of patent industry attacks.

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INTRODUCTION

The Supreme Court's 2006 decision in *eBay Inc. v. MercExchange, L.L.C.*¹ was unanimous for a reason—the decision was legally correct and sound policy.² Likewise, the two concurring opinions provided helpful guidance to courts applying *eBay* in future cases.³

Even the subtext of each *eBay* opinion is correct. Although all three opinions emphasize judicial precedent or modern policy concerns, they remain faithful to the statutory text and history applicable to patent injunctions. Congress, not the judiciary, is ultimately responsible for setting American policy on patent injunctions. Even if the Court wanted to presume compliance with the principles of equity without supporting evidence, it had no statutory authority to do so.

But a unified Supreme Court and centuries of congressional wisdom are no match for patent industry hubris. After *eBay*, patent industry insiders accused the Supreme Court of

¹ 547 U.S. 388 (2006).

² See *infra* Part II.F.1.

³ See *infra* Parts II.F.2-3.

incompetence,⁴ dereliction,⁵ gullibility,⁶ activism,⁷ and cruelty.⁸ To support such claims, the patent industry has cultivated academic research,⁹ created advocacy organizations,¹⁰ released propaganda films,¹¹ and even promoted theological literature¹² to advocate for stronger patent rights and remedies. Far from a fringe patent industry sect, the anti-*eBay* movement has attracted the biggest names in patent law, including Federal Circuit judges who resigned from the bench to join the

⁴ See Gene Quinn, *Just Common Sense: U.S. Supreme Court is Anti-Innovation*, IPWATCHDOG, Jan. 31, 2011, <https://ipwatchdog.com/2011/01/31/common-sense-us-supreme-court-anti-innovation/id=14774/> (“Obviously the Roberts Court never took patent law while they were in their ivy league law schools.”).

⁵ See Randall Rader, *The Most Striking (and Embarrassing) Mistake in Modern Patent Law*, IPWATCHDOG, Feb. 21, 2024, <https://ipwatchdog.com/2024/02/21/raders-ruminations-striking-embarrassing-legal-mistake-modern-patent-law/id=173551/> (“The embarrassing error of law is the Supreme Court’s failure to do one of its most fundamental jobs—reconciling apparently conflicting provisions in the same statute.”).

⁶ See Paul Michel, *The Troll Narrative Infected the Supreme Court and Justice Kennedy was the Vector*, IPWATCHDOG, Nov. 3, 2020, <https://ipwatchdog.com/2020/11/03/troll-narrative-infected-supreme-court-justice-kennedy-vector/id=127017/> (“An untold story of the patent ‘reform’ era is how the High Court (as well as Congress) blithely accepted an exaggerated narrative spun by the PR campaign of the Coalition for Patent Fairness (CPF).”).

⁷ See Paul Morinville, *How the Supreme Court Legislated Patent Reform*, IPWATCHDOG, Jun. 6, 2016, <https://ipwatchdog.com/2016/06/06/supreme-court-legislated-patent-reform/id=69646/> (“In *eBay v. MercExchange*, the Supreme Court legislated *Section 7* of the *Patent Reform Act of 2005* in the form of case law.”).

⁸ See Britain Eakin, *Iancu, Fed. Cir. Judge Warn Patent System Needs Revamping*, LAW360, Sep. 14, 2021, <https://www.law360.com/articles/1420607> (reporting comments from Judge O’Malley likening post-*eBay* patent litigation to a “Bataan death march”).

⁹ For example, every professor named in Part III.A was affiliated with the now-defunct Center for Intellectual Property x Innovation Policy at Antonin Scalia Law School.

¹⁰ Examples include the Council for Innovation Promotion, The Center for Intellectual Property Understanding, the Bayh-Dole Coalition, the Innovation Alliance, U.S. Startups and Inventors for Jobs, Inventors Defense Alliance, Save the American Inventor, and U.S. Inventor.

¹¹ See INNOVATION RACE (Ground Floor Video 2022); INVALIDATED (Ground Floor Video 2018). *But see* THE PATENT SCAM (Genesis Studios 2017)

¹² See JAMES R. EDWARDS, JR., *TO INVENT IS DIVINE* (2025); *see also* Faithful Text, *To Invent Is Divine*, <https://www.faithfultext.com/to-invent-is-divine-products-9781956454857.php> (last visited May 14, 2025) (quoting early book reviews by Paul Michel, Andrei Iancu, Adam Mossoff, and others).

movement as private citizens.¹³ Like other patent industry lobbying efforts, the anti-*eBay* movement is sending a clear message to Congress and the Supreme Court: only the patent industry can decide what is best for American patent law.¹⁴

Although the anti-*eBay* movement may seem audacious for challenging both the Supreme Court and Congress on patent injunction policy, history reveals why *eBay* is both legally correct *and* the target of patent industry attacks. For over two centuries, the American patent industry has influenced, controlled, and nullified legislative and judicial regulation of patent remedies. Thanks to this history, patent remedies and patent industry self-regulation are now inseparable topics. Every statute, every case, and every precept from the history of American patent remedies compels the same question: did regulatory capture prevail over legal authority? Today, policymakers will never find a solution to the *eBay* question without studying how the solvent of patent injunction law has dissolved into the larger solute of patent industry contumacy.

This Article uses *eBay* to illustrate patent industry self-regulation. First, Part I frames this Article’s discussion of American patent injunctions by reviewing an adjacent topic: the history of

¹³ See Britain Eakin, *Retiring Fed. Cir. Judge Says She Wants ‘To Have a Voice,’* LAW360, Oct. 28, 2021, <https://www.law360.com/articles/1434209/retiring-fed-circ-judge-says-she-wants-to-have-a-voice-> (reporting that one reason Judge O’Malley retired in lieu of senior status is so she could, in her words, “get [her] First Amendment rights back” and engage on the Supreme Court’s “really poorly thought-out” decision in *eBay*); Paul R. Michel, Remarks at the C4IP Launch Reception (Sept. 28, 2022) (claiming he “retired mainly so I could speak out freely about the need to revive the IP system—particularly the patent system”), *available at* <https://c4ip.org/judge-paul-michel/>.

¹⁴ Cf. Michael H. Davis, *Patent Politics*, 56 S.C. L. REV. 337, 375-76 (2004) (“The trump of property seems to require a determined ignorance of patent’s policy role, because under its view of patents as property, no legitimate point exists at which to discuss policy. The argument over patents as property, thus, is clearly a diversion The trump of property, almost by definition, denies any interest outside that of the proprietor.”); Greg Reilly, *Power Over the Patent Right*, 95 TUL. L. REV. 211, 279 (2021) (“Too often, however, participants in patent debates avoid the tough work of convincing others of the normative wisdom of their views by appealing to the false trump card of Congress’s supposed limited power to define patent rights.”).

patent industry control over financial remedies. Against this backdrop, Part II explains how the patent industry liberalized access to patent injunctions without congressional authority and how *eBay* brought patent injunctions back to their statutory moorings. Part III then explores the modern anti-*eBay* movement considering the history presented in Parts I and II. This Article concludes with parting thoughts on the RESTORE Patent Rights Act (“RESTORE”)¹⁵ and the battle for control over American patent policy.

¹⁵ S. 708, 119th Congress (2025).

I.

PATENT INDUSTRY CAPTURE OF FINANCIAL REMEDIES

The Constitution grants Congress the power, but not the obligation,¹⁶ “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.”¹⁷ Congress is free to strengthen, weaken, or eliminate patent rights and remedies at its discretion so long as society does not object at the ballot box.¹⁸ Rather than bestow individual rights on inventors,¹⁹ the framers left inventors

¹⁶ See, e.g., EDWARD C. WALTERSCHEID, THE NATURE OF THE INTELLECTUAL PROPERTY CLAUSE: A STUDY IN HISTORICAL PERSPECTIVE 163 (2002) (“[P]ower granted to Congress by the [patent] clause is discretionary rather than compulsory.”); *id.* at 226-27 (“[The intellectual property clause] authorize[s] Congress to create and protect for authors and inventors an exclusive right, whether or not denominated property, in their writings and discoveries for a limited time. It did not obligate Congress to do this, but only gave authority to do so.” (citations omitted)); David L. Applegate, *When “Exclusive” Is Not Exclusive and “Compulsory” not “Compulsory:”* eBay v. MercExchange and Paice v. Toyota, 9 ENGAGE J. FEDERALIST SOC’Y PRAC. GROUPS 83, 87 (2008) (“Perhaps, in the end, the best that can be said is that the Constitution empowers Congress to grant inventors the exclusive rights to their inventions, but on its face does not require it.”).

¹⁷ U.S. CONST. art. I, § 8, cl. 8. (cleaned up).

¹⁸ See Craig Edgar, *Struggling Against Entropy: Monetary Patent Infringement Damages After eBay*, 66 DRAKE L. REV. 45, 50 (2018) (“Thus, Congress alone possesses the power to determine the damages awarded when an infringer violates the patentee’s ‘exclusive right’ to his invention.”); Reilly, *supra* note 14, at 263 (“There is no originalist reason to limit Congress to the property framework.” (cleaned up)); see also WALTERSCHEID, *supra* note 16, at 219 & n.77 (discussing “the most obvious argument” against the notion that intellectual property rights are inherent property rights, not government privileges, is that the Constitution only permits such rights to be secured “for limited times”); *id.* at 225 (“It is thus seen that Madison’s arguments in *The Federalist No. 43* can best be understood if it is assumed that he interpreted ‘securing’ to mean ‘to create’ or ‘to provide.’”).

¹⁹ There is no known evidence that the framers seriously considered treating patents as individual rights rather than legislative privileges. When the framers were considering personal freedoms and rights in the Bill of Rights, for example, Thomas Jefferson proposed language to limit, rather than guarantee, patent rights. WALTERSCHEID, *supra* note 16, at 7.

exposed to the tyranny of the majority.²⁰ This leaves Congress ultimately responsible for regulating the patent system and, by extension, the patent industry to ensure both serve society at large.²¹

Judicial and executive authority over American patent policy is more limited. Federal courts can interpret and enforce the statutory rights and remedies created by Congress but cannot secure patent rights and remedies not authorized by Congress.²² Within the federal judiciary, the Supreme Court is the final authority on all questions of federal law, whereas courts of appeal only have authority within their respective jurisdictions and only on questions left unanswered by the Supreme Court.²³ Similarly, the U.S. Patent and Trademark Office (USPTO) must comply with the Patent Act, judicial precedent, and restrictions on USPTO substantive rulemaking.²⁴

At the bottom of the patent policy pyramid is the patent industry. Though never formally defined, the patent industry generally includes a sector of economic activity organized around

²⁰ See Edward C. Walterscheid, *The Nature of the Intellectual Property Clause: A Study in Historical Perspective*, 83 J. PAT. & TRADEMARK OFF. SOC'Y 763, 772 (2001) (“Society may give an exclusive right to the profits arising from them, as an encouragement to men to pursue ideas which may produce utility, but this may or may not be done, according to the will and convenience of society, without claim or complaint from anybody.” (quoting Letter, Thomas Jefferson to Isaac McPherson, August 13, 1813, in XIII THE WRITINGS OF THOMAS JEFFERSON (Andrew A. Lipscomb, et al., eds., 1904) at 334)).

²¹ See, e.g., Frederick P. Fish, *The Conditions under Which Preliminary Injunctions in Patent Causes Should be Granted or Refused*, 22 ANNU. REP. A.B.A. 649, 651-52 (1899) (“There can be no doubt that the patent system was established primarily for the benefit of the public, and for the benefit of patentees only in so far as benefit to them results in advantage to the public.”).

²² See *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*, 584 U.S. 325, 338 (2018) (“As a public franchise, a patent can confer only the rights that ‘the statute prescribes.’” (citations omitted)).

²³ See, e.g., *Rivers v. Roadway Express, Inc.*, 511 U.S. 298, 312 (1994) (“It is [the Supreme] Court’s responsibility to say what [the law] means, and once the Court has spoken, it is the duty of other courts to respect that understanding of the governing rule of law.”); *United States v. AMC Entm’t, Inc.*, 549 F.3d 760, 771 (9th Cir. 2008) (“Similarly, when the Ninth Circuit or any of its coequal circuit courts issue an opinion, the pronouncements become the law of that geographical area.”).

²⁴ See, e.g., *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1335-37 (Fed. Cir. 2008) (recognizing that the Patent Office cannot issue substantive rulemaking without delegation of authority from Congress).

extracting value from two products: patent protection and protection from patents. The industry is not limited to patent attorneys and agents. Rather, the modern patent industry includes economists, brokers, investors, lobbyists, reporters, data scientists, software vendors, prior art searchers, patent artists, claim chart generators, and other non-legal professionals.²⁵ Some patent industry insiders wield significant influence and control over their customers, such as by working in-house at operating companies,²⁶ creating non-practicing entities (NPEs),²⁷ and purporting to represent patent industry customers in lobbying initiatives.²⁸ Relationships between patent industry insiders and their customers have enabled the patent industry to enjoy a thin political market for patent policy regulation without detection.²⁹

²⁵ The American patent industry, since its infancy, has always included more than mere patent drafters, prosecutors, and litigators. See Andrew P. Morriss & Craig Allen Nard, *Institutional Choice & Interest Groups in the Development of American Patent Law: 1790-1865*, 19 SUP. CT. ECON. REV. 143, 180-81 (2011) (noting that patent solicitors and agents acted as patent and technology marketers, non-lawyers offered a variety of patent-related services by the 1830s and 1840s, and the patent secondary market eventually expanded to include pending patent applications).

²⁶ See, e.g., *supra* note * (author's note).

²⁷ See, e.g., Dani Kass, *Squires' Breadth Sets Him Apart From Recent USPTO Leaders*, LAW360, Mar. 14, 2025, https://www.law360.com/ip/articles/2309623?nl_pk=24da1c73-beff-4b28-bf48-c17903f85975 ("While at Perkins Coie, [John Squires] helped form the \$4 billion patent arm of funding giant Fortress Investment Group.").

²⁸ See, e.g., *supra* note 10 (listing example patent industry advocacy groups).

²⁹ Compare Rebecca Henderson & Karthik Ramanna, *Managers and Market Capitalism* 17 (Mar. 10, 2013) (Harvard Business School Working Paper 13-075) ("For example, the political market for patent regulation in the United States is one that is generally well-represented by diverse, powerful, and (importantly) competing interests, including the pharmaceutical industry lobby, the software industry lobby, lobbies for patients and their families, and labor-union lobbies (e.g., Scotchmer, 2006)."), with Morriss & Nard, *supra* note 25, at 168 ("First, different industries have divergent views of and interests in patent law today By contrast, in the late eighteenth century and much of the nineteenth century, there were no such distinct industry-specific positions on patent law."), Giles S. Rich, *Thirty Years of This Judging Business*, 14 AIPLA Q.J. 139, 143 (1986) ("It was for that reason that when the 1952 Patent Act was being put through Congress, the Chairman of the Coordinating Committee that did the job, Henry Ashton of New York, got the patent bar to agree in advance to speak to Congress with one voice, only through that committee. That's one reason it got enacted in the short space of two years." (emphasis added)), and *infra*

Over the last two centuries, patent industry insiders have leveraged this thin political market to invert the patent policy pyramid. Andrew Morriss and Craig Nard observed, for example, that “patent law from 1790 to 1865 is a story of the creation and growing dominance of the patent bar as an interest group.”³⁰ The Patent Act of 1793 “shifted the *ex ante* gatekeeper role performed by an examination to an *ex post* proceeding in the courts, creating a new role for the courts in shaping patent institutions.”³¹ This shift in responsibilities on patentability issues opened “a new avenue for change [that] gave entrepreneurial lawyers a choice in how to shape patent law to their, and their clients’, preferences. Innovations could now be introduced by persuading a court to ratify a practice initiated by the bar.”³² Given a choice between sympathetic judges or expensive lawmakers,³³ the patent bar used litigation to secure court rulings favorable to the patent industry and then lobbied Congress to codify judicial gains.³⁴ Based on this history, Morriss and Nard recommend that modern patent advocates advance changes through the courts first before presenting those changes to Congress.³⁵

Parts II.A-B (highlighting how patent industry insiders authored and shaped patent laws passed in 1870 and 1922).

³⁰ Morriss & Nard, *supra* note 25, at 148; *see also id.* at 182 (“The patent bar’s interests lay in creating an effective system of patent rights that maximized the value of its services in the acquisition, trading, and defense of patent rights. As we will discuss below, the patent bar’s interests and expertise played an important role in developing patent law in the courts.”).

³¹ *Id.* at 151.

³² *Id.* at 152.

³³ *Id.* at 220 (“Nevertheless, we argue that the nineteenth-century federal bench was less costly to influence than Congress in many instances, largely because relatively few judges heard the vast majority of patent cases and because the patent bar and judiciary were able to reach agreement on the appropriate evolution of patent law. Indeed, much of the evolution of the patent system occurred through the courts.”).

³⁴ *Id.* at 148 (“Changes in patent law developed to serve the needs of the patent bar, often through litigation before a small number of judges, but also occasionally through congressional action that served primarily to consolidate earlier gains made in the courts that the courts themselves were incapable of providing.”).

³⁵ *Id.* at 243-44.

This Part contributes three points from the history of financial remedies to Morriss and Nard’s research. First, Section A adds the Supreme Court’s adoption of profit disgorgement in 1854 and its subsequent codification in 1870 to the list of patent industry “innovations” identified by Morriss and Nard. Next, Section B uses the history of reasonable royalties—from nineteenth-century origins to initial codification in 1922—to show that the “growing dominance of the patent bar” over patent remedies continued well past 1865.

Finally, Sections C and D illustrate how times have changed since the 1922 Act. The Supreme Court has evolved from a court beholden to Congress on patent remedy questions³⁶ to a court that adhered to congressional intent *sua sponte*³⁷ to a (mostly) textualist court.³⁸ Congressional lobbying, meanwhile, may now be more affordable thanks to an explosion in patent industry profits.³⁹ These changes may explain why the patent industry playbook now includes prioritizing legislative efforts,⁴⁰ denigrating courts when they fail to serve patent industry

³⁶ See *infra* note 91 and accompanying text (discussing extra-statutory adoption of reasonable royalties in *Dowagiac*).

³⁷ See *infra* notes 141-142 and accompanying text (summarizing Justice Brennan’s analysis of the 1946 Act in *Aro II*).

³⁸ See Harvard Law School, *The 2015 Scalia Lecture Series: A Dialogue with Justice Elena Kagan on the Reading of Statutes*, YOUTUBE, at 08:29 (Nov. 25, 2015), <https://youtu.be/dpEtszFT0Tg>, (“We’re all textualists now.”); see also *West Virginia v. EPA*, 142 S. Ct. 2587, 2641 (2022) (Kagan, J., dissenting) (“Some years ago, I remarked that ‘[w]e’re all textualists now.’ It seems I was wrong.”).

³⁹ Cf. Morriss & Nard, *supra* note 25, at 214-15 & n.311 (reasoning that lobbying Congress to expand intellectual property rights may have been cost-prohibitive for nineteenth-century patent advocates, in contrast with modern “movie, music, publishing and software industries [that] have the resources and incentives to lobby for such expansion in Congress”).

⁴⁰ See, e.g., Michel, *supra* note 13 (“My personal goal for this organization is to recruit allies and supporters of Senators Coons and Tillis.”).

interests,⁴¹ and focusing judicial lobbying on those courts and judges proven friendly to patent industry interests.⁴²

A. Equitable Profit Disgorgement

The Statute of Monopolies does not recite any specific remedies for patent infringement; rather, responsibility for creating patent infringement remedies was left to English judges.⁴³ Congress, however, never delegated such broad authority to American courts. Instead, the Patent Act has always recited specific remedies available for patent infringement, which early Congresses frequently deliberated and amended.⁴⁴ Early versions of the Patent Act permitted various financial

⁴¹ See, e.g., Gene Quinn, *Is it Time to Abolish the Federal Circuit?* IPWatchdog, Sep. 30, 2024, <https://ipwatchdog.com/2024/09/30/time-abolish-federal-circuit/id=181683/> (questioning, in an article and accompanying recording, whether the Federal Circuit should be eliminated for prioritizing big tech cases like *EcoFactor v. Google* while failing to provide precedential opinions and guidance on issues important to the patent bar).

⁴² See, e.g., 2024 EDTX Bench Bar Conference, Conference Schedule, <https://edtxbenchbar.com/2024-schedule/> (last visited Dec. 31, 2024) (presenting the agenda for a sponsored Eastern District of Texas patent conference that features four visiting district court judges; two visiting Third Circuit judges; seven visiting Federal Circuit judges; one judge from the Court of Appeal of England and Wales; USPTO Director Kathi Vidal; Dr. Phil McGraw; a panel presentation by Archie, Peyton, and Cooper Manning; an evening reception on the Dallas Cowboys practice field; and an invitation-only “Chief Judge Dinner Event” with Terry Bradshaw).

⁴³ Statute of Monopolies, 21 Jac. 1, c.3, § 6 (“[O]thers at the time of making such letters and grants shall not use [the aforementioned manufacture] so as also they be not contrary to the law nor mischievous to the state by raising prices of commodities at home, or hurt of trade, or generally inconvenient”); see also Paul Taylor, *Anti-Monopoly & Pro-Commerce: The Original Frontier Spirit of American Patent Law & Its Implications for Today*, 74 SYRACUSE L. REV. 59, 70 (2024) (observing the Statute of Monopolies “established a new deference to courts to help ensure granted patents were just, and not oppressive monopolies resulting in more harm than good”); Edward C. Walterscheid, *To Promote the Progress of Science and Useful Arts: the Background and Origin of the Intellectual Property Clause of the United States Constitution*, 2 J. INTEL. PROP. L. 1, 37-38, 13 (1994) (“[English patent] practice existed entirely at the discretion of the crown, i.e., a patent was the creature of the royal prerogative. *The rights secured by the patent could be protected at common law*, but no common-law right to a patent existed.” (emphasis added)).

⁴⁴ See Patent Act of 1819, 3 Stat. 481; Patent Act of 1800, 2 Stat. 37, § 3; Patent Act of 1793, 1 Stat. 318, § 5; Patent Act of 1790, ch. 7, § 4, 1 Stat. 109, 111.

damages awards and later injunctive relief, but Congress never included profit disgorgement in these versions.⁴⁵

Although Congress limited available remedies for patent infringement, concentrated patent litigation in the Northeast “coincided with a sympathetic judiciary in the region, including Justice Story.”⁴⁶ Justice Story, for one, viewed English common law, rather than the Patent Act, as the ultimate authority on patent matters:

The patent acts of the United States are, in a great degree, founded on the principles and usages which have grown out of the English statute on the same subject. It may be useful, therefore, to collect together the cases which have been adjudged in England, with a view to illustrate the corresponding provisions of our own laws; and then bring in review the adjudications in the courts of the United States.⁴⁷

Justice Story’s position gave cover to American judges who believed that they, like their English counterparts, had common law authority to create their own remedies for patent infringement.⁴⁸

⁴⁵ *Id.*

⁴⁶ Morriss & Nard, *supra* note 25, at 230.

⁴⁷ On the Patent Laws, 16 U.S. (3 Wheat.) 13 (1818); *see also* EDWARD C. WALTERSCHEID, TO PROMOTE THE PROGRESS OF USEFUL ARTS: AMERICAN PATENT LAW AND ADMINISTRATION, 1798-1836, at 5 (1998) (attributing the block quote to Justice Joseph Story and explaining how, contrary to opinions held by Justice Story and others, “American patent law almost from its inception departed from its common law counterpart” on subjects like novelty and the role of the specification); *id.* at 15 (“[The 1790 Act] departed in certain significant ways from the English patent custom and common law and thus cannot be argued to be a true codification of that custom and law.”).

⁴⁸ *See* Lowell v. Lewis, 15 Cas. 1018 (1817) (Story, J.) (asserting that “the proper duty of the court” was to ensure “that wrongdoers may not reap the fruits of the labor and genius of other men”); Whittemore v. Cutter, 29 F. Cas. 1120 (1813) (Story, J.) (“It is true, that a party relying on an action given by a statute must bring himself within the provisions of the statute. But where, as in the present case, the law is remedial, it should receive a liberal construction, to effectuate the intentions of the legislature.”); *see also* WALTERSCHEID, *supra* note 47, at 365 (“As judges in the first two decades of the nineteenth century came to increasingly seem themselves as agents of legal change, reliance on precedent and particularly English precedent was seen as limiting their roles in promoting change.”).

A small cadre of patent litigators used repeat litigation before these sympathetic judges to advance profit disgorgement based on English law.⁴⁹ C.D. Colden, for instance, represented clients in two key equity cases before Justice Thompson.⁵⁰ Additionally, patent attorneys like Thomas Jenckes, Abraham Payne, and Edwin W. Stoughton appeared in many of the same cases where patentees sought profit disgorgement.⁵¹

Initially, courts did not even look to Congress for permission to conduct profit accountings; instead, these courts claimed inherent power to disgorge infringer profits.⁵² Then, in *Nevins v. Johnson*, Stoughton convinced Judge Samuel Betts that the 1819 Act is a remedial statute that should be liberally construed as authorizing all forms of equitable relief.⁵³ As long as the case was “arising under the patent law,” courts could award any remedy it pleased.⁵⁴

⁴⁹ *Cf. Morriss & Nard*, *supra* note 25, at 179 (“[A]s the repeat players in infringement actions, who might represent an inventor in one case and a potential infringer in another, patent lawyers had an interest in seeing those proceedings conducted in an efficient manner.”); *id.* at 216-17 (“Given the small size of the group interacting and the repeat player nature of the interactions, the patent bench and bar throughout much of the nineteenth century could have readily developed patent law in the courts, to the exclusion of Congress.”).

⁵⁰ *See Sullivan v. Redfield*, 23 F.Cas. 357 (C.C.D.N.Y. 1825); *Livingston v. Van Ingen*, 9 Johns. 507 (N.Y. 1812).

⁵¹ *See, e.g., Rubber Co. v. Goodyear*, 76 U.S. 788 (1870); *Dean v. Mason*, 61 U.S. 198 (1858); *Forbush v. Bradford*, 9 F. Cas. 422 (C.C.D. Mass. 1858) (Curtis, J.).

⁵² *See, e.g., Livingston v. Woodworth*, 56 U.S. 546, 560 (1853) (holding that an accounting of infringer profits must be limited to times when the infringing machine was in operation without addressing whether the accounting was even permitted by statute); *Blank v. Manufacturing Co.*, 3 F.Cas. 685, 686 (D. Del. 1856) (“As it appears in this case that, in order to ascertain the extent of the plaintiffs' damages, it might become necessary to have a discovery and account of profits, I see no good reason why the court might not retain jurisdiction of the case for that purpose, even on the principle of the English cases.”); *Ogle v. Ege*, 18 F.Cas. 619, 620 (C.C.D. Pa. 1826) (“[T]here can exist no doubt but that he may support a suit in equity to enjoin third persons from infringing the patent, and for an account.”).

⁵³ 18 F.Cas. 28, 29 (S.D.N.Y. 1853) (“We see no reason for regarding the power to issue injunctions as the primary and substantive authority of courts of equity, under this statute.”).

⁵⁴ *See id.* (“[C]ongress has bestowed upon this court a common jurisdiction, both on its law and equity sides, over all cases of that class, and that no suit of that character can be maintained at law, which may not also be prosecuted in equity.”).

One year after *Nevins*, Justice Benjamin Robbins Curtis delivered the Court’s opinion in *Stevens v. Gladding*.⁵⁵ Justice Curtis, coincidentally, was both the first Supreme Court justice with a law degree—he studied at Harvard Law School under Justice Story—and the first patent attorney appointed to a federal court.⁵⁶ His brother, George Ticknor Curtis, was also a famous patent attorney,⁵⁷ the author of “Curtis on Patents,”⁵⁸ and Justice Story’s son-in-law.⁵⁹ Justice Curtis’s time on the Court coincided with “what is almost certainly the golden age of the Supreme Court’s patent jurisprudence—the decade from 1850 to 1859, during which the Court decided at least a half dozen cases articulating fundamental principles of patent law.”⁶⁰

In *Stevens*, the plaintiff requested adjudication of forfeitures but not an accounting of profits.⁶¹ Naturally, the Court denied forfeiture but directed the circuit court to take an account of infringer profits.⁶² To reach this outcome, Curtis interpreted the 1819 Act, without citation or further explanation, as “manifestly intend[ing] that the jurisdiction therein conferred should be the usual and known jurisdiction exercised by courts of equity for the protection of analogous rights.”⁶³ Forfeitures failed this test because “[t]here is nothing in this act of 1819 [that] extends the equity

⁵⁵ 58 U.S. 447 (1854).

⁵⁶ See *O’Reilly v. Morse*, 56 U.S. 62, 98 (1853) (“(Mr. Justice Curtis) having been of counsel [to Morse], did not sit in this cause.”); GEORGE TICKNOR CURTIS, A MEMOIR OF BENJAMIN ROBBINS CURTIS, LL.D. 84 (1879) (referencing Curtis’s private legal practice in patent and maritime law); *Judge Benjamin R. Curtis*, N.Y. TIMES, Oct. 19, 1879 (noting Curtis’s study under Judge Story and John Hooker Ashmun).

⁵⁷ *George T. Curtis Dead*, The Boston Globe, Mar. 29, 1894, at 1 (remembering Curtis’s work as a patent attorney for Samuel Morse, Charles Goodyear, Cyrus McCormick, and others).

⁵⁸ See generally GEORGE TICKNOR CURTIS, A TREATISE ON THE LAW OF PATENTS FOR USEFUL INVENTIONS IN THE UNITED STATES OF AMERICA (1849).

⁵⁹ *George T. Curtis Dead*, *supra* note 57, at 1 (noting that Curtis and Justice Story’s daughter had one son, Joseph Story Curtis).

⁶⁰ John F. Duffy, *The Festo Decision and the Return of the Supreme Court to the Bar of Patents*, 2002 SUP. CT. REV. 273, 289.

⁶¹ *Stevens*, 58 U.S. at 554.

⁶² *Id.*

⁶³ *Id.*

powers of the courts to the adjudication of forfeitures.”⁶⁴ Profit disgorgement ostensibly passed because, under English law, “the right to an account of profits is incident to the right to an injunction in copy and patent-right cases.”⁶⁵ Although forfeiting infringing articles and forfeiting profits earned from infringing articles are two sides of the same coin, Justice Curtis may have permitted profit disgorgement in lieu of forfeiture to expand patent remedies without provoking Congress.⁶⁶

With the courts onboard, the patent industry moved to consolidate gains. By this point, Thomas Jenckes was now Representative Jenckes of Rhode Island. On April 7, 1870, Representative Jenckes reported a bill on behalf of the House Committee on Patents to “revise, consolidate, and amend the statutes relating to patents and copyrights.”⁶⁷ This initial version did not include profit accountings in the section on equitable remedies.⁶⁸ The Senate Committee on Patents reported amendments that eliminated the value of infringer profits by limiting accountings to actual damages sustained,⁶⁹ the same as in courts of law.⁷⁰ When the Senate amendments reached the House, Representative Jenckes successfully negotiated new language that authorized

⁶⁴ *Id.*

⁶⁵ *Id.* (citing *Colubrn v. Simms*, 2 Hare 543, 544 (1843)).

⁶⁶ *See* Act of Feb. 21, 1793, ch. 11, § 5, 1 Stat. 318, 322 (removing forfeiture language from the 1790 Act).

⁶⁷ H.R. 1714, 41st Cong. (as reported by H. Comm. On Patents, April 7, 1870).

⁶⁸ *Id.* § 55.

⁶⁹ H.R. 1714, 41st Cong. § 55 (as reported by S. Comm. On Patents, May 31, 1870) (“[A]nd upon a decree being rendered in any such case for an account, the complainant shall be entitled to recover the damages he has sustained”); *see also* CONG. GLOBE, 41st Cong. 4820-21 (1870) (reporting an updated amendment from Senator Waitman Willey to remove “upon a decree being rendered in any such case for an account”).

⁷⁰ H.R. 1714, 41st Cong. § 59 (“And whenever in any such action a verdict shall be rendered for the plaintiff, the court may enter judgment thereon for any sum above the amount found by the verdict as the actual damages sustained, according to the circumstances of the case, not exceeding three times the amount of such verdict, together with the costs.”).

equity courts, but not courts at law, to award damages *and* profits.⁷¹ On July 8, the bill was signed into law by Edwin Stoughton's good friend, President Ulysses S. Grant.⁷²

B. Reasonable Royalties

Thomas Sayles was a nineteenth-century patent “shark.”⁷³ Sayles and his coconspirators controlled “rights to three overlapping patents for ‘double-acting’ brakes that had been issued initially to three different sets of inventors. Whenever a railroad licensed one of the patents, Sayles would sue it for infringing on the other two.”⁷⁴ Instead of fighting among themselves over which patents are valid and enforceable, “the owners ‘agreed among themselves to extort money from railroad companies under the pretense of a patent which they know must be invalid.’”⁷⁵ “The strategy, however appalling, proved effective in the Chicago courtrooms.”⁷⁶

⁷¹ Act of July 8, 1870, ch. 230, § 55, 16 Stat. 198, 206 (“[T]he claimant shall be entitled to recovery, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby”); CONG. GLOBE, 41st Cong. 5114 (1870) (reporting the results of negotiations between Senator Willey and Representative Jenckes).

⁷² See Rutherford B. Hayes Presidential Library & Museums, Edwin Wallace Soughton/Fiske Families, <https://www.rbhayes.org/collection-items/gilded-age-collections/stoughton-e.-w.-fiske-families/> (last visited May 4, 2025) (describing Stoughton as both “a successful patent lawyer in New York City” and “a friend and advocate of President Ulysses Grant”); see also *The Late Edwin W. Stoughton*, N.Y. TIMES, Jan. 11, 1982, at 8 (reporting that President Grant served as a pallbearer at Stoughton’s funeral).

⁷³ Naomi R. Lamoreaux et al., *Patent Alchemy: The Market for Technology in US History*, 87 BUS. HIST. REV. 3, 21 (2013) (describing Sayles as one of the “best-known examples” of patent “sharks, or trolls, in the late nineteenth century”); Michael Risch, *Licensing Acquired Patents*, 12 Geo. Mason L. Rev. 979, 989 (2014) (“The most reviled railroad patent owner (or at least the most active) appears to have been Thomas Sayles.”).

⁷⁴ Lamoreaux, *supra* note 73, at 21; see also Steven W. Usselman, *Organizing a Market for Technological Innovation: Patent Pools and Patent Politics on American Railroads, 1860-1900*, 19 BUS. & ECON. HIST. 203, 207 (1990) (discussing ownership of the three patents); *Railway Co. v. Sayles*, 97 U.S. 554, 563 (1878) (concluding that the Tanner patent cannot be enlarged to cover subject matter disclosed in earlier patent applications filed by Thompson and Bachelder).

⁷⁵ Usselman, *supra* note 74, at 207 (citation omitted).

⁷⁶ *Id.*

In 1877, Sayles enlisted and trained his son-in-law, Albert Walker, to represent him in patent assertions.⁷⁷ Walker, a real estate dealer at the time,⁷⁸ tried studying patent law himself but disliked the treatises available at that time.⁷⁹ Accordingly, Walker resolved in 1881 to “undertake the production of a treatise so much needed by the profession,” which he completed in 1883.⁸⁰ According to Walker, his first edition treatise “covers the entire field of the patent laws of the United States, as those laws were enacted in the statutes and developed in the decisions.”⁸¹ He added, “how accurately and well it covers that field is a question which belongs to the bar and to the bench.”⁸²

Walker also represented the family business before Congress in 1877 and 1878.⁸³ At that time, Congress considered bills that, among other clauses, would eliminate profit disgorgement and authorize reasonable royalty awards.⁸⁴ During the hearings, Walker told Congress that

⁷⁷ See *Arguments Before the Comm. On Patents of the H.R. on H.R. 1612, to Amend the Laws Relating to Patents*, 45th Cong. 408 (Feb. 23, 1878) (reply of J.H. Raymond) [hereinafter, *H.R. 1612 Hearing*] (“In this connection, I call the attention of the committee to the very great force and truth of the old maxim, ‘He who argues his own case has a fool for a client.’”); *id.* (statement of A. H. Walker) (responding that “the railroad companies have beaten Mr. Sayles out of his money for so many years, that he was no longer able to hire a lawyer, and so [he] had to educate one”); ALBERT H. WALKER, *TEXTBOOK ON THE PATENT LAWS OF THE UNITED STATES OF AMERICA* iii (L.K. Strouse & Co. 1883), available at <https://catalog.hathitrust.org/Record/007675514> (noting Walker “entered, in 1877, upon a somewhat extended practice in patent litigation”).

⁷⁸ *H.R. 1612 Hearing*, *supra* note 77, at 408 (reply of J.H. Raymond).

⁷⁹ WALKER, *supra* note 77, at iii (“[I]n preparing those arguments, I was forced to make many laborious researches, from which a complete text-book would have largely relieved me.”).

⁸⁰ *Id.* at iii-iv.

⁸¹ *Id.*

⁸² *Id.*

⁸³ See *Arguments Before the S. Comm. On Patents in Support of and Suggesting Amendments to the Bill (S. No. 300) to Amend the Statutes in Relation to Patents, and for Other Purposes*, 45th Cong. 28-39 (Nov. 15, 1877) [hereinafter, *S.300 Hearing*] (statement of A. H. Walker); *H.R. 1612 Hearing*, *supra* note 77, at 387-408 (statement of A. H. Walker).

⁸⁴ S. 300, 45th Cong. § 2 (1877) (providing “the measure of the plaintiff’s recovery shall be the same, both in law and equity, and no account of profits or savings shall be allowed” and requiring courts and juries to determine a license fee as damages in cases where “a license fee has [not]

eliminating profit disgorgement would reward infringers and deprive patent owners of their property rights without due process.⁸⁵

At the 1878 hearing, Walker sparred with his opposing counsel in the railroad cases, George Payson.⁸⁶ In one exchange, Payson explained to Walker that the current statute did not permit reasonable royalty awards.⁸⁷ Undeterred, Walker wrote in his 1883 treatise that, “[w]here damages cannot be assessed on the basis of a royalty nor on that of lost sales, nor on that of hurtful competition, the proper method of assessing them is to ascertain what would have been a reasonable royalty for the infringer to have paid.”⁸⁸ In support, Walker cited one case, *McKeever v. United States*,⁸⁹ which was actually a breach of implied contract case.⁹⁰

Walker’s dubious restatement of the law subsequently became Supreme Court precedent in three steps, from *Hunt Brothers Fruit-Packing Co. v. Cassiday* to *U.S. Frumentum Co. v. Lauhoff* to *Dowagiac Manufacturing Co. v. Minnesota Moline Plow Co.*⁹¹ The patent industry then moved quickly to codify *Dowagiac* in R.S. 4921, the statute governing equitable remedies in patent

already been established by a reasonable number of transactions of a character applicable to the case at bar”); H.R. 1612, 45th Cong. § 2 (1877) (same).

⁸⁵ E.g., *S.300 Hearing*, *supra* note 83, at 28-35 (statement of A. H. Walker).

⁸⁶ See *H.R. 1612 Hearing*, *supra* note 77, at 360 (statement of George Payson, General Counsel, Western Railroad Association); see also *Root v. Railway Co.*, 105 U.S. 189 (1881) (identifying Payson as counsel for Railway Company); *Railway Co. v. Sayles*, 97 U.S. 554 (1878) (same).

⁸⁷ See, e.g., *H.R. 1612 Hearing*, *supra* note 77, at 370 (statement of George Payson) (“If the law had been what we want to make it, namely, that the patentee shall have his license fee, this matter should have ended years ago. The roads would have paid the five or ten dollars a mile which the owners of this patent had declared to be a sufficient recommended expense, and there would have been peace; but in the mean time there came this chimera of the courts by which they are betrayed to their ruin.”).

⁸⁸ WALKER, *supra* note 77, at 393-94.

⁸⁹ 14 Ct.Cl. 396, 425 (Ct. Cl. 1878).

⁹⁰ See Christopher S. Storm, *A Series of Historical Accidents: Profits Versus Damages in Reasonable Royalty Calculations*, 31 MICH. TECH. L. REV. 73, 81-82 (2024) (discussing *McKeever*).

⁹¹ See *id.* at 82-85 (reviewing this judicial history).

infringement cases. At the time, Thomas Ewing was a patent lawyer serving as the Commissioner of Patents.⁹² Two years after *Dowagiac*, Ewing asked the National Research Council (NRC) “to appoint a committee to investigate the Patent Office and patent system, with a view to increasing their effectiveness, and to consider what might be done to make the Patent Office more of a national institution and more vitally useful to the industrial life of the country.”⁹³ In response, the NRC appointed a committee of six professors/inventors and three patent attorneys: Ewing, Edwin Prindle, and Frederick Fish.⁹⁴

Frederick Fish’s inclusion on the NRC committee is notable because of his unique place in patent industry history. After decades of work representing prominent American inventors and patent owners in patent assertions, Fish emerged as “the acknowledged leader of the American Bar in patent causes.”⁹⁵ But Fish had significant experience outside the patent industry, including as general counsel for General Electric Company⁹⁶ and as president of AT&T.⁹⁷ As a business leader,

⁹² REPORT OF THE PATENT COMMITTEE OF THE NATIONAL RESEARCH COUNCIL 1 (1919), *available at* <https://babel.hathitrust.org/cgi/pt?id=uc2.ark%3A%2F13960%2Ft7tm73f5h&seq=11> (hereinafter NRC REPORT).

⁹³ *Id.*

⁹⁴ *Id.*

⁹⁵ Odin Roberts, *Frederick Perry Fish (1855-1930)*, in 68 PROC. AM. ACAD. ARTS & SCI. 629, 629 (1933); *see also* FLOYD L. VAUGHAN, ECONOMICS OF OUR PATENT SYSTEM 208 (1925) (calling Fish “the ‘dean’ of the patent bar”); *In Memoriam*, 13 J. PAT. OFF. SOC’Y 123, 123 (1931) (“While he has been pronounced ‘the recognized leader of the patent bar’ he knew much about many things.”).

⁹⁶ Roberts, *supra* note 95, at 630 (“In the mastery and solution of problems of business, Mr. Fish also manifested abilities of the highest order, and, as general counsel of the Thomson-Houston Electric Company, and, later, of the General Electric Company, he performed an influential and directive part in the development and organization of the electric lighting industry in the eighties.”).

⁹⁷ ROBERT P. MERGES, AMERICAN PATENT LAW 204 (2022) (“Patent assertion remained an important aspect of Bell strategy. So much so that the President of Bell Telephone from 1901 to 1907 was Frederick Fish, the quintessential Gilded Age patent lawyer and strategist.”).

Fish confronted significant non-patent issues⁹⁸ and even saw his successor achieve greater success at AT&T after abandoning Fish's patent strategy.⁹⁹ Fish returned to private practice and represented clients like the Wright Company—America's largest aircraft manufacturer at the time—in patent assertions against competitors¹⁰⁰ and in defense against NPEs.¹⁰¹

Thanks to these experiences, Fish was both pro-patent and pro-commercialization. For example, Fish told Congress in 1919:

It is a great mistake for anyone to think for a moment that the patent law is primarily intended to reward inventors, because it is not. It is intended to develop industry for the benefit of all the people and is based upon the recognition of what there can be no question is a sound proposition, that the correct way to do it is to reward those who have worked out an invention intelligently in this perfectly simple and automatic method.¹⁰²

Unlike his patent industry peers, Fish believed “too much attention is sometimes paid to the mere matter of the inventor's reward. Of course, you have got to reward him; that is a matter of sound

⁹⁸ See, e.g., Joan Nix & David Gabel, *AT&T's Strategic Response to Competition: Why Not Preempt Entry?*, 53 J. Econ. Hist. 377, 383-84 (1993) (reviewing Fish's expansion strategy, which focused on membership, network effects, and long-distance expansion).

⁹⁹ *Id.* at 384 (“[Fish's patent] strategy was pursued by the Company until 1907, when its new President, Theodore Vail, convinced the board of directors that competition could not be controlled through patent litigation.”).

¹⁰⁰ See Letter from Orville Wright to Frederick Fish (Jan. 17, 1914) (“Please accept this expression of my appreciation of your services in obtaining this [win against Glenn Curtiss].”), available at <https://www.loc.gov/resource/mss46706f.mss46706-03095/?sp=2&st=image>.

¹⁰¹ See Letter from Frederick Fish to Orville Wright (Nov. 17, 1919) (updating Wright about a patent suit brought by the heirs of J. J. Montgomery), available at <https://www.loc.gov/resource/mss46706f.mss46706-03097/?sp=1>; Letter from Frederick Fish to Orville Wright (Jun. 13, 1914) (informing Wright about a patent assertion from James Means), available at <https://www.loc.gov/resource/mss46706f.mss46706-03095/?sp=6&st=image>.

¹⁰² *Hearings on H.R. 5011, H.R. 5012, and H.R. 7010 Before the H. Comm. on Patents*, at 43, 66th Cong. (July 9, 1909) [hereinafter *1919 Hearing*]. Fish's views on the American patent system's true purpose are closer to the founding fathers' actual understanding than most constitutional theories espoused today. See, e.g., Raab Collection, Sold—Leaders Form the 1st Organization in the United States to Promote Business, Industry, <https://www.raabcollection.com/declaration-independence-autograph/declaration-independence-signed-sold-leaders-form-1st> (last visited May 10, 2025) (tracing the Intellectual Property Clause of the U.S. Constitution back to the Pennsylvania Society for the Encouragement of Manufacturers and the Useful Arts, which Trench Coxe formed in 1787 to encourage manufacturing, not just patenting).

public policy; but you have also to protect the public.”¹⁰³ Fish added, “it is a very serious matter to keep the balance right in the Patent Office and the courts between the inventor, who must be protected on the one hand, and the public on the other.”¹⁰⁴

Fish and the NRC committee proposed, among other recommendations, codifying reasonable royalty awards because, although “there have been two or three decisions to this effect, it may take a generation to *induce* United States courts generally to adopt this position, if at all.”¹⁰⁵ In other words, reasonable royalty awards were likely inevitable, with or without congressional approval.

Patent insiders were split, however, on whether Congress should codify reasonable royalties as an estimation of patentee damages or infringer profits. Fish and the NRC committee endorsed the “damages” view, which the House adopted in several proposed bills authored by Fish.¹⁰⁶ “When you come to this question of the collection of damages and profits,” Fish said, “it is just as important that the public should not have to pay more than they should as it is that the patentee should receive what he ought to have.”¹⁰⁷

¹⁰³ *1919 Hearing*, *supra* note 102, at 45.

¹⁰⁴ *Id.* (cleaned up).

¹⁰⁵ NRC REPORT, *supra* note 92, at 9 (emphasis added).

¹⁰⁶ *See* 59 CONG. REC. H3923-24 (Mar. 5, 1920) (quoting H.R. 11984 and Fish’s subsequent amendment); *see also 1919 Hearing*, *supra* note 102, at 56 (presenting Fish’s view that “the *Dowagiac* case . . . suggested that where exact proof failed the court might find and award to the plaintiff a reasonable compensation, *as in an accident case or any tort case where the plaintiff is supposed to show his damages and prove them*, but what happens is that the tribunal does the best it can to give the plaintiff what is fair and reasonable, ‘considering all the circumstances’”).

¹⁰⁷ *1919 Hearing*, *supra* note 102, at 44.

Other patent attorneys, however, convinced the Senate not to limit reasonable royalties to damages only.¹⁰⁸ Although the NRC committee's opinion never officially changed,¹⁰⁹ Prindle privately enlisted Judge Denison (author of the *U.S. Frumentum* decision), who recommended that Congress amend the proposed legislation to include infringer profits in reasonable royalty calculations.¹¹⁰ Congress incorporated Judge Denison's recommendation into what would become the 1922 Act.¹¹¹

C. Legal Damages

In 1945, Robert Kirkland Henry began his first term as a congressman from Wisconsin.¹¹² Representative Henry was a banker and state administrator.¹¹³ Before he died in office the following year, Representative Henry only introduced seven bills, three of which were directed to the same, narrow goal: eliminating infringer profits from R.S. 4921.¹¹⁴ Henry's proposed language

¹⁰⁸ S. Rep. No. 66-596, at 1 (1920) (on file with author); 59 CONG. REC. S8483 (June 4, 1920) ("The committee thought, after very interesting and rather exhaustive debate between some of the ablest patent lawyers in the United States on that subject, that we had better not change that law, and we struck out the section."); Letter from Edwin J. Prindle to Representative John Nolan 1 (May 13, 1920) (on file NARA, NAID 17370341) (identifying three patent attorneys that opposed the reasonable royalty language "because it takes away some of the present rights of patentees").

¹⁰⁹ Letter, *supra* note 108, at 1-2 (opposing, on behalf of the National Research Council, an amendment stating "damages may be assessed, as well as profits determined, by reasonable approximation").

¹¹⁰ Letter from Arthur C. Denison, J., 6th Cir., to Edwin J. Prindle 2 (May 5, 1920) (on file NARA, NAID 17370341) ("I should favor the substitute which you have made of the word 'profits' for the words 'and royalty' [sic] in the last line of the italicized part. This would confirm the thought that the approximate apportionment or the reasonable measure may be applied to profits as well as to damages.").

¹¹¹ Act of February 18, 1922, ch. 58, § 8, 42 Stat. 389, 392 (permitting courts to award "*a reasonable sum as profits* or general damages for the infringement" (emphasis added)).

¹¹² EIGHTIETH CONGRESS, MEMORIAL SERVICES OF ROBERT KIRKLAND HENRY 5 (1950), available at <https://babel.hathitrust.org/cgi/pt?id=uva.x004873280&seq=19>.

¹¹³ *Id.*

¹¹⁴ Storm, *supra* note 90, at 87.

eliminated the value of profits from all damages awards, including reasonable royalty estimations therefor.¹¹⁵

Henry did not allow the patent industry to control his legislative agenda. Henry generally believed that “most voters do not belong to pressure groups. I think a congressman should use his own good judgment when voting; and if this judgment is no good, the voters have a chance to replace him at the end of two years.”¹¹⁶ Henry’s opposition to pressure groups may explain why he only cited one patent industry insider as influencing his proposed legislation—Frederick Fish, who died in 1930.¹¹⁷

When the House Committee on Patents met to consider Henry’s bills in early 1946, three bar associations appeared before Congress; only one (Henry’s local Milwaukee Patent Bar Association) was prepared to provide substantive comments.¹¹⁸ Other bar associations complained that they did not receive timely notice of the hearing and beseeched lawmakers not to proceed without their input.¹¹⁹ Henry’s legislation quickly passed both chambers and became law that summer.¹²⁰

¹¹⁵ See generally *id.* at 87-107 (summarizing the statutory and legislative history of the 1946 Act and Justice Brennan’s correct interpretation of the law in 1964).

¹¹⁶ EIGHTIETH CONGRESS, *supra* note 112, at 34 (cleaned up).

¹¹⁷ *Recovery in Patent Infringement Suits: Hearing on H.R. 5231 and H.R. 5311 Before the H. Comm. on Patents*, 79th Cong. 2-4 (Jan. 29, 1946) [hereinafter *1946 Hearing*] (opening the hearing by reading a 1929 letter from Frederick Fish).

¹¹⁸ *Id.* at iii, 12-15.

¹¹⁹ See, e.g., Letter from the Patent Law Ass’n of Los Angeles to Sen. Claude Pepper 1 (Apr. 16, 1946) (on file NARA, NAID 33985674) (arguing that the statute should “ret[ain] profits recovery in some form or other”).

¹²⁰ Act of Aug. 1, 1946, Pub. L. No. 79-587, 60 Stat. 778.

D. “The True Gospel According to St. Giles”

Enter Giles Rich. Like Albert Walker, Rich was a second-generation member of the patent industry.¹²¹ And like Frederick Fish, Rich was active in bar associations and developed a strong reputation within the patent industry for his work.¹²² Unlike Fish, however, Rich never worked as a general counsel, as a business president, or in any other known capacity outside the patent industry.

Soon after the 1946 Act passed, Giles Rich and other patent industry insiders began work on the Patent Act of 1952.¹²³ As Robert Merges later observed, the “cover story” for the legislative effort “was a simple desire to codify, restate, and tidy up patent law. Major substantive changes to the law were intentionally put off for the future.”¹²⁴ As far as Congress was concerned, the Patent Act of 1952 restated existing patent law without substantively changing it.¹²⁵

This cover story was subterfuge. As Merges explained, “there was a deeper motivation for the 1952 Act, only rarely discussed overtly in polite company, and more often spoken of only among patent insiders.”¹²⁶ The patent industry’s “real goal was to push back, subtly but effectively, against the Supreme Court’s recent apostasies” on obviousness.¹²⁷ “An entire professional

¹²¹ See Philip C. Swain, *A Brief Biography of Giles Sutherland Rich*, 3 J. FED. CIR. HIST. SOC’Y 9, 14 (2009) (“Giles Rich entered his father’s law practice at the firm of Williams, Rich & Morse [in] 1929. He would practice there until President Eisenhower appointed him to the federal bench in 1956.”).

¹²² *Id.* at 17 (“Rich would become president of the NYPLA . . .”).

¹²³ See Giles S. Rich, Congressional Intent—Or, Who Wrote the Patent Act of 1952?, in PATENT PROCUREMENT AND EXPLOITATION 61, 63-67 (1963) (attributing the codification effort to initial conversations between P.J. Federico, Chief Examiner of the Patent Office, and Charles Zinn, codification counsel for the House Judiciary Committee).

¹²⁴ MERGES, *supra* note 97, at 360. *But see* Rich, *supra* note 123, at 65 (describing P.J. Federico’s proposal as offering “to do some amending and codifying at the same time”).

¹²⁵ See MERGES, *supra* note 97, at 360 (quoting House Report representations that the proposed bill excluded “most of the proposed [major] changes” and only included “minor procedural and other changes deemed substantially noncontroversial and desirable”).

¹²⁶ *Id.*

¹²⁷ *Id.*

infrastructure of inventors, patent lawyers, and patent examiners rebelled at the thought that patents would henceforth be available only for the rare, edge-shattering invention.”¹²⁸ This rebellion led Rich and his “quintessential insider’s committee” to write a new Patent Act for the patent industry.¹²⁹

For Rich, the new legislation was both a mere restatement of American patent law and a complete reset of the same subject.¹³⁰ Rich and his small drafting committee widely publicized the bill’s substantive changes to patent industry organizations while largely keeping lawmakers in the dark.¹³¹ For example, industry insiders rewrote the damages section multiple times without ever telling Congress they were contemplating substantive changes.¹³² Rich even admitted to the New Jersey Patent Law Association in a 1955 dinner address that he avoided legislative oversight by submitting legislative history materials that deemphasized the bill’s substantive changes:

Then one day I had a phone call from Ashton who said, “Pat has sent up some draft Reviser’s Notes. Can you come down and go over them with me?” Neither of us

¹²⁸ *Id.* at 360-61.

¹²⁹ *Id.*

¹³⁰ *See, e.g.*, Giles S. Rich, Speech to the Philadelphia Patent Law Association, at 7 (Jan. 26, 1953) (transcript on file with the Library of Congress, Giles S. Rich Papers, Box 622) (claiming “Congress has not changed a single fundamental” while acknowledging, moments later, that “there are many changes” and that “[s]ome case law has been codified [and] some has been replaced by statute”).

¹³¹ *Compare* Rich, *supra* note 123, at 69-70 (“This deliberate introduction of a bill at the end of a Congress was with the purpose of getting proposed revision and codification—and thus was the bill labeled—into wide circulation in a form most likely to attract serious consideration by all interested parties. It had the desired effect, and many associations put committees to work on it in earnest.”), *with id.* at 75 (“A good 95% of the members of both bodies never knew that the legislation was under consideration, or that it had passed, let alone what it contained.” (quoting Representative Edgar Crumpacker)); *see also* David O. Taylor, *Patent Reform, Then and Now*, 2019 MICH. ST. L. REV. 431, 470-72 (2019) (discussing how patent insiders leveraged the codification process, which was technically initiated by Congress itself, and the consent calendar to gain credibility, avoid political scrutiny, and outflank the Antitrust Division); *id.* at 452 (noting that P.J. Federico personally drafted the first version of the 1952 Act, the House and Senate Reports, and the “Commentary on the New Patent Act” that appeared in the annotated version of Title 35).

¹³² Storm, *supra* note 90, at 101 & n.208 (quoting each revision in succession).

took them very seriously or realized the pivotal significance courts might give them. They were just something that had to be appended to the report on the bill. Besides, Ashton was in a mood that day to lean on me and I had a bad cold and was a weak reed to be leaning on. *But we did have one thought in mind. Those notes should not create the impression that this was any radical or controversial alteration of the patent laws. This was because of a little practical legislative technique, which I will explain.*

Charlie Zinn had worked on several codifications for the Judiciary Committee. When it got a law all written up and approved, it liked to see it enacted and Charlie knew how you got that done. You got it on a *consent calendar* at the appropriate moment, and that meant no floor debate. It was because of this little technique that you got a new patent statute when you did, instead of several years from now. And that is the way you get a lot of your laws. *It is a great way of conserving hot air. Can you imagine what debates on the floor of the House or Senate about most of the cardinal points of patent law would sound like?*¹³³

According to Rich, his plan worked perfectly: “The New Patent Act went through both houses on consent calendars[,] and those houses relied on the unanimous recommendations of their respective committees, and when Truman signed the bill we got our new law.”¹³⁴

Approximately a century after Justice Curtis became the first patent attorney appointed to a federal appellate court,¹³⁵ Rich became the second when he joined the Court of Customs and Appeals in 1956.¹³⁶ As Donald Dunner later explained, Judge Rich proselytized his fellow jurists on how he believed the 1952 Act should be interpreted:

And so Judge Rich, as a drafter of this critical new language and as a consummate teacher, set out to educate his colleagues on the CCPA bench and, indirectly, his fellow jurists in the circuit courts (since they were still in the front lines of resolving district court patent disputes) on what patent law was really about.

¹³³ Giles S. Rich, Speech to the New Jersey Patent Law Association, Jefferson Medal Dinner (May 18, 1955) (transcript on file with the Library of Congress, Giles S. Rich Papers, Box 622) (emphasis on “consent calendar” in original).

¹³⁴ *Id.*

¹³⁵ See *supra* note 56 and accompanying text.

¹³⁶ See Donald Dunner, *The Evolution of Patent Jurisprudence, from Giles Rich to Howard Markey to Randall Rader*, IPWATCHDOG (May 27, 2014), <https://ipwatchdog.com/2014/05/27/the-evolution-of-patent-jurisprudence/id=49770/> (omitting Justice Curtis when claiming that “Judge Rich was the first patent attorney ever appointed to the CCPA or any other Federal appellate court”).

And so—through his opinions and the many speeches and articles he wrote on the subject, Judge Rich set out—slowly but surely—to *reeducate the patent world on the true gospel according to St. Giles*. While it took a long time, and with the assistance of other judges who later joined him on the bench — both at the CCPA and the Federal Circuit—he *ultimately succeeded beyond his wildest dreams*.¹³⁷

The “true gospel according to St. Giles” was not a fixed account of what Congress intended in 1952; rather, the gospel was a living document reflecting Rich’s evolving personal beliefs.¹³⁸

Judge Rich was so deeply involved in drafting the 1952 Act that he believed courts should look to him, not the lawmakers who voted on the bill, when assessing legislative intent.¹³⁹ The Supreme Court disagreed. In *Aro I*, Justice Black rejected Rich’s position that Congress amended the Patent Act according to Rich’s personal beliefs:

If anyone is inclined, despite other evidence to the contrary, to attribute to Congress a purpose to accomplish any far-reaching changes in the substantive law by this enactment, he should take note that, just before the bill was passed in the Senate,

¹³⁷ *Id.*; see also Paul R. Michel, *Recollections of Giles Sutherland Rich*, 9 Fed. Cir. B.J. 33, 33 (1999) (“In response to nearly every draft by any of us, he provided extensive written comments and suggestions.”); Paul R. Michel, *Recollections of Judge Giles S. Rich*, 14 BERKELEY TECH. L.J. 889, 889 (1999) (“Dozens of former Judge Rich law clerks went on to become leading intellectual property lawyers. Innumerable judicial colleagues learned the intricacies of patent law through his patient teaching Indeed, the passing on of his wisdom from one practitioner to another means that it continues to multiply.”); Letter from Hon. Giles S. Rich to Henry R. Ashton (Nov. 8, 1965) (on file with the Library of Congress, Giles S. Rich Papers, Box 648) (listing his personal law review articles that used when teaching Rich’s session for “Newly Appointed United States District Judges”).

¹³⁸ *Compare* *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368, 1372-73 (Fed. Cir. 1998) (claiming Congress did not intend for Section 101 of the 1952 Act to exclude business methods), *with* Giles S. Rich, *Principles of Patentability*, 28 GEO. WASH. L. REV. 393, 394 (1960) (interpreting Section 101 of the 1952 Act as excluding “one of the greatest inventions of our times, the diaper service”); see also *infra* notes 150-151 and accompanying text (contrasting Rich’s views on patent damages in the 1950s with the opinion he joined in *Rite-Hite*).

¹³⁹ See, e.g., Rich, *supra* note 123, at 77 (“Realistically, the ‘intent,’ with respect to the Patent Act of 1952, was the intent of a subcommittee to pass the bill prepared by the patent lawyers, as agreed to by codification counsel, committee counsel, and the members of the subcommittee.”); Rich, *supra* note 133 (claiming the only “congressional intent” was the House subcommittee’s “intent . . . to enact into law *a bill which it was satisfied had been well written by experts who knew what they were doing*” and arguing that the 1952 Act should be interpreted based on the statutory language they pushed through Congress, not based on what Rich and his contemporaries told Congress via “those laconic Reviser’s Notes” (emphasis in original)).

Senator Saltonstall asked on the floor, “Does the bill change the law in any way or only codify the present patent laws?” Senator McCarran, Chairman of the Judiciary Committee which had been in charge of the bill for the Senate, replied, “It codifies the present patent laws.”¹⁴⁰

Similarly, Justice Brennan confirmed in *Aro II* that Congress did not intend to overturn the 1946 Act when passing the 1952 codification.¹⁴¹ According to Justice Brennan, “the language, the legislative history, and the prior law” all made clear that, even after the 1952 Act, Section 284 “allows the award of a reasonable royalty, or of any other recovery, only if such amount constitutes ‘damages’ for the infringement.”¹⁴²

Judge Rich eventually reclaimed patent policy authority from the Supreme Court. In 1972, the Supreme Court rejected Judge Rich’s views on patent-eligible subject matter in *Gottschalk v. Benson*.¹⁴³ Judge Rich was not persuaded.¹⁴⁴ Six years later, the Supreme Court voted 6-3 that Judge Rich and the U.S. Court of Customs and Patent Appeals misinterpreted Section 101 in *Parker v. Flook*.¹⁴⁵ On remand, Judge Rich outright rejected *Flook*, claiming Congress intended Section 101 to “include anything under the sun that is made by man.”¹⁴⁶ The Supreme Court granted certiorari again, but the Court flipped when Justices Blackmun and Stevens changed their

¹⁴⁰ *Aro. Mfg. Co. v. Convertible Top Replacement Co.*, 355 U.S. 336, 347 n.2 (1961).

¹⁴¹ *Aro. Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 506 & n.20 (1964) (Brennan, J., plurality).

¹⁴² *Id.* at 505.

¹⁴³ See Pamela Samuelson, *Benson Revisited: The Case Against Patent Protection For Algorithms and Other Computer Program-Related Inventions*, 39 Emory L.J. 1025, 1066 n.148 (1990) (“Judge Rich [was the] author of both the *Musgrave* and *Benson* opinions for the CCPA, and therefore the judge whose views on the patentability of such inventions had been rejected most directly by the Court in *Benson* . . .”).

¹⁴⁴ *Id.*

¹⁴⁵ 437 U.S. 584, 588 (1978) (“This case turns entirely on the proper construction of § 101 of the Patent Act The plain language of § 101 does not answer the question.”), *rev’g* 559 F.2d 21 (C.C.P.A. 1977). Judge Rich joined the C.C.P.A. opinion authored by Judge Markey, another former patent attorney.

¹⁴⁶ *In re Bergy*, 596 F.2d 952, 964-67, 973-87 (C.C.P.A. 1979) (“[W]e need in this case no signal from that body. To conclude on the light *Flook* sheds on these cases, very simply, for the reasons we have stated, we find none.”).

votes to embrace Judge Rich's views in *Diamond v. Chakrabarty*.¹⁴⁷ Subsequently, the Court generally ignored patent cases before regaining interest soon after Judge Rich died in 1999.¹⁴⁸

Without Supreme Court oversight, Judge Rich and the newly-formed Federal Circuit took control of patent remedies. For example, the Federal Circuit nullified the 1946 Act and Justice Brennan's correct interpretation in *Aro II* by refusing to address, or even repeat, the above-quoted passage from *Aro II* in any published opinion.¹⁴⁹ Although Rich personally knew that the 1946 Act still limited compensation to damages only,¹⁵⁰ he endorsed the position in *Rite-Hite Corp. v. Kelley Co.* that "the language of the statute is expansive rather than limiting. It affirmatively states that damages must be adequate, while providing only a lower limit *and no other limitation*."¹⁵¹

Although Supreme Court oversight has grown since Judge Rich's death, the Federal Circuit still permits patent industry insiders to rewrite damages law. For example, the Federal Circuit allowed patent damages experts to recast comparable licenses as a "proxy" for an established royalty in *Lucent Technologies, Inc. v. Gateway, Inc.*¹⁵² Prior to *Lucent*, Supreme Court precedent

¹⁴⁷ 447 U.S. 303, 309 (1980) ("Congress intended statutory subject matter to 'include anything under the sun that is made by man.'"); *see also* Christopher B. Seaman and Sheena X. Wang, *An Inside History of the Burger Court's Patent Eligibility Jurisprudence*, 53 Akron L. Rev. 915, 935-55 (2019) (recounting the Court's actions in *Flook* and *Chakrabarty*).

¹⁴⁸ *Cf.* Paul R. Gugliuzza & Mark A. Lemley, *Myths and Reality of Patent Law at the Supreme Court*, 104 B.U. L. REV. 891, 901 fig.1 (2024) (identifying fifteen Supreme Court patent decisions from 1983-2002 and forty-six decisions during the same timespan from 2003-2022); John F. Duffy, *The Festo Decision and the Return of the Supreme Court to the Bar of Patents*, 2002 SUP. CT. REV. 273, 275-78 (asserting that the Supreme Court "seemed to lose interest in the field at mid-century," withdrew further after creation of the Federal Circuit, and then regained interest around the time of cases like *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabashuki Co.*, 535 U.S. 722 (2002)).

¹⁴⁹ Storm, *supra* note 90, at 120 & n.355.

¹⁵⁰ *Id.* at 119 n.347.

¹⁵¹ 56 F.3d 1538, 1544 (Fed. Cir. 1995) (en banc) (emphasis added).

¹⁵² 580 F.3d 1301, 1325-26 (2009) (Michel, J.). For a deeper discussion of this issue, see Brief of Amicus Curiae Uber Technologies inc. Inc. in Support of No Party at 17-26, *EcoFactor, Inc. v. Google LLC*, No. 23-1101 (2024).

protected defendants by requiring plaintiffs seeking an “established royalty” to prove, *inter alia*, that past licenses were “paid or secured before the infringement complained of,” were “paid by such a number of persons as to indicate a general acquiescence in its reasonableness by those who have occasion to use the invention,” and were “uniform at the places where the licenses are issued.”¹⁵³ *Lucent* dispensed with these requirements by allowing “sufficiently comparable” prior licenses to serve as a “proxy” for an established royalty.¹⁵⁴ Rather than cite statute or judicial precedent, *Lucent* quoted damages treatises authored by an expert witness and a patent litigator.¹⁵⁵ Proxy licenses then became so popular that, six years later, the Federal Circuit announced new counterfactual presumptions to justify exempting comparable license analyses from apportionment requirements.¹⁵⁶ More recently, the Federal Circuit even suggested that a single comparable license could be legally sufficient to serve as a proxy for an established royalty because the defendant’s

¹⁵³ *Rude v. Westcott*, 130 U.S. 152, 165 (1889) (“In order that a royalty may be accepted as a measure of damages against an infringer, *who is a stranger to the license establishing it*, it must be” (emphasis added)); *see also* *Gen. Motors Corp. v. Blackmore*, 53 F.2d 725, 730 (6th Cir. 1931) (characterizing plaintiff’s settlements with third parties as *res inter alios acta* and rejecting a reasonable royalty based on such settlements where there was no “privity shown between the present defendant and the defendants in the other actions”); *Westcott v. Rude*, 19 F. 830, 833 (C.C.D. Ind. 1884) (“It is, as it appears to me, entirely inadmissible, at law or in equity, that a patentee may, by inserting in his licenses a stipulation for a certain royalty . . . acquire a right to demand the entire sum of an infringer.”).

¹⁵⁴ *Lucent*, 580 F.3d at 1325.

¹⁵⁵ *Id.* at 1325-26 (“For similar license agreements to be used as a *proxy* for derivation of a mark market royalty, the form of license compensation should be on a like-kind basis.” (emphasis added) quoting RUSSELL PARR, ROYALTY RATES FOR LICENSING INTELLECTUAL PROPERTY 64 (2007)); *id.* at 1326 (quoting RICHARD F. CAULEY, WINNING THE PATENT DAMAGES CASE 47 (2009)).

¹⁵⁶ *See* *CSIRO v. Cisco Systems, Inc.*, 809 F.3d 1295, 1303 (Fed. Cir. 2015) (rejecting apportionment based on the smallest salable patent-practicing unit because “[i]t conflicts with our prior approvals of a methodology that values the asserted patent based on comparable licenses”); Christopher S. Storm, *Measuring the Inventor’s Contribution*, 21 U.N.H. L. REV. 167, 207 (2022) (criticizing *CSIRO* for falsely assuming “that ‘the parties negotiated over the value of the asserted patent, ‘and no more’”).

damages expert said it was okay.¹⁵⁷ Thanks to these judicial gains, patent damages experts can use proxy licenses to manipulate, complicate, and distort patent damages awards without consequence.¹⁵⁸

¹⁵⁷ *EcoFactor, Inc. v. Google LLC*, 104 F.4th 243, 254 n.6 (Fed. Cir. 2024) (“[T]he Johnson license agreement alone would suffice. As Google’s own expert agreed at trial, ‘just one’ license agreement can be sufficient to support a damages opinion.”), *rev’d*, 137 F.4th 1333 (Fed. Cir. 2025) (en banc); *see also* *EcoFactor, Inc. v. Google LLC*, 137 F.4th 1333, 1345 (Fed. Cir. 2024) (en banc) (“Mr. Kennedy did not suggest that any single license was indicative of an established rate for the patented technology.”); *EcoFactor*, 104 F.4th at 259 (Prost, J., dissenting) (rejecting the Johnson license because it “contain[ed] no language describing how its lump-sum payment was calculated” without saying whether Johnson, standing alone, would be sufficient to indicate an established royalty if it contained such language).

¹⁵⁸ *See generally* Erik Hovenkamp & Jonathan Masur, *How Patent Damages Skew Licensing Markets*, 36 Rev. Litig. 379, 413 (2017) (“To avoid the problems created by the licensing-based damages standard, we offer a simple proposal: stop using it.”); William F. Lee & Mark A. Lemley, *The Broken Balance: How “Built-In Apportionment” and the Failure to Apply Daubert Have Distorted Patent Infringement Damages*, 37 HARV. J.L. & TECH. 255, 328 (2024) (“Unfortunately, too many courts [are] lured by the promise that a prior settlement—or an expert’s new theory—can replace the hard work of figuring out what the patent is actually worth.”).

II.

PATENT INDUSTRY CAPTURE OF INJUNCTIVE RELIEF

In isolation, *eBay* is relatively boring.¹⁵⁹ The history of patent industry control over infringement remedies, however, adds a new twist to the *eBay* story.

This Part enlivens *eBay* by reintroducing Congress as the protagonist. Section A opens by applying textualism to the injunction language passed by Congress. Next, Sections B-D discuss Congress's decision to deny patent injunctions in 1790, its partial reversal in 1819, and its subsequent refusals to liberalize access to injunctive relief. Section E then recounts how the patent industry used judicial advocacy to usurp Congress's power over patent injunctions. Section F concludes with *eBay*'s climactic defense of congressional policy.

A. Textualist Analysis of Section 283

The Patent Act only contains one sentence relevant to availability of injunctions in patent cases: "The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable."¹⁶⁰ Statutory and legislative research should not be necessary to appreciate that patent owners are not automatically entitled to injunctive relief (via presumption or otherwise) and that the provision imposes substantive limits on when courts can grant injunctions. Instead, a textualist approach should suffice for at least three reasons.

¹⁵⁹ Cf. Mark A. Lemley, *Did eBay Irreparably Injure Trademark Law*, 92 NOTRE DAME L. REV. 1795, 1795-96 (2017) ("The conclusion that injunctions are not automatic seems an unexceptional reading of the relevant statutes. Even accepting the criticism that the Court cobbled together the four-factor test, which wasn't well-established as a separate test, it certainly seems to capture the factors courts in equity cases have used in the past in deciding whether to grant injunctions in various areas of law.").

¹⁶⁰ 35 U.S.C. § 283.

First, Section 283 says courts “may” grant injunctions. The word *may* serves two purposes in this context: to permit and to limit. As to the first purpose, unlike the mandatory word *shall*, the word *may* is permissive and does not impose any duty or obligation on the court to grant an injunction.¹⁶¹ As to the second, *may* confirms that courts *may not* grant injunctions when the principles of equity are unsatisfied.¹⁶²

Second, the phrase “in accordance with the principles of equity” must be a substantive limitation on the court’s authority that cannot be ignored or presumed away. Any interpretation to the contrary would deprive those words of legal effect.¹⁶³ If, for example, a court interpreted *principles of equity* in a way that did not require any actual principles that must be addressed before an injunction can issue, then the phrase itself would be rendered pointless or redundant.¹⁶⁴ Instead, *principles* requires principles.¹⁶⁵

Finally, the text does not give courts the discretion to redefine, lower, or presume conformance with the principles of equity. Although Congress chose to give courts broad discretion to set the “terms” of an injunction,¹⁶⁶ the “deems reasonable” language does not apply

¹⁶¹ See ANTONIN SCALIA & BRYAN A. GARNER, READING LAW 112 (2012) (“The traditional, commonly repeated rule is that *shall* is mandatory and *may* is permissive.”); *id.* (noting that, when used correctly, “*shall* ought to be replaceable by either *has a duty to* or *is required to*”).

¹⁶² See *id.* at 107 (“The expression of one thing implies the exclusion of others”); *id.* at 110 (applying the canon to a statute stating district attorneys “*may* be removed at the discretion of the duly elected and acting district attorney” (emphasis added)).

¹⁶³ See *id.* at 176 (“If a provision is susceptible of (1) a meaning that gives it an effect already achieved by another provision, or that deprives another provision of all independent effect, and (2) another meaning that leaves both provisions with some independent operation, the latter should be preferred.”).

¹⁶⁴ See *id.* (explaining how the surplusage canon prevents interpretations that render words “pointless” and that “courts avoid a reading that renders some words altogether redundant”).

¹⁶⁵ Cf. *id.* at 69 (“Words are to be understood in their ordinary, everyday meanings—unless the context indicates that they bear a technical sense.”).

¹⁶⁶ The injunction terms, however, must still be limited to enjoining infringement. The phrase “to prevent the violation of any right secured by patent” would prevent a court, for example, from

to a court's assessment as to whether the principles of equity are satisfied.¹⁶⁷ Instead, *principles of equity* “must be given the meaning [it] had when the text was adopted,”¹⁶⁸ and courts must strictly enforce this meaning when considering requests for injunctive relief.¹⁶⁹

B. Patent Act of 1790

Congress originally did not permit suits in equity for patent infringement. In 1790, Congress considered H.R. 41, which would have authorized courts to entertain bills in equity in patent cases.¹⁷⁰ A few weeks later, Congress dropped this language in favor of new language limiting patent cases to “an action on the case founded on this act.”¹⁷¹ This new language became law one month later.¹⁷² Congress's decision to drop bills of equity from the first patent law suggests a deliberate attempt to prevent courts from exercising equitable jurisdiction in patent cases.¹⁷³ Instead of permitting injunctions, Congress embraced financial damages as the sole remedy for infringement.¹⁷⁴

enjoining non-infringing activity or compel actions that do not prevent infringement, such as requiring the defendant to publicly apologize.

¹⁶⁷ *See id.* at 152 (“When the syntax involves something other than a parallel series of nouns or verbs, a prepositive or postpositive modifier normally applies only to the nearest reasonable referent.”).

¹⁶⁸ *Id.* at 78.

¹⁶⁹ *See id.* at 364 (addressing the “false notion that remedial statutes should be liberally construed”).

¹⁷⁰ H.R. 41, 1st Cong. § 4 (Feb. 16, 1790) (authorizing patent infringement suits “by action of debt, bill, plaint or information” (emphasis added)), *reprinted in* WALTERSCHEID, *supra* note 47, at 450.

¹⁷¹ H.R. 41, 1st Cong. § 4 (Mar. 10, 1790), *reprinted in* WALTERSCHEID, *supra* note 47, at 459 & n.34; *see also id.* (limiting compensation to “such damages as shall be assessed by a jury”).

¹⁷² Patent Act of 1790, 1 Stat. 109, § 4.

¹⁷³ *See* James Ryan, *A Short History of Patent Remedies*, 6 CYBARIS 150, 158 & n.44 (2015) (reviewing early statutes and Congress's decision to remove bills of equity from the 1790 Act); *see also* WALTERSCHEID, *supra* note 16, at 9 (“Jefferson's aversion to monopolies was in no way unique.”); Morriss & Nard, *supra* note 25, at 151-52 (“In creating the 1790 and 1793 Acts, Congress had balanced utilitarian, natural rights, and anti-monopoly policies.”).

¹⁷⁴ *See* Patent Act of 1790, ch. 7, § 4, 1 Stat. 109, 111.

The consequences of Congress's decision were immediately apparent to Joseph Barnes, "attorney and brother-in-law of steam boat inventor James Rumsey."¹⁷⁵ Barnes observed (and complained) in 1792 that "*no* property is secured in any new discovery, however important in its nature," under the 1790 Act.¹⁷⁶ He reached this conclusion "[b]ecause the *penalty* which the existing patent law inflicts on any person who shall have constructed, without license, any patented machine, or art, being *only* such damages as a jury *may* assess, will not amount to a prohibition."¹⁷⁷ Barnes lobbied Congress on behalf of Rumsey to permit patent suits in equity and to recognize that "inventors have *property* in their respective discoveries."¹⁷⁸ Congress, however, reaffirmed that patentees were only entitled to damages at law assessed by a jury in 1793 and again in 1800.¹⁷⁹ Congress was so committed to damages at law that it chose to deter ongoing infringement in 1793 with treble damages instead of injunctive relief.¹⁸⁰

American federal courts, however, looked to English common law without regard to the applicable statutes in either country. For example, New York Chief Justice James Kent broadly declared in *Livingston v. Van Ingen* that "[t]he right and the remedy are forever inseparable,"

¹⁷⁵ Morriss & Nard, *supra* note 25, at 151 n.25.

¹⁷⁶ JOSEPH BARNES, TREATISE ON THE JUSTICE, POLICY, AND UTILITY OF ESTABLISHING AN EFFECTUAL SYSTEM FOR PROMOTING THE PROGRESS OF USEFUL ARTS BY ASSURING PROPERTY IN THE PRODUCTS OF GENIUS 27 (Philadelphia, Francis Bailey 1792) (emphasis in original).

¹⁷⁷ *Id.* (emphasis in original).

¹⁷⁸ *Id.* at 5 (emphasis in original).

¹⁷⁹ See Patent Act of 1800, 2 Stat. 37, § 3; Patent Act of 1793, 1 Stat. 318, § 5.

¹⁸⁰ Cf. Ryan, *supra* note 173, at 159 ("With prospective damages and injunctions only available in rare circumstances, a patentee would have to continually sue for actual damages against infringers to stop continued infringement. Therefore, it was necessary that the legal damages be trebled to prevent duplicative cases.").

regardless of whether the statute authorizes injunctive relief as an available remedy.¹⁸¹ According to Kent,

Injunctions are always granted to secure the enjoyment of statute privileges of which the party is in the actual possession, unless the right be doubtful. This is the uniform course of the precedents. I believe there is no case to the contrary; and the decisions in the English Chancery, on this point, were the same before as since the American revolution; and we are, consequently, bound by them as a branch of the common law.¹⁸²

Unlike the American Patent Act, however, the Statute of Monopolies did not specify available remedies for patent infringement; rather, English courts had broad discretion to set remedies so long as they complied with the statutory language protecting society.¹⁸³ Kent also cited English copyright cases even though the Statute of Anne and Statute of George used language that compelled awards of equitable remedies.¹⁸⁴ Kent also observed that “[t]he propriety of the injunction was not questioned” by Chief Justice Oliver Ellsworth while riding circuit in *Morse v. Reed*.¹⁸⁵ Chief Justice Ellsworth, a U.S. Senator from 1789-1796 and chief author of the Judiciary Act of 1789, may have known something that Kent missed—that the Copyright Act contemplated equitable forfeitures by right, much like the Statute of Anne.¹⁸⁶

¹⁸¹ 9 Johns. 507, 537-38 (N.Y. 1812) (“If the [New York state] act of 1808 had not passed, could there be a doubt but that the appellants would have been entitled to the remedy by an injunction, to protect them in the enjoyment of their right?”).

¹⁸² *Id.* at 585.

¹⁸³ See *supra* note 43 and accompanying text.

¹⁸⁴ Engraving Copyright Act of 1734, 8 George 2 c.13 (providing “then such offender or offenders shall forfeit . . .”). Copyright Act of 1709/1710, 8 Anne, c.19, § II (same).

¹⁸⁵ *Livingston*, 9 Johns. at 587-88 (discussing *Morse v. Reed*, 17 F. Cas. 873 (C.C.D.N.Y. 1796)). But see John D. Gordan, III, *Morse v. Reid: The First Reported Federal Copyright Case*, 11 LAW & HIST. REV. 21, 22 (1993) (“It is as well that Kent left *Morse* out of his *Commentaries*, for his brief statement of the case in *Livingston v. Van Ingen* was clearly mistaken in the amount of the damages awarded and probably inaccurate in its claim that an injunction had been ‘issued in the first instance.’”).

¹⁸⁶ Copyright Act of 1790, ch. 15, § 2, 1 Stat. 124, 125 (providing that offenders “shall forfeit” all infringing copies). But see Gordan, *supra* note 185, at 23 (“In *Morse* the circuit court, although sitting in equity, fashioned a damage remedy measured by the plaintiff’s lost profits. This came in the teeth of a statute that not only authorized no such thing but that also specifically provided, as

Judge Kent endorsed non-statutory patent injunctions just one year after Justice Henry Brockholst Livingston ruled in *Livingston v. Van Ingen* that federal courts do not have equity jurisdiction in federal patent cases between two parties from the same state.¹⁸⁷ According to Justice Livingston, the Patent Act did not authorize equity jurisdiction, and the Judiciary Act of 1789 only permitted equity jurisdiction where diversity of citizenship exists.¹⁸⁸ Justice Livingston's decision may have annoyed Chief Justice Kent, who went out of his way to note that Justice Livingston issued an injunction in an otherwise-unrelated case.¹⁸⁹

C. Patent Act of 1819

After declining to authorize injunctions as a remedy for patent infringement in 1790, Congress continued tinkering with patent remedies. In 1793, Congress redefined the amount of financial damages available and eliminated forfeitures of infringing articles, but it did not add equitable jurisdiction or remedies.¹⁹⁰ In 1800, Congress passed a new law “to enlarge and define the penalties for violating the rights of patentees,” but the 1800 Act focused again on financial remedies without granting equity jurisdiction in patent cases.¹⁹¹ Congress considered various

the sole financial remedy for infringement of copyright, a monetary penalty divided equally between the aggrieved holder of the copyright and the federal government. In subsequent years, virtually every significant aspect of the circuit court's decision would be repudiated by the Supreme Court of the United States.”).

¹⁸⁷ 15 F. Cas. 697, 698 (C.C.D.N.Y. 1811).

¹⁸⁸ *Id.*

¹⁸⁹ *Livingston*, 9 Johns. at 537 (“In the case of *Usher*, who had a machine for making soda water, which was put into the hands of a mechanic to repair, who, afterwards, refused to return it and used it himself, Judge *Livingston* granted an injunction.”).

¹⁹⁰ Patent Act of 1793, 1 Stat. 318, § 5.

¹⁹¹ Patent Act of 1800, 2 Stat. 37, § 3.

amendments to the patent laws over the next decade, but this period does not feature any known proposals related to patent remedies.¹⁹²

The nascent patent industry, however, was already rumbling. In 1809—two years before Justice Livingston’s April 1811 decision in *Van Ingen*—Benjamin Dearborn, John Fairbanks, and other concerned inventors incorporated what might be America’s first patent-specific lobbying organization, The Massachusetts Association for the Encouragement of Useful Inventions.¹⁹³ On January 31, 1811, Dearborn and Fairbanks petitioned Congress on behalf of their organization for, among other proposals, judicial authority to award patent injunctions in all cases.¹⁹⁴ Their proposal included an automatic right to injunctive relief where infringement is proven:

That any patentee . . . *may*, on oath, made before the judge of the district court in the district where [suspected infringement] is committed, and filing a statement thereof, *obtain a writ of injunction commanding such suspected person or persons, their alders and abettors, to desist from such violation*; which writ of injunction shall be served on such suspected person or person, their alders and abettors, to desist from such violation . . . and if, in either case [of such suspected person appearing before the judge or failing to appear], on examination, the judge shall

¹⁹² This period coincided with the presidency of Thomas Jefferson, a known skeptic of patent monopolies. *See, e.g.*, WALTERSCHEID, *supra* note 16, at 4-9 (discussing “Jefferson’s aversion to monopolies”).

¹⁹³ 1809 MASS. ACTS. 441 (Feb. 27, 1809). The name suggests that, unlike past associations that lobbied for patent protection, the group led by Dearborn and Fairbanks was focused solely on promoting patent rights rather than promoting manufacturing and trade more generally. *Cf.* Walterscheid, *supra* note 43, at 52-53 & n.176 (discussing the “Pennsylvania Society for the Encouragement of Manufactures and the Useful Arts,” its stated purpose, and how it may have influenced the constitutional framers). To wit, nine of the twelve Massachusetts group founders were patented inventors. *See* Patent History Materials Index—List of All U.S. Patents and Patentees—1790-1829, <https://ipmall.law.unh.edu/content/patent-history-materials-index-list-all-us-patents-and-patentees-1790-1829> (last visited May 10, 2025) (listing all twelve Massachusetts group founders identified in the 1809 incorporation act except George Odiorne, George G. Lee, and Josiah Loring). The Pennsylvania Society for the Encouragement of Manufacturers and the Useful Arts, on the other hand, was founded by a political economist, Trench Coxe, and featured a membership roster comprised mostly of political leaders and industrialists. *See* Raab Collection, *supra* note 102 (identifying only one inventor, William Pollard, among the Pennsylvania Society’s most prominent subscribers).

¹⁹⁴ 22 ANNALS OF CONG. 149-51 (1811).

find that the complaint is well founded, *he shall make the writ of injunction absolute . . .*.¹⁹⁵

The House of Representatives did not act on the Dearborn/Fairbanks petition before the 11th Congress ended its term.¹⁹⁶

Less than one year later, the Senate considered a new bill that, among other provisions, authorized injunctive relief in patent cases:

[A]nd in case the plaintiff shall recover by the judgment of the court, *he shall moreover be entitled to a suit in nature of a writ of injunction*, to prohibit and restrain the defendant thereafter from making, importing, selling or using the thing for which the patent, under which the plaintiff claims, was granted; which injunction the said court shall have full power and authority to enforce, and make effectual by writ or writs of attachment.¹⁹⁷

Like the Dearborn/Fairbanks proposal, this 1812 bill did not state any limitations on a court's power to issue an injunction where infringement is found. The Senate bill ultimately died at the end of the term.¹⁹⁸

Six years later, Senator James Burrill introduced new legislation, "In Addition to an Act to Promote the Progress of Useful Arts,"¹⁹⁹ that would become the Patent Act of 1819. Senator Burrill's bill is reproduced below in its entirety for convenience and completeness:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that the circuit courts of the United States shall have original cognizance, as well in equity as at law, of all actions, suits, controversies, and cases arising under any law of the United States, granting or confining to authors or inventors the exclusive right to their respective writings, and discoveries; and upon any bill in equity, filed by any party aggrieved in any such cases, shall have authority to grant injunctions, according to the course and principles of courts of equity, to prevent the violation of the rights of any authors or inventors, secured to them by any laws of the United States, on such terms and conditions as the said courts may deem fit and reasonable: Provided however, that from all judgments and decrees of any circuit courts rendered in the premises, a

¹⁹⁵ *Id.* at 150 (emphasis added).

¹⁹⁶ WALTERSCHEID, *supra* note 47, at 339.

¹⁹⁷ S. 19, 12th Cong. § 5 (Jan. 22, 1812) (emphasis added).

¹⁹⁸ WALTERSCHEID, *supra* note 47, at 339.

¹⁹⁹ S. 33, 15th Cong. (Feb. 25, 1818) (on file NARA, NAID 7969080, SEN15A-B1).

writ of error or appeal, as the case may require, shall be to the Supreme Court of the United States, in the same manner, and under the same circumstances, as is now provided by law in other judgments and decrees of such circuit courts.²⁰⁰

Two days later, the Senate amended Burrill's bill by inserting the word "inventions" after "writings," substituting "lie" for "be" in the Supreme Court clause, and changing the title to "An act to extend the jurisdiction of the Circuit Courts of the United States, to cases arising under the law relating to patents."²⁰¹ Senator Burrill's bill passed the Senate and a House select committee before dying when the House adjourned for the year.²⁰² One year later, Senator Harrison Otis raised the bill again, and this time the bill passed the House and Senate without amendment and became law February 15, 1819.²⁰³

Unlike the Dearborn/Fairbanks proposal and the 1812 Senate bill, the Patent Act of 1819 addressed both a court's jurisdiction to hear patent cases in equity and standards for awarding remedies in such equity proceedings. The 1819 Act authorized equity jurisdiction in the opening clause preceding the semicolon. This clause resembles the 1812 Senate bill, which permitted "a suit in nature of a writ of injunction" without expressly restricting how courts should handle such suits. Standing alone, the opening clause might suggest that Congress trusted equity courts to act in accordance with equity or that such courts were free to set their own rules and standards for awarding patent injunctions.

The 1819 Act, however, was more prescriptive. After the semicolon, the 1819 Act explains that courts "shall have authority to grant injunctions, *according to the course and principles of*

²⁰⁰ *Id.*

²⁰¹ S. 33, 15th Cong. (Feb. 27, 1818) (on file NARA, NAID 7969080, SEN15A-B1).

²⁰² See 31 ANNALS OF CONG. 263 (1818) (reporting that the bill passed the Senate); 32 ANNALS OF CONG. 1392 (1818) (reporting that the bill passed the House Committee on the Judiciary without amendments).

²⁰³ Patent Act of 1819, 3 Stat. 481.

courts of equity.”²⁰⁴ The words “course” and “principles” are not redundant. Almost one year after Senator Burrill first proposed his bill, Senator David Daggett proposed “A Bill Further to Extend the Judicial System of the United States” that Congress would eventually consider in parallel with the 1819 Act.²⁰⁵ Senator Daggett’s bill uses a slightly different phrase, “course and *practice*,” when describing admiralty and maritime cases.²⁰⁶

The 1819 Act’s reference to “principles” instead of “practice” illuminates Congress’s apparent intent. First, the law’s reference to both course and principles, in addition to the separate language addressing equity jurisdiction, suggests that Congress wanted patentees to clear all existing procedural and substantive hurdles imposed by courts in equity before obtaining injunctive relief.²⁰⁷ The “principles of equity” section also does not include any patent-specific considerations suggesting patent owners are entitled to presumptions or other special treatment in equity.

Second, some lawmakers did not want to permit equity courts to enforce monopolies out of fears such courts would become as powerful as chancery courts in England.²⁰⁸ The word “principles” addressed these concerns by invoking the idealized view of equity courts as actually being principled rather than lawless. Principled equity courts considered the unique facts of each case and consistently administered justice without attempting to set policy or rewrite substantive

²⁰⁴ Patent Act of 1819, 3 Stat. 481-82 (emphasis added).

²⁰⁵ S. 4, 15th Cong. (Dec. 1, 1818) (on file NARA, NAID 7969080, SEN15A-B3).

²⁰⁶ *Id.* § 3 (emphasis added).

²⁰⁷ *Cf.* Ryan, *supra* note 173, at 162 (“The difficult procedural rules that accompanied bills in equity were still in place, leaving [injunctive] remedies difficult to obtain.” (internal citation omitted)).

²⁰⁸ *Id.* at 159 (suggesting such fears may explain why Congress refused to authorize injunctions initially).

law.²⁰⁹ Equitable discretion “‘is by no means arbitrary’ and ‘is to be exercised in accordance with established principles of law and equity.’”²¹⁰ Established principles of equity at the time included “adequacy of legal remedies, irreparable injury and balance of hardships.”²¹¹

Finally, principled courts of equity reserved their exceptional powers only for exceptional cases. In Federalist No. 83, Alexander Hamilton described “the great and primary use” of equity as providing “relief *in extraordinary cases*, which are *exceptions* to the general rules.”²¹² Justice Story even described injunctive relief as “‘subject to abuse’ and ‘ought therefore to be guarded with extreme caution and applied only in very clear cases.’”²¹³ By requiring courts to obey the principles of courts of equity, Congress expressed its desire that courts should exercise similar caution and only award patent injunctions in extraordinary cases.

²⁰⁹ See Anna Conley, *A Challenge to “Equitable Originalism” – The History of Injunctions as a Principle-Based Adaptable Judicial Power*, 17 N.Y.U. J. L. & LIBERTY 112, 147 (2023) (describing equity courts as “focused on principles guiding appropriateness of injunctions as opposed to rigid rules or categories of cases”).

²¹⁰ *Id.* at 148.

²¹¹ *Id.* at 149-50; see also Mark P. Gergen et al., *The Supreme Court’s Accidental Revolution? The Test for Permanent Injunctions*, 112 COLUM. L. REV. 203, 207, 234 (2012) (explaining that the irreparable harm and inadequacy principles “correspond to the older jurisdictional test for equity” and that “equity has traditionally shown concern for both balancing hardships (in some fashion) and protecting the public interest”).

²¹² THE FEDERALIST NO. 83 (Alexander Hamilton) (1788) (emphasis in original).

²¹³ Conley, *supra* note 209, at 149.

D. Statutory and Legislative History After 1819

The statutory text has barely changed since 1819. Congress tweaked, but did not substantively alter, its patent injunction language in 1836,²¹⁴ 1870,²¹⁵ and 1878.²¹⁶ Congress then restated the 1878 injunction language, without alteration, in subsequent amendments to the same section of the Patent Act in 1897, 1922, and 1946.²¹⁷ Congress changed the injunction language once more in 1952 by dropping “course” from “course and principles of equity.”²¹⁸ This last modification, which the official legislative history suggests was non-substantive,²¹⁹ was likely necessary due the merger of law and equity under the Federal Rules of Civil Procedure in 1938.²²⁰

Injunctive relief is the only patent remedy that Congress has ever expressly subjugated to the “principles of equity” standard. In contrast, patentees were once entitled to forfeiture²²¹ and

²¹⁴ Act of July 4, 1836, ch. 357, § 17, 5 Stat. 117, 124 (granting judicial “power, upon bill in equity filed by any party aggrieved, in any such case, to grant injunctions, according to the course and principles of equity, to prevent the violation of the rights of any inventor as secured to him by any law of the United States, on such terms and conditions as said courts may deem reasonable”).

²¹⁵ Act of July 8, 1870, ch. 230, § 55, 16 Stat. 198, 206 (omitting the words “in any such case”).

²¹⁶ REVISED STATUTES OF THE UNITED STATES § 4921 (1878) (omitting the words “upon bill in equity filed by any party aggrieved”), *available at* <https://babel.hathitrust.org/cgi/pt?id=uiug.30112046463706&seq=1052>.

²¹⁷ *Compare id.* (“The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable . . .”), *with* Act of Aug. 1, 1946, Pub. L. No. 79-587, 60 Stat. 778 (same), Act of February 18, 1922, ch. 58, § 8, 42 Stat. 389, 392 (same), *and* Act. of Mar. 3, 1897, ch. 391, § 6, 29 Stat. 692, 694 (same).

²¹⁸ Patent Act of 1952, ch. 950, § 283, 66 Stat. 792, 812.

²¹⁹ *See, e.g.*, H. REP. NO. 82-1923, at 29 (1952) (“This section is the same as the provision which opens R.S. 4921 with minor changes in language.”).

²²⁰ *See* FED. R. CIV. P. 2 (1938) (replacing separate actions in law and equity with a single “civil action”).

²²¹ Act of April 10, 1790, ch. 7, § 4, 1 Stat. 109, 111 (“[Any infringer] *shall* forfeit to the person aggrieved, the thing or things so devised, made constructed, used, employed or vended, contrary to the true intent of this act . . .” (emphasis added)) (repealed 1793). In the 1850s, Senator Charles James offered new legislation that would require courts to issue forfeiture orders in cases where injunctions are appropriate in accordance with the principles of equity, but his bills never made it out of the Senate. *See* S. 295, 34th Cong. § 27 (1856) (“[If the infringer] has in his or her possession any article or articles, for purposes of traffic, which, *upon the principles of the foregoing provision,*

profit disgorgement²²² by right. Similarly, the 1922 Act once permitted courts to award equitable reasonable royalty awards in their discretion, but Congress never tied such awards to the “principles of equity” standard.²²³ Congressional refusal to limit profit disgorgement and equitable remedies to cases that comply with the principles of equity is remarkable, in part, because Congress added these equitable financial remedies to the same provision that conditioned injunctive relief on principles of equity.²²⁴

Congress has also treated patent injunctions differently than other types of intellectual property injunctions. For example, the 1870 Act included injunction provisions for patent, trademark, and copyright cases. Unlike the patent provision, the trademark provision provided that aggrieved parties “shall” be entitled to injunctive relief according to the course—but not the principles—of equity.²²⁵ The 1870 copyright provision, on the other hand, mimicked the patent provision’s adherence to the course and principles of equity,²²⁶ but Congress later removed this

are liable to an injunction, the court in its final decree *shall* adjudge the same to be forfeited to the use of the complainant.” (emphasis added)); S. 405, 33rd Cong. § 27 (1854) (same).

²²² Act of July 8, 1870, ch. 230, § 55, 16 Stat. 198, 206 (providing, in the code section governing injunctions, “the claimant [complainant] *shall be entitled to recover*, in addition in addition to the *profits to be accounted* for by the defendant, the damages the complainant has sustained thereby, and *the court shall* assess the same or cause the same to be assessed under its direction” (emphasis added)) (repealed 1946).

²²³ Act of February 18, 1922, ch. 58, § 8, 42 Stat. 389, 392 (providing, in the code section governing injunctions, that “the court *may* adjudge and decree the payment by the defendant to the complainant of *a reasonable sum as profits* or general damages for the infringement” if the complainant has proven existence of profits or damages that “are not susceptible of calculation and determination with reasonable certainty”) (emphasis added)) (repealed 1946).

²²⁴ See *supra* notes 222-223.

²²⁵ Act of July 8, 1870, ch. 230, § 79, 16 Stat. 198, 211 (“[A]nd the party aggrieved shall also have his remedy according to the course of equity to enjoin the wrongful use of his trade-mark and to recover compensation therefor in any court having jurisdiction over the person guilty of such wrongful use.”).

²²⁶ Act of July 8, 1870, ch. 230, § 106, 16 Stat. 198, 215.

language from the copyright injunction statute.²²⁷ Congress also incorporated the modern copyright standard into the Federal Trade Secret Act.²²⁸

Throughout history, Congress has declined to act on proposals to lift the principles-of-equity requirement or otherwise ease access to injunctive relief. In 1860, Senator Lafayette Foster proposed legislation that would remove the course-and-principles language from injunction statute, but his bill failed to pass the Senate.²²⁹ In the late 1870s, congress considered multiple bills that would have deleted the course-and-principles language, but none passed.²³⁰ In 1894, the House and Senate both considered bills adding language that would require courts to enjoin defendants from using or selling infringing articles made prior to the patent's expiration, but neither chamber voted on the bill.²³¹ In 1903, the House and Senate considered bills written and supported by patent bar associations that attempted to liberalize access to temporary injunctions, but none of these proposals advanced from their respective chambers.²³² Three years later, the House declined to act

²²⁷ See 17 U.S.C. § 502 (“Any court having jurisdiction of a civil action arising under this title may, subject to the provisions of section 1498 of title 28, grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.”).

²²⁸ See 18 U.S.C. § 1836(b)(3)(A) (“A court may grant an injunction to prevent any actual or threatened misappropriation described in paragraph (1) on such terms as the court deems reasonable” (cleaned up)).

²²⁹ See S. 424, 36th Cong. § 26 (1860) (“[The] court shall have power, upon bill filed by any party aggrieved, to decree injunctions to prevent the infringement of patents”).

²³⁰ See S. 300, 45th Cong. § 5 (1879) (“The several courts vested with jurisdiction of cases arising under the patent laws may, at any time during the pendency of any patent cause, grant or suspend the issuing or operation of an injunction upon such terms as the court may impose”); S. 300, 45th Cong. § 4 (1877) (same); H.R. 1612, 45th Cong. § 4 (1877) (same).

²³¹ See S. 2386, 53rd Cong. (1894) (“inserting immediately after the word ‘reasonable’ [in R.S. 4921] the words ‘and said court shall grant injunctions after the expiration of the term of a patent enjoining the use and sale of the products of arts, machines, manufacturers, or compositions of matter made or used during the term of the patent and in infringement thereof’”); H.R. 8193, 53rd Cong. (1894) (same).

²³² See S. 6441, 57th Cong. (1902) (“Injunctions to restrain infringement pendente lite shall not be denied on the mere ground that the patent is of recent date or has not been adjudicated.”); H.R. 15607, 57th Cong. (1902) (same); S. 7151, 57th Cong. (1903) (adding “and the grant of the patent shall be prima facie evidence of its novelty, utility, and validity” to the injunction provision); see

on legislation authored by Alfred Putnam, a patent attorney and inventor, that proposed automatic injunctions via ex parte hearings and jail time for patent infringers.²³³

Statutory limitations on injunctive relief have been a frequent topic at congressional hearings throughout history, but Congress has never opted to expand access to injunctions when confronted with the issue. In 1878, for example, George Payson told Congress (and Walker) about two opinions authored by Justice Grier that “declared in express terms that in a case such as here provided for, that is, where it was manifestly for the interest of the patentee that everybody should use his invention, he has no right to come into equity; he has no need for an injunction; and where it is for his interest that everybody should use his invention, the whole damage he has sustained is the non-payment of a license fee.”²³⁴ A few moments later, a member of the House asked Payson to confirm.²³⁵ Payson replied:

Yes, sir; that was the point before him. He said expressly that where it is for the interest of the patentee that his patent should go into general use, the patentee has no reason to go into equity, and has no need of the *extraordinary* aid of an injunction. The only remedy is in damages, and the only injury to the patentee is the nonpayment of the license fee.²³⁶

also H.R. Rep. 57-2967, at 2 (1903) (noting that the proposed bill was authored by the Patent Lawyers’ Association of Chicago and was supported by about one hundred patent attorneys).

²³³ H.R. 12083, 59th Cong. (1906) (including criminal penalties for any person who commits patent infringement or aids, abets, or causes any other person to do so, in all cases “punishable in a State prison for not less than five nor more than fifteen years”); H.R. 12084, 59th Cong. (1906) (requiring courts to grant injunctions “upon an ex parte or other due showing to prevent any violation of the exclusive rights secured to an inventor”); *see Arguments on H.R. 12083, 12084, 20302, and H. J. Res. 174 Before the H. Comm. on Patents*, at 9-14, 59th Cong. (Jun. 20, 1906) (statement of Alfred Putnam).

²³⁴ H.R. 1612 Hearing, *supra* note 77, at 370 (statement of George Payson).

²³⁵ *Id.* (“Did I understand you to say that Judge Grier had said that in cases where it was for the advantage of the patentee that his patent should go into general use, there was no necessity for an injunction?”).

²³⁶ *Id.* (emphasis added).

Congress ultimately declined to enact legislation that would have dropped the “course and principles of equity” standard.²³⁷

Lawmakers even declined to expand access to injunctions when the issue was raised during successful amendments to the injunction statute. For example, the House Committee on Patents met in January 1946 to consider Representative Henry’s amendments to R.S. 4921, the provision that governed all equitable remedies in patent cases.²³⁸ At the hearing, John Stedman of the Department of Justice proposed an amendment to limit all financial relief to a reasonable royalty and prohibit patentees from recovering the full value of their actual damages.²³⁹ In support, Stedman referenced the injunctive relief and exemplary damages clauses in Section 4921 as ensuring that reasonable royalties would not be used for compulsory licensing.²⁴⁰ In rebuttal, Assistant Commissioner of Patents Condor C. Henry, who may have been the most respected living person in the room that day,²⁴¹ disagreed: “The right to injunction in cases of patent infringement does not alter the situation because the granting of an injunction is not mandatory.”²⁴² No one questioned Commissioner Henry or suggested improving access to injunctive relief; instead, the Committee voted against Stedman’s reasonable royalty proposal and then adjourned.²⁴³ Congress ultimately amended Section 4921 while leaving the injunction language intact.

²³⁷ See sources cited note 230, *supra*.

²³⁸ See 1946 Hearing, *supra* note 117.

²³⁹ *Id.* at 17-21.

²⁴⁰ *Id.* at 19.

²⁴¹ See Storm, *supra* note 90, at 95 n.163 (quoting example letters from House Committee Chairman Frank Boykin to Condor Henry).

²⁴² 1946 Hearing, *supra* note 117, at 19.

²⁴³ *Id.* at 21.

This legislative history from 1946 also confirms that denial of injunctive relief does not mean that any subsequent damages award is necessarily a compulsory license.²⁴⁴ Unlike express compulsory license proposals previously considered by Congress,²⁴⁵ lawmakers did not view the 1946 Act as a compulsory license because it ensured patentees were made whole for their injuries.²⁴⁶ Congress understood that compulsory licenses were problematic because they forced patentees to suffer actual harm,²⁴⁷ but the 1946 Act deftly avoided this problem by preserving two remedies—injunctive relief and actual damages—that work in unison to restore the patentee to the same position the patentee would be in if the infringement never occurred.²⁴⁸

²⁴⁴ *Contra, e.g.*, Jorge L. Contreras & Jessica Maupin, *Unenjoined Infringement and Compulsory Licensing*, 38 BERKELEY TECH. L.J. 661, 679 (2023) (“As these definitions demonstrate, a compulsory license is simply a license that a patent holder is compelled, usually by a governmental body, to grant to another, generally with compensation.”). Modern definitions of compulsory licenses often rest on the false assumption that patentees have an actual right to exclude instead of a right to statutory remedies that may or may not include injunctive relief. *Compare, e.g., id.* (“‘[U]nder a compulsory license, the IP right, which is traditionally conceived as a right to exclude, is transformed into a right to receive compensation.’” (quoting ROSA CASTRO BERNIERI, EX-POST LIABILITY RULES IN MODERN PATENT LAW 37 (2010))), *with* Storm, *supra* note 90, at 118 (“The ‘right to exclude’ is a misnomer, as the Patent Act only guarantees the opportunity to exclude—if an inventor secures a valid patent, the inventor still needs to do more after issuance to earn the ability to enjoin others from practicing the invention.”), *and infra* note 304 and accompanying text (discussing Justice Thomas’s rejection of “right to exclude” hermeneutics in *eBay*).

²⁴⁵ See Ryan T. Holte, *Clarity in Remedies for Patent Cases*, 26 GEO. MASON L. REV. 127, 151 nn.159-160 (2018) (offering a list of all House and Senate bills “regarding a reduction in patent injunction rights or compulsory licensing of patents”)

²⁴⁶ See 1946 Hearing, *supra* note 117, at 19 (receiving and rejecting Stedman’s argument that exemplary damages and injunctions themselves are sufficient to avoid compulsory licenses); *id.* at 9 (“[If] Congress adopts any bill that provides for the payment of only a reasonable royalty for an infringement of a patent, whether the infringement is innocent or willful, it would amount to nothing more than a compulsory licensing system. This bill does not do that.”).

²⁴⁷ See *id.* at 19 (“If you have compulsory licensing under this reasonable royalty theory he may be ruined as a manufacturer because of his inability to compete with well entrenched industries.”).

²⁴⁸ See *Aro. Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 507 (1964) (Brennan, J., plurality) (“[Damages] constitute ‘the difference between [the patentee’s] condition after the infringement, and what his condition would have been if the infringement had not occurred.’” (quoting *Yale Lock Mfg. Co. v. Sargent*, 117 U.S.536, 552 (1886))); Storm, *supra* note 90, at 127 (“Congress did not intend to eliminate nominal damages awards for harmless infringement. Rather,

E. Patent Industry Capture of Injunctive Relief

Before 1819, courts generally believed that common law—first English and later American—was the primary authority on availability of injunctive relief for patent infringement.²⁴⁹ For these courts, the 1819 Act was a non-event. Justice Smith Thompson, for example, wrote in 1812 in *Livingston v. Van Ingen* that, under English law, all American courts should automatically issue patent injunctions whenever a patent is proven to be valid and infringed.²⁵⁰ Thirteen years later, Thompson repeated the same conclusion as a Supreme Court associate justice in *Sullivan v. Redfield*.²⁵¹ According to Justice Thompson, the 1819 Act fixed the jurisdictional issue identified by Justice Livingston in 1811 but otherwise had no substantive impact on availability of patent injunctions.²⁵²

Even so, injunctive relief was far from automatic for victorious patentees. In *Sullivan*, Justice Thompson ultimately denied access to an injunction because the patent owner never made use of his patented invention.²⁵³ In *Parker v. Sears*, Justice Grier refused to issue an interlocutory injunction because the harm to the infringers outweighed the benefits to the complainant, which he described as “so comparatively trifling, and his loss, if any, so perfectly capable of

Congress seemed content to award injunctions only to those who earned them and damages only to those who suffered them.” (internal citations omitted”).

²⁴⁹ See *supra* notes 47-48 and accompanying text.

²⁵⁰ 9 Johns. 507, 569-72 (N.Y. 1812) (declaring an injunction “must follow as a matter of course”).

²⁵¹ See *Sullivan v. Redfield*, 23 F. Cas. 357, 359-60 (C.C.D.N.Y. 1825) (“It is not a matter of course to grant an injunction upon the mere exhibition of the patent, and an allegation that it has been infringed. The patent may be, upon a trial at law, *prima facie* evidence of the right. But in order to warrant an interference by injunction, there ought to be but little, if any doubt in the minds of the court as to the validity of the patent, especially where the case rests entirely upon the complainant's own showing, without any opposing testimony.”).

²⁵² *Id.* at 360 (“This act does not enlarge or alter the powers of the court over the subject matter of the bill or the cause of action. It only extends its jurisdiction to parties not before falling within it.”).

²⁵³ *Id.* at 361 (“The bill contains no direct allegation that the invention has, at any time, been carried into practical operation by the patentee, or any other persons under his authority.”).

compensation.”²⁵⁴ In *Morris v. Lowell Manufacturing Co.*, Judge Lowell denied the patentee’s request for injunctive relief where the patentee failed to demonstrate “serious loss or irreparable mischief”²⁵⁵ and where the patentee’s primary motivation in seeking an injunction was to force the defendant to accept a “moderate” royalty demand.²⁵⁶ In *Root v. Railway Company*, Albert Walker and his uncle lost their bids for injunctive relief and profit disgorgement because equitable remedies are inappropriate where financial damages are adequate.²⁵⁷ This last point further distinguishes American patent law from its English counterpart; as an 1837 treatise explained, “[a]pplications for injunctions have been much more frequent in England than in the United States [because,] in the United States, the patentee has had a more adequate remedy at law for damages.”²⁵⁸

For the burgeoning patent industry, however, equity courts offered untapped potential. As Christopher Beauchamp observed, equity jurisdiction gave patentees

credit for their earlier victories in long enforcement campaigns, preliminary and permanent injunctive relief against infringers, quicker resolution of cases that went to a hearing without the time and expense of oral courtroom testimony, and perhaps

²⁵⁴ 18 F. Cas. 1159 (C.C.E.D. Pa. 1850) (“It seems to me, that stopping the works under the circumstances, is just inverting the purpose for which an injunction is used. An injunction is used for the purpose of preventing mischief. This would be using the injunction for the purpose of creating mischief, because the plaintiff can not possibly be injured.” (quoting Lord Cottenham)).

²⁵⁵ 17 F. Cas. 822, 823 (C.C.D. Mass. 1866) (“But where there is no danger of loss to the plaintiff, and a great loss will result to the defendant, the case must be substantially free from doubt to require such action. In the present case, the defendants are admitted to be fully responsible for any profits or damages that may be decreed against them.”).

²⁵⁶ *Id.* (“On the one hand an injunction is of great use in preventing multiplicity of suits, repeated actions for successive infringements, but it is no part of its legitimate office to stop litigation in the suit in which it is granted, or to force the compromise of a disputed right.”).

²⁵⁷ 105 U.S. 189, 216-17 (1881) (“It does not appear from the allegations of the bill in the present case that there are any circumstances which would render an action at law for the recovery of damages an inadequate remedy for the wrongs complained of; and, as no ground for equitable relief is presented, we are of opinion that the Circuit Court did not err in sustaining the demurrer and dismissing the bill.”).

²⁵⁸ WILLIARD PHILLIPS, *THE LAW OF PATENTS FOR INVENTIONS* 456 (1837).

especially—though tacitly—avoidance of juries who might be hostile to their reputedly monopolistic gains.²⁵⁹

Judges, meanwhile, “gained procedural efficiency, more control over the direction and disposition of patent law, and more ability to vindicate the rights of those whom they considered deserving patentees.”²⁶⁰

Whatever their motivations, the patent industry shift from law to equity is undeniable. According to Zorina Khan’s data, common law patent cases before 1840 outnumbered equity cases 58:9.²⁶¹ In the 1840s, equity patent cases outnumbered common law cases 73:70, and that margin expanded to 111:77 in the 1850s.²⁶² Beauchamp identified even more dramatic jumps in equity court filings in the Southern District of New York and the Eastern District of Pennsylvania in the 1850s and 1860s.²⁶³

To open the floodgates, “large-scale patent enforcers and their judicial supporters began to put pressure on assumptions about the respective roles of equity and law.”²⁶⁴ These enforcers successfully pushed courts to embrace innovations like “hearing patent cases entirely in equity”²⁶⁵ and higher injunction rates in patent cases.²⁶⁶ Although courts certainly played a role in easing access to equity jurisdiction (and therefore injunctive relief), patentees were the driving force “in

²⁵⁹ Christopher Beauchamp, *The First Patent Litigation Explosion*, 125 YALE L.J. 848, 918-19 (2016) (noting that Justice Curtis represented Samuel Morse in the telegraph patent litigation).

²⁶⁰ *Id.* at 919.

²⁶¹ B. Zorina Khan, *Property Rights and Patent Litigation in Early Nineteenth-Century America*, 55 J. ECON. HIST. 58, 90 (1995).

²⁶² *Id.*

²⁶³ Beauchamp, *supra* note 259, at 921-22.

²⁶⁴ *Id.* at 916.

²⁶⁵ *Id.* at 918.

²⁶⁶ *See Sanders v. Logan*, 21 F. Cas. 321, 323 (C.C.W.D. Pa. 1861) (“It is true that injunctions are now more liberally granted than in former times, yet the granting or refusal of them rests in the sound discretion of the court.”).

pushing for equity liberalization: parties like Goodyear and Woodworth actively sought equity decision making, suggesting that it was not a forum chosen to constrain them.”²⁶⁷

Treatise authors, once again, offered their own patent industry innovations. George Ticknor Curtis suggested the “general principles on which Courts of Equity proceed in granting, continuing, or dissolving injunctions, in cases of patents,” require only a sworn affidavit of inventorship.²⁶⁸ William Robinson claimed the principles of equity apply only to preliminary injunctions even though the Patent Act has never distinguished between preliminary and permanent injunctions.²⁶⁹ Not to be outdone, Albert Walker added that “preliminary injunctions cannot be averted on the sole ground that an action at law for the damages to be caused by the infringement, would be a plain, adequate, and complete remedy therefor.”²⁷⁰

The irony for Walker is that the Supreme Court used his own treatise against him in *Continental Paper Bag Co. v. Eastern Paper Bag Co.*²⁷¹ Walker, acting as defense counsel, argued “it is contrary to equity to suppress a useful and established business . . . at the request of a complainant which simply owns one paper bag machine patent that has never been employed by that complainant in any way in any paper bag machinery, and [that] has a plain, adequate, and complete remedy at law.”²⁷² The Court, however, rejected such a categorical rule because, among

²⁶⁷ Beauchamp, *supra* note 259, at 920.

²⁶⁸ See CURTIS, *supra* note 58, at 365-67.

²⁶⁹ See III WILLIAM C. ROBINSON, THE LAW OF PATENTS FOR USEFUL INVENTIONS 557, 653-54 (1890) (asserting perpetual injunctions should issue as “a matter of course”), *available at* <https://babel.hathitrust.org/cgi/pt?id=uc1.b3124813&seq=11>.

²⁷⁰ WALKER, *supra* note 77, at 471.

²⁷¹ 210 U.S. 405, 429 (1908).

²⁷² *Id.* at 406.

other reasons, Walker’s treatise confirms that Congress intentionally declined to condition patent rights on use requirements.²⁷³

Walker’s argument relied on his 1881 loss in *Root*.²⁷⁴ Unlike Sayles, however, Eastern Paper Bag Company was an operating company that competed directly with the defendant.²⁷⁵ Accordingly, Eastern still suffered competitive injuries from infringement despite not converting its equipment to practice the specific patent-in-suit—a decision the court viewed as entirely reasonable.²⁷⁶ Neither Walker nor the courts even questioned whether Eastern suffered actual harm from Continental’s infringement.²⁷⁷ Although modern scholars misinterpret *Continental* as supporting injunctive relief for all NPEs,²⁷⁸ modern NPE cases are factually closer to Sayles’s three-patent monte in *Root*²⁷⁹ than to the competitor dispute in *Continental*.

Although *Continental*’s holding is limited to its unique facts, the Court’s dictum helped transition patent industry talking points into the modern age. For example, *Continental* invoked

²⁷³ *Id.* at 429 (“It is manifest, as is said in Walker on Patents, § 106, that Congress has not ‘overlooked the subject of nonuser of patented inventions.’”).

²⁷⁴ *Id.* at 423.

²⁷⁵ See Holte, *supra* note 245, at 147 (“No new machines were ever constructed by Eastern Paper Bag under the newly acquired patent, but Eastern remained a direct competitor and market leader in the paper bag manufacturing marketplace.”).

²⁷⁶ See *Continental*, 210 U.S. at 428-29 (concluding that Eastern’s non-use was reasonable because it did not want to replace its existing machinery with more expensive equipment).

²⁷⁷ See, e.g., *id.* at 422 (arguing, instead, that awarding injunctions in cases of non-use “contravene[s] the supposed public policy of the law”).

²⁷⁸ Holte, *supra* note 245, at 135 (describing the “1908 *Continental* holding that nonpracticing patentees are entitled to injunctive relief”); Adam Mossoff, *The Injunction Function: How and Why Courts Secure Property Rights in Patents*, 96 NOTRE DAME L. REV. 1581, 1586 (2021) (“In *Continental Paper Bag*, the Court held that *all* patent owners were entitled to receive injunctions to stop ongoing or willful infringements of their property rights, even if they were not using their patented inventions in the marketplace through licensing or manufacturing activities.”); Kristen Jakobsen Osenga, “Efficient” Infringement and Other Lies, 52 SETON HALL L. REV. 1085, 1096 (2022) (claiming “patent trolls . . . are precisely the type of patentee” that are entitled to injunctive relief under *Continental*).

²⁷⁹ See *supra* notes 73-76 and accompanying text (summarizing Sayles’s patent assertion strategy).

“the policy of [the] statute” to claim remedial power without regard to the remedial provisions passed by Congress.²⁸⁰ Instead of interpreting and applying the 1819 Act, *Continental* reviewed prior precedents that “decided that patents are property” even though, as the Court admitted, “these cases only deal with the right of a patentee, and not with the remedy.”²⁸¹ The Court also described the Patent Act as “the execution of a policy having its first expression in the Constitution,”²⁸² as if Congress could not and did not set its own policy when defining patent rights and remedies. The Court even characterized patent rights as a “complete monopoly,”²⁸³ two words that do not appear in the Patent Act.

Decades later, Judge Rich would draw from this same rhetorical well. Judge Rich preached that the “right to exclude” was the *alpha* and the *omega* of the American patent system—the “place where Judge Rich always began his lessons” and the infallible principle controlling every aspect of patent law.²⁸⁴

In his 1953 Philadelphia address, for example, Rich explained that a patent right is a “true monopoly.”²⁸⁵ Instead of citing the statutory language on patent injunctions, however, Rich crafted a property rights collage from disparate provisions of the 1952 Act on the contents of a patent,

²⁸⁰ *Compare Continental*, 210 U.S. at 423 (“The source of the rights is, of course, the law, and we are admonished at the outset that we must look for the policy of a statute, not in matters outside of it,—not to circumstances of expediency and to supposed purposes not expressed by the words.”), *with Nevins v. Johnson*, 18 F. Cas. 28, 29 (C.C.S.D.N.Y. 1853) (“The manifest purpose of congress to give to the circuit courts in equity every power requisite to the entire protection of patent rights, would be thwarted by limiting that power, through construction, to a control only over interests existing at the time the court is appealed to, or to accrue subsequently.”).

²⁸¹ *Continental*, 210 U.S. at 425.

²⁸² *Id.* at 424.

²⁸³ *Id.* at 423.

²⁸⁴ See generally Philip C. Swain, *The One Thing Judge Rich Wanted Everybody to Know About Patents*, 99 Fed. Cir. B.J. 97, 101 (1999) (“Judge Rich believed that, once the essence of the ‘right to exclude’ is explained, the rest of the patent system should seem obvious.”).

²⁸⁵ Rich, *supra* note 130, at 11.

assignment records, and the presumption of validity.²⁸⁶ Rich then argued that all patent monopolies are “good” so long as the patent is valid:

There is a very simple test for telling a good monopoly from a bad one. It was well known to the English when in 1623, by *The Statute of Monopolies*, they sought to abolish monopolies—excepting patents for new inventions, and incidentally, for political reasons, the Crown monopolies of printing, saltpetre, gunpowder, great ordinance and shot. Lord Coke, at the time, clearly defined an *illegal* monopoly as one which restrained the people with respect to “any freedom or liberty *that they had before*.”²⁸⁷

Rich’s analysis never even considered how the Statute of Monopolies included language protecting the public or how Congress went further by prescribing limited remedies for infringement. Instead, Rich preached why he believed patent law provides for the creation of property rights: “‘the old selfish hope of self-betterment, also known (forgive the expression) as money.’”²⁸⁸

The Federal Circuit embraced the gospel according to St. Giles almost immediately after the court’s formation. In *Smith International, Inc. v. Hughes Tool Co.*, the court declared:

The very nature of the patent right is the right to exclude others. Once the patentee's patents have been held to be valid and infringed, he should be entitled to the full enjoyment and protection of his patent rights. The infringer should not be allowed to continue his infringement in the face of such a holding. A court should not be reluctant to use its equity powers once a party has so clearly established his patent rights. We hold that where validity and continuing infringement have been clearly

²⁸⁶ *Id.* at 9 (“The patent grants, as stated in Sec. 154 of the 1952 Act, ‘the right to *exclude others* from making, using or selling the invention.’ Congress has declared, moreover, in Sec. 261, that this patent right shall have the attributes of personal property and in Sec. 282 that it shall be presumed valid.”); see also L. James Harris, *Some Aspects of the Underlying Legislative Intent of the Patent Act of 1952*, 23 GEO. WASH. L. REV. 658, 683 (1955) (describing the same statutory provisions as “clear indications of the Congressional intent to enhance the effectiveness of the patent”).

²⁸⁷ Rich, *supra* note 130, at 11.

²⁸⁸ *Id.* at 10; see also Paul R. Michel, Remarks at the Fed. Trade Comm’n Hearing on the Evolving IP Marketplace: Where Are We Now on Patent System Improvements and How Can We Best Make Further Progress? 119 (Dec. 5, 2008), available at https://www.ftc.gov/sites/default/files/documents/public_events/evolving-ip-marketplace/evolvingiptranscript.pdf (“Then there’s certainly the debate about motives. Well, they just want to acquire patents so they can squeeze royalties out of infringers. Well, yeah. Hey, this is commerce. This is about money. This is not an altruistic system.”).

established, as in this case, *immediate irreparable harm is presumed*. To hold otherwise would be contrary to the public policy underlying the patent laws.²⁸⁹

For support, the court selected two district court opinions²⁹⁰ while ignoring conflicting cases from other circuits.²⁹¹ The first, *Zenith Laboratories, Inc. v. Eli Lilly and Co.*, included only a “contra” cite in support of the following statement: “In my view, where the showing on validity is very strong, invasion of the monopoly rights protected by the patent laws should be sufficient irreparable harm without a showing that the infringer is financially irresponsible.”²⁹² In the second case, *Teledyne Industries, Inc. v. Windmere Products, Inc.*, the district court reasoned that, in a case between competitors, refusing to issue a preliminary injunction in a case where the patentee “has demonstrated that its patents are likely valid and infringed” would give the defendant a license to infringe for “as long as it can continue to contest this suit” and would “tempt[other competitors] to begin infringement on these terms as well.”²⁹³

Smith International kicked off a longstanding presumption favoring injunctive relief in the Federal Circuit.²⁹⁴ In *Trans-World Manufacturing Corp. v. Al Nymon & Sons, Inc.*, for example,

²⁸⁹ 718 F.2d 1573, 1581 (Fed. Cir. 1983) (emphasis added) (footnotes omitted).

²⁹⁰ *Id.* (citing *Zenith Labs., Inc. v. Eli Lilly and Co.*, 460 F. Supp. 812, 825 (D.N.J. 1978), and *Teledyne Indus., Inc. v. Windmere Prods., Inc.*, 433 F. Supp. 710, 741 (S.D. Fla. 1977)).

²⁹¹ *See, e.g.*, *Foster v. Am. Mach. & Foundry Co.*, 492 F.2d 1317, 1324 (2nd Cir. 1974); *Vitamin Technologists, Inc. v. Wisc. Alumni Res. Found.*, 146 F.2d 941, 956 (9th Cir. 1945); *City of Milwaukee v. Activated Sludge, Inc.*, 69 F.2d 577, 592 (7th Cir. 1934).

²⁹² 460 F. Supp. 812, 825 (D.N.J. 1978) (citation omitted).

²⁹³ 433 F. Supp. 710, 741 (S.D. Fla. 1977) (citing *Eli Lilly & Co. v. Milan Pharm., Inc.*, 169 U.S.P.Q. 32 (N.D. W.Va. 1968)).

²⁹⁴ *See, e.g.*, *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1246-47 (Fed. Cir. 1989) (“It is the general rule that an injunction will issue when infringement has been adjudged, absent a sound reason for denying it.”); *H.H. Robertson Co. v. United Steel Deck, Inc.*, 820 F.2d 384, 390 (Fed. Cir. 1987) (“In matters involving patent rights, irreparable harm has been presumed when a clear showing has been made of patent validity and infringement.”); *Windsurfing Intern. Inc. v. AMF, Inc.*, 782 F.2d 995, 1003 (Fed. Cir. 1986) (overturning the district court’s denial of injunctive relief because “[t]he district court articulated no other basis for denying injunctive relief” than the small size of defendant’s operation); *W.L. Gore & Assocs., Inc. v. Garlock, Inc.*, 842 F.2d 1275, 1281 (Fed. Cir. 1988) (Rich, J.) (confirming “an injunction should issue once infringement has been

the Federal Circuit rejected the district court's denial of injunctive relief as "arbitrary" because Section 154 (not Section 283) "gives 'the right to exclude others from making, using or selling the invention.'"²⁹⁵ In *Atlas Powder Co. v. Ireco Chemicals*, Judge Rich rejected "arguments that infringement and related damages are fully compensable in money [because they] downplay the nature of the statutory right to exclude."²⁹⁶ By the time of *eBay*, the Federal Circuit had completely flipped the statutory test: instead of limiting injunctive relief to exceptional cases only,²⁹⁷ the Federal Circuit limited *denials* of injunctive relief to exceptional cases.²⁹⁸

F. Revisiting *eBay*

The Supreme Court issued *eBay* less than six years after Judge Rich died. As this section will discuss, the Court reinstituted congressional policy and, by doing so, rejected patent specialists and their talking points as guiding authorities on patent law and policy.²⁹⁹

1. Justice Thomas's Unanimous Opinion of the Court

What are the "principles of equity" under Section 283 of the Patent Act? Although this statutory limitation surely must have meaning, none of the leading Court cases applying Section

established unless there is a sufficient reason for denying it"). *But see infra* notes 314-316 and accompanying text (discussing *Roche Products*).

²⁹⁵ 750 F.2d 1552, 1564 (Fed. Cir. 1984).

²⁹⁶ 773 F.2d 1230, 1233 (Fed. Cir. 1985).

²⁹⁷ *See supra* notes 212-213 and accompanying text.

²⁹⁸ *See MercExchange, LLC v. eBay, Inc.*, 401 F.3d 1323, 1339 (Fed. Cir. 2005) ("In this case, the district court did not provide any persuasive reason to believe this case is sufficiently exceptional to justify the denial of a permanent injunction.").

²⁹⁹ *Cf.* Timothy R. Holbrook, *Explaining the Supreme Court's Interest in Patent Law*, 3 IP THEORY 62, 74-76 (2013) ("The rhetoric in the more recent Supreme Court cases is in sharp contrast to some of its decisions earlier in the existence of the Federal Circuit, where it noted the Federal Circuit's expertise favorably and deferentially."); Peter S. Menell, *The Property Right Movement's Embrace of Intellectual Property: True Love or Doomed Relationship?*, 34 ECOLOGY L.Q. 713, 740 (2007) (concluding that *eBay* "largely repudiates the 'intellectual property equals property' proposition).

283 or its predecessors ever bothered to construe the term or even articulate an open set of principles that courts should consider.

Justice Thomas’s unanimous opinion finally offers a construction of “principles of equity.” Unfortunately, Justice Thomas buried the lede by writing his analysis in reverse. Justice Thomas could have started with his discussion of the statutory text—“the Patent Act expressly provides that injunctions ‘may’ issue ‘in accordance with the principles of equity’”—and then confirmed that the word “may” also means that courts “may not” issue injunctions in violation of the principles of equity.³⁰⁰ Instead, his Part II begins by summarizing the “well-established principles of equity” according to leading judicial decisions.³⁰¹ Next, he declared that these judicial principles apply equally to patent disputes.³⁰² Only then did Justice Thomas reference Section 283 as evidence that “[n]othing in the Patent Act indicates that Congress intended such a departure” from traditional principles of equity.³⁰³

Next, Justice Thomas rejected 1952 Act hermeneutics that assumed a “general rule in favor of permanent injunctive relief” from “the right to exclude” in Section 154 (concerning form and contents of a patent application) and “personal property” in Section 261 (concerning patent assignments).³⁰⁴ Justice Thomas dismissed the argument because “the creation of a right is distinct from the provision of remedies for violations of that right.”³⁰⁵ Although not mentioned by Justice Thomas, the “right to exclude” and “personal property” language also did not appear in the Patent

³⁰⁰ *eBay Inc. v. Mercexchange, L.L.C.*, 547 U.S. 388, 392 (2006) (emphasizing “the provision that injunctive relief ‘may’ issue *only* ‘in accordance with the principles of equity’”).

³⁰¹ *Id.* at 391.

³⁰² *Id.*

³⁰³ *Id.* at 391-92.

³⁰⁴ *Id.* at 392.

³⁰⁵ *Id.*

Act until 1952³⁰⁶ and is therefore less relevant to proper construction of the 1819 Act.³⁰⁷ The 1952 Act legislative history also confirms this new language did not change the statutory test for injunctive relief.³⁰⁸

Finally, Justice Thomas confirmed that Congress’s decision to require “principles of equity” does not permit courts to apply categorical rules.³⁰⁹ Not only are the principles of equity supposed to reflect “principles guiding the appropriateness of injunctions as opposed to rigid rules or categories of cases,”³¹⁰ but the Federal Circuit lacks statutory authority to force district courts to apply judge-made categorical rules instead of congressionally-mandated principles of equity.³¹¹

³⁰⁶ Law of July 19, 1952, Pub. L. No. 593, § 154, § 261, 66 Stat. 792, 804, 810.

³⁰⁷ See SCALIA & GARNER, *supra* note 161, at 78 (“Although courts routinely apply legal instruments to novel situations over time, their meaning remains fixed.”).

³⁰⁸ The drafter’s note accompanying an early draft of the Section 261 amendment confirms that the property language is “new but effects no change.” STAFF OF H. COMM. ON THE JUDICIARY, 82nd Cong., PROPOSED REVISION AND AMENDMENT OF THE PATENT LAWS 52 (Comm. Print 1950). As for Section 154, the original drafter’s note says “the wording of the granting clause is changed to ‘the right to exclude others from making, using, or selling,’ following language used by the Supreme Court, to render the meaning clearer.” H.R. REP. NO. 82-1923, at 23 (1950). P.J. Federico explained in his notes that the Supreme Court case was *Crown Die & Tool Co. v. Nye Tool & Machine Works*, 261 U.S. 24 (1923). P.J. Federico, *Commentary on the New Patent Act*, 75 J. PAT. & TRADEMARK OFF. SOC’Y 161 (1993). *Crown Die* did not address the “principles of equity” standard for injunctive relief; rather, that case explained what operative language is required to make a patent assignment effective. *Crown Die*, 261 U.S. at 39. In doing so, the Court referenced the “right to exclude” to distinguish patent rights from a “right to use”; the Court never said that the statutory right to exclude was absolute or that injunctive relief for violation of that right was automatic or presumed. *Id.*; see also WALTERSCHEID, *supra* note 16, at 262 (concluding, based on a historical review of the “right to exclude” in American, that the phrase has never meant that patentees have “an absolute right to preclude others”).

³⁰⁹ *eBay*, 547 U.S. at 393 (“To the extent that the District Court adopted such a categorical rule, then, its analysis cannot be squared with the principles of equity.”).

³¹⁰ Conley, *supra* note 209, at 147.

³¹¹ See Brief Amicus Curiae of Yahoo! Inc. in Support of Petitioners at 2, *eBay v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) (“The Court should make clear that Congress in fact specifically intended trial court judges to possess and exercise that [equity] authority.”); Mark A. Lemley, *The “Ongoing Confusion over Ongoing Royalties*, 76 Mo. L. Rev. 695, 695 (2011) (“In *eBay Inc. v. MercExchange, L.L.C.*, the United States Supreme Court correctly concluded that courts had both the power *and the responsibility* to decide whether a successful patent owner needed injunctive

2. Chief Justice Roberts's Concurring Opinion

Chief Justice Roberts dedicated the first two-thirds of his concurrence to agreeing with Justice Thomas. Notably, Justice Roberts emphasized that nineteenth century practice of granting injunctive relief “in the vast majority of patent cases . . . does not *entitle* a patentee to a permanent injunction or justify a *general rule* that such injunctions should issue.”³¹² This passage implicitly rejects patent industry practice of pushing “innovations” through the judicial system. Unless Congress codifies such patent industry innovations, the patent industry cannot create entitlements through mere judicial adoption or even legislative acquiescence.³¹³

Justice Roberts also repeated Justice Thomas's citation to *Roche Products, Inc. v. Bolar Pharmaceutical Co.*³¹⁴ Both citations are notable because *Roche* addresses an important statutory construction issue: even if Congress had chosen mandatory patent injunction language like that found in the litany of patent industry proposals from the past two centuries, courts would still not construe the statute as requiring automatic injunctions or permitting courts to ignore longstanding principles of equity.³¹⁵ Instead, “if Congress wants the federal courts to issue injunctions without regard to historic equity principles, it is going to have to say so in explicit and even *shameless* language.”³¹⁶

relief and whether the imposition of that relief would unduly harm either the defendant or the public.” (emphasis added)).

³¹² *eBay*, 547 U.S. at 395 (Roberts, C.J., concurring).

³¹³ *Cf. Reilly, supra* note 14, at 268 (“The nineteenth-century practice and precedent adopting the property framework does not limit Congress today.” (cleaned up)); Storm, *supra* note 90, at 76 n.14 (observing that the Court declined to invoke legislative acquiescence in *eBay*).

³¹⁴ 733 F.2d 858 (Fed. Cir. 1984).

³¹⁵ *Id.* at 865-67.

³¹⁶ *Id.* at 867.

The last third of Justice Roberts’s opinion reminds readers that equity’s lack of general rules does not mean that equitable discretion is ruleless.³¹⁷ “Discretion is not whim, and limiting discretion according to legal standards helps promote the basic principle of justice that like cases should be decided alike.”³¹⁸ This is entirely consistent with how Congress would have expected principled equity courts to act.³¹⁹ The statute requires courts to abide the principles of equity in all injunction cases, even if application of principles of equity typically leads to the same conclusion in factually-similar cases.

3. Justice Kennedy’s Concurring Opinion

Justice Kennedy objected to one sentence from Chief Justice Roberts’s opinion. “The traditional practice of issuing injunctions against patent infringers,” Justice Kennedy explained, “does not seem to rest on ‘the difficulty of protecting a right to exclude through monetary remedies that allow an infringer to use an invention against the patentee’s wishes.’”³²⁰ Historical practice could not rest on such difficulty because, as Justice Kennedy and Justice Thomas each recognized, “[b]oth *the terms of the Patent Act* and the traditional view of injunctive relief accept that the existence of a right to exclude does not dictate the remedy for a violation of that right.”³²¹

Looking solely at the written opinions, any disagreements between Justice Kennedy and Chief Justice Roberts appear more rhetorical than substantive.³²² Kennedy misinterpreted

³¹⁷ *eBay*, 547 U.S. at 395 (Roberts, C.J., concurring) (“At the same time, there is a difference between exercising equitable discretion pursuant to the established four-factor test and writing on an entirely clean slate.”).

³¹⁸ *Id.* (quoting *Martin v. Franklin Capital Corp.*, 546 U.S. 132, 139 (2005)).

³¹⁹ See *supra* notes **Error! Bookmark not defined.**-211 and accompanying text.

³²⁰ *eBay*, 547 U.S. at 396 (Kennedy, J., concurring).

³²¹ *Id.* (emphasis added).

³²² See Michael W. Carroll, *Patent Injunctions and the Problem of Uniformity Cost*, 13 MICH. TELECOMM. & TECH. L. REV. 421, 430 (2007) (“Justice Kennedy . . . concurred to offer an interpretation of the Chief Justice’s invocation of historical practice and to provide further guidance to district courts.”).

Roberts’s “implicates” as meaning “rest[s] on,” and Roberts misread Kennedy’s “adapt[ing] to the rapid technological and legal developments in the patent system” as “writing on an entirely clean slate.”³²³ Taking each concurrence at their actual words, both concurrences tell a consistent story about application of equitable principles to patent infringement injuries.

This story begins with Chief Justice Roberts’s reference to “the first two factors of the traditional four-factor test” at the end of the offending sentence.³²⁴ The first two factors require “an irreparable *injury*” and remedies available at law to be “inadequate to compensate for *that injury*.”³²⁵ Roberts also repeated Thomas’s citation to *Weinberger v. Romero-Barcelo*, which held that the district court did not abuse its discretion under the principles of equity when it denied injunctive relief because “the Navy’s ‘technical violations’ were not causing any ‘*appreciable harm*’ to the environment.”³²⁶

Like the Navy’s technical violations in *Weinberger*, mere violation of the patentee’s “right to exclude” is not the pertinent injury under either factor; rather, the injury element requires factual inquiry into what actual harm, if any, the plaintiff has suffered or will suffer.³²⁷ Congress also

³²³ See *eBay*, 547 U.S. at 395-96.

³²⁴ *Id.* at 395 (Roberts, C.J., concurring).

³²⁵ *eBay*, 547 U.S. at 391 (emphasis added).

³²⁶ 456 U.S. 305, 310, 320 (1982) (emphasis added).

³²⁷ See *Apple Inc. v. Samsung Elecs. Co.*, 809 F.3d 633, 640 (Fed. Cir. 2015) (“The causal nexus requirement ensures that an injunction is only entered against a defendant on account of a harm resulting from the defendant’s wrongful conduct, not some other reason.”); Ernest A. Young, *Standing, Equity, and Injury in Fact*, 97 NOTRE DAME L. REV. 1885, 1904-05 & n.127 (2022) (“[E]quitable remedies typically require ‘harm’ or ‘injury,’ whether or not that harm need always be irreparable To be sure, equitable grievances are not *only* factual; they have to be the sort of factual injuries that equity courts see as warranting equitable relief.”); see also *Transunion LLC v. Ramirez*, 594 U.S. 413 (2021) (Roberts, C.J., joining the opinion of the Court) (“No concrete harm, no standing. Central to assessing concreteness is whether the asserted harm has a ‘close relationship’ to a harm traditionally recognized as providing a basis for a lawsuit in American courts—such as physical harm, monetary harm, or various intangible harms including (as relevant here) reputational harm.”); *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 507 (1964) (Brenna, J., plurality) (defining injury-in-fact under Section 283 as “‘the difference between

required courts to perform this same injury inquiry in all patent damages calculations,³²⁸ further cementing the relationship between inadequate compensation under Section 283 and adequate compensation under Section 284.³²⁹

In cases where the patentee has suffered an actual injury, Justice Roberts’s observations about the “right to exclude” are generally true. If, for example, an infringer’s activity caused a patentee to lose market share or power,³³⁰ compensating the patentee for its lost sales may not be

his pecuniary condition after the infringement, and what his condition would have been if the infringement had not occurred” (citation omitted)); Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1044-45 (2005) (“The strong presumptive entitlement to injunctive relief in intellectual property is also consistent with the free riding rule, and indeed may encourage people to think of the intellectual property owner’s right as absolute: An intellectual property owner gets to stop use of ‘their’ property *whether or not they are harmed by the use.*” (emphasis added)). *But see Apple*, 809 F.3d at 649-50 (Reyna, J., concurring) (“Infringement on the right to exclude is, in my view, an ‘injury’ that is sometimes irreparable.”).

³²⁸ See *Storm*, *supra* note 90, at 129-30 (“First, injury-in-fact in reasonable royalty cases must be proven, not presumed. This rule is compelled by pre-1946 patent damages law, by the 1946 Act, and by the Act’s interpretation in *Aro.*”).

³²⁹ See *supra* notes 183, 258, and accompanying text (noting how this relationship distinguishes American law from English law); *supra* note 244-248 and accompanying text (discussing damages and injunctions under the 1946 Act).

³³⁰ Although market harm examples are the easiest to appreciate, legal injuries should not necessarily be limited to patentees that have (or had) market share. See Sarah R. Wasserman Rajec, *Tailoring Remedies to Spur Innovation*, 61 AM. U. L. REV. 733, 737 (2012) (“In addition, distortions in incentives to innovate may indeed occur with entities that have small amounts of market share, but market share is ultimately a poor indicator of innovative potential.”). For example, a startup that seriously pursued technology commercialization, rather than patent monetization, might show that its failure to obtain market share was caused by the defendant’s infringement, not by the litany of non-patent issues that cause most startups to fail. *Cf. Lam, Inc. v. Johns-Manville Corp.*, 718 F.2d 1056, 1063 (Fed. Cir. 1983) (affirming an award of lost future profits because the defendant’s infringement caused the patentee to lose goodwill and an opportunity to compete); Rajec, *supra*, at 760 (“Although purporting to target businesses whose main litigation purpose is exorbitant licensing fees, the emerging rule cannot distinguish among businesses that have no market share, and thus includes other business models, such as research and development start-ups and universities.”). *But see* VAUGHAN, *supra* note 95, at 207-08 (observing that, while the “successful inventor must contribute something which is both profitable and advantageous to the public,” the owner of an unsuccessful “invention usually does not recognize its defects and charges its failure to others”). Additionally, technology commercialization is not necessarily limited to the final link in the value chain. Instead, a practicing entity may include any patentee that bundles its patent rights with non-patent rights,

sufficient to restore the patentee to the same market position it would have enjoyed if the infringement had never occurred.³³¹ If, on the other hand, the patentee is a modern NPE like those described in Justice Kennedy’s concurrence, then the patentee may lose the first two factors for failure to prove existence of *any* actual injury. In hindsight, perhaps Kennedy should have also cited nineteenth century cases that denied injunctive relief to unharmed NPEs to prove he was not writing from a clean slate.³³²

Justice Kennedy’s substantive objections may have been to the Chief Justice’s comments at oral argument, not his final concurrence. For example, Chief Justice Roberts and his co-signors struggled with the distinction between a practicing entity and an NPE³³³ and with Congress’s

such as research institutions that bundle patent licenses with access to scientists, prototypes, and test results to sell research-as-a-service to licensees that use the research, not just the patents, to complete the commercialization process. *Cf.* Mark A. Lemley, *Are Universities Patent Trolls?*, 18 Fordham Intell. Prop. Media & Ent. L.J. 611, 624-25 (2008) (noting how universities “have strong incentives to maximize revenue from patent licensing” and encouraging them to “take a broader view of their role in technology transfer [rather than] merely maximizing the university’s licensing revenue”).

³³¹ See Brief for the United States as Amicus Curiae Supporting Respondent at 16, *eBay v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) (“The prospect that infringement will produce irreparable harm arises whether the patentee actually uses its invention or licenses others to do so. Infringement may alter the marketplace in ways that cannot be readily restored, by affecting, for example, market share, reputation for innovation, and intangible competitive opportunities, such as the opportunity to be first to market with a particular technology, to establish a particular technology as a de facto industry standard, or to develop and patent further improvements to the original design.”); Transcript of Oral Argument at 22-23, *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) (“I think all of those [situations identified in the Solicitor General’s brief] could easily justify injunctive relief in precisely the kind of case that you pose, Mr. Chief Justice. But that’s not this case.”).

³³² See *supra* notes 253-257 and accompanying text; see also James M. Fischer, *The “Right” to Injunctive Relief for Patent Infringement*, 24 SANTA CLARA COMP. & HIGH TECH. L.J. 1, 17 n.77 (2007) (associating with Justice Roberts’s discussion of “sound exercising of discretion” the notion that “in equity the idea is that precedents guide but do not dictate”).

³³³ Transcript, *supra* note 331, at 23 (“Maybe I don’t understand what it means to practice the invention. If I invent something, you know, a better way to make a car engine work and I want to sell that to somebody, you’d say that’s not practicing the invention because I don’t build cars?” (cleaned up)).

decision to limit access to injunctive relief.³³⁴ This discussion, combined with Chief Justice Roberts’s omission of any direct reference to Section 283, may have compelled Justice Kennedy to reaffirm that congressional limits on patent remedies must be respected.

Chief Justice Roberts also questioned whether injunctions should issue in “typical run-of-the-mine patent case[s.]”³³⁵ In response, eBay’s counsel explained that the Federal Circuit approach prevented district courts from exercising equitable discretion in modern cases on an individualized basis and from channeling that discretion so that similar cases under modern fact patterns would enjoy similar outcomes.³³⁶ Ultimately, the Roberts’s concurrence said “like cases should be decided alike” without specifying whether historical injunction rates should remain steady or should change in response to new litigation patterns.³³⁷ Justice Kennedy filled this gap by explaining how modern patent assertions are often “quite unlike earlier cases.”³³⁸

Finally, Chief Justice Roberts appeared preoccupied with historical analogs and even compared garage inventors to inbound licensing at Bell Labs.³³⁹ Here, Justice Kennedy’s expression, “the contexts then prevalent,” may be carrying a heavier load than his narrower phrase, “the circumstances of the case.”³⁴⁰ Even if a case from the nineteenth century appears factually-

³³⁴ *See, e.g., id.* at 6, 11, 12, 22 (explaining, on behalf of eBay, to Chief Justice Roberts and Justices Ginsberg and Scalia the “balance” chosen by Congress, Congress’s decision not to give every patentee injunction “leverage” in negotiations, how the Federal Circuit approach does not reflect “the scheme that Congress created with respect to the remedial aspects of the patent law,” and why market negotiations need to be conducted “against the backdrop of what Congress specifically provides, which is that the district courts should exercise equitable discretion in deciding how best to proceed”).

³³⁵ *Id.* at 9.

³³⁶ *Id.* (“We have been dealing with an irrebuttable presumption for 20 years in a way that has completely stultified the ability to develop any of those kinds of rules.” (cleaned up)).

³³⁷ *eBay*, 547 U.S. at 395 (Roberts, C.J., concurring).

³³⁸ *Id.* at 396 (Kennedy, J., concurring).

³³⁹ *See* Transcript, *supra* note 331, at 14-15.

³⁴⁰ *eBay*, 547 U.S. at 396 (Kennedy, J., concurring).

similar to a twenty-first century dispute, the surrounding context is radically different thanks to “rapid technological and legal developments in the patent system.”³⁴¹ For example, the garage-inventor business model changed significantly over a century ago when organizations like Bell Labs brought inventorship in-house, reducing their reliance on independent inventors.³⁴² The scale of twenty-first century patent monetization is also radically different than the nineteenth-century patent “sharks.”³⁴³ Codifications of reasonable royalties in 1922 and 1946 also changed the irreparability analysis by enabling courts to use reasonable damages approximations in lieu of injunctions where “damages are difficult to measure.”³⁴⁴ The biggest contextual change, however, is that the Supreme Court now values statutory limits over patent industry innovations.³⁴⁵ Although Justice Kennedy may not have recognized this change,³⁴⁶ modern courts should analyze nineteenth-century cases in the context of an era when judges and litigants did not feel restrained by the terms of the Patent Act.

³⁴¹ *Id.* at 397.

³⁴² MERGES, *supra* note 97, at 205-06 (discussing how Frederick Fish’s successor transitioned Bell Labs from external patent purchases to internal research using hired scientists).

³⁴³ Compare, e.g., *supra* notes 73-76 and accompanying text (discussing Sayles’s purchase and monetization of three patents), with Press Release, BlackBerry, BlackBerry Completes Patent Sale Transaction (May 11, 2023), <https://www.blackberry.com/us/en/company/newsroom/press-releases/2023/blackberry-completes--patent-sale-transaction> (announcing a \$170 million sale of 32,000 patents to Malikie, a non-practicing entity).

³⁴⁴ *Cf.* Apple Inc. v. Samsung Elecs. Co., 809 F.3d 633, 649-50 (Fed. Cir. 2015) (Reyna, J., concurring) (interpreting the Roberts concurrence as referring to nineteenth century cases where damages were difficult to measure).

³⁴⁵ See *supra* notes 36-38 and accompanying text.

³⁴⁶ *eBay*, 547 U.S. at 396 (Kennedy, J., concurring) (suggesting historical courts were actually applying the four-factor test).

III. THE ANTI-*eBAY* MOVEMENT

Congress is responsible for regulating the American patent system and the patent industry that profits from it to ensure both serve society at large.³⁴⁷ Like the patent industry’s successful efforts to reverse congressional policy discussed in Part I and its failed legislative attempts to liberalize access to patent injunctions discussed in Parts II.C-D, however, the calls to overturn *eBay* are coming from inside the house. Section A reviews the anti-*eBay* movement and arguments raised by prominent proponents. Section B then reviews legislative proposals, including RESTORE, that aim to lock-in pre-*eBay* violations of the Patent Act.

A. History Rhymes

The anti-*eBay* movement offers three notable twists on the patent industry lobbying playbook. First, the patent industry is claiming that *eBay* “changed” availability of patent injunctions.³⁴⁸ This framing anchors the debate to judicial policy, thereby removing congressional history from the discussion. Like past legislative efforts, the patent industry is asking Congress to codify judicial gains without considering how past generations of lawmakers viewed the same issues.

Second, like the active judges and patent office leaders that supported the 1922 Act,³⁴⁹ the anti-*eBay* movement’s most-esteemed supporters are former judges and patent office directors.

³⁴⁷ See *supra* notes 16-21 and accompanying text.

³⁴⁸ See, e.g., *Foreign Competitive Threats to American Innovation and Economic Leadership Before the Subcomm. On Intell. Prop. of the S. Comm. of the Judiciary*, 118th Cong. 11 (2023) (statement of Suzanne Harrison) (“Over the past 17 years, the Supreme Court has significantly eroded the ability of a patent to exclude others. Congress needs to restore this fundamental right . . .”).

³⁴⁹ See *supra* notes 92-111 and accompanying text (discussing the efforts of Patent Commissioner Thomas Ewing and Judge Denison); see also *1919 Hearing, supra* note 102, at 118 (statement of Judge Learned Hand) (testifying at the behest of Edwin Prindle); Milton Tibbets & Wallace R. Lane, *An Appreciation*, 4 J. PAT. OFF. SOC’Y 417, 419 (1922) (thanking former Commissioner of

The Council for Innovation Promotion (C4IP) board of directors, for example, features two former U.S. Patent and Trademark Office Directors, Andrei Iancu and David Kappos, and two former Federal Circuit judges, Paul Michel and Kathleen O'Malley.³⁵⁰ Although these board members have deep patent industry ties and understand litigation and patent monetization,³⁵¹ none of their biographies suggest they have the necessary experience or expertise to advise Congress on technology commercialization and other issues that impact the general public.³⁵² Unlike most patent attorneys, experienced innovators understand that successful technology development and commercialization is not an automatic or inevitable result of conceiving a patentable invention; rather, building reliable, effective, and affordable technology at scale requires extraordinary skill, effort, and investment that deserves both recognition and protection.³⁵³ As much as the patent industry hopes another Judge Rich will emerge “to add strength and certainty to the patent system,”³⁵⁴ America actually needs another Frederick Fish—a respected patent industry leader

Patents M.H. Coulston, “who labored so incessantly on behalf of the office since he has been in private practice”).

³⁵⁰ About C4IP, <https://c4ip.org/about/#leadership> (last visited Mar. 10, 2025).

³⁵¹ See, e.g., IPWatchdog, The Annual Paul Michel Award, <https://ipwatchdog.com/annual-paul-michel-award/> (last visited Mar. 26, 2025) (awarding, with Judge Michel’s blessing, an annual award “to a respected industry leader and advocate who has served the best interests of the community and the intellectual property system itself”).

³⁵² See, e.g., *David Kappos: Next USPTO Director*, PATENTLYO, Jun. 18, 2009, <https://patentlyo.com/jobs/2009/06/david-kappos-next-uspto-director.html> (“Big Blue is an atypical patent owner in its internal systems, patenting volume, and licensing power. As I discussed earlier, it will be important for him to spend time understanding how the rest of the patent community operates.”).

³⁵³ See generally Storm, *supra* note 156, at 169-70 (introducing the schism that divides the patent world from the commercial world over the value of ideas); *supra* notes 95-104 (suggesting that Frederick Fish’s technology commercialization experience gave him unique insight into the value of invention versus industrialization).

³⁵⁴ Umber Aggarwal, *Patent Law Could Use Another Judge Rich Right Now*, Finnegan, Nov./Dec. 2017, <https://www.finnegan.com/en/insights/articles/patent-law-could-use-another-judge-rich-right-now.html>.

with significant technology commercialization experience outside the patent world that is willing to prioritize protecting the public over patent industry profits.³⁵⁵

Finally, the modern patent industry is using academic papers like how past generations leveraged treatises to legitimize and advance patent industry positions. For example, Professor Kristina Acri recently claimed that, after *eBay*, requests for permanent injunctions dropped by 87.4% for NPEs and 65% for operating companies, and grant rates decreased by 91.2% and 66.7% respectively.³⁵⁶ Although superficially compelling, Acri's data and conclusions are irrelevant to the *eBay* test. The four-factor test hinges on the plaintiff's *injury*, not just on whether the plaintiff is *operating*. Acri, however, relies on the Stanford NPE Litigation Database,³⁵⁷ which cannot distinguish between injured and operating patentees. Just to pick a familiar example, the Stanford database categorizes patent monetizers like IBM as "operating companies" even if they wield patents against targets that have not caused any apparent injuries to IBM.³⁵⁸ By confusing operating plaintiffs with injured plaintiffs, Acri's research allowed patent industry advocates to spread the false impression that courts frequently deny injunctive relief to injured patentees.³⁵⁹

Professor Kristen Osenga's papers, meanwhile, reinforce patent industry talking points. For example, Professor Osenga falsely claims "[t]he Constitution grants authors and inventors an 'exclusive [r]ight' in their writings and discoveries."³⁶⁰ She also argues that patent licensing firms

³⁵⁵ See *supra* notes 95-106 and accompanying text.

³⁵⁶ Kristina M.L. Acri née Lybecker, *Injunctive Relief in Patent Cases: the Impact of eBay*, 38 Harv. J. L. & Tech. (forthcoming 2025).

³⁵⁷ *Id.*

³⁵⁸ See, e.g., *Int'l Bus. Mach. Corp. v. Zillow, Inc.*, No. 22-1861 (Fed. Cir. Jan. 9, 2024).

³⁵⁹ See REALIZING ENGINEERING SCIENCE, SCIENCE, AND TECHNOLOGY OPPORTUNITIES BY RESTORING EXCLUSIVE (RESTORE) PATENT RIGHTS ACT OF 2025, https://www.coons.senate.gov/imo/media/doc/one_pager_for_restore_act_2025.pdf [hereinafter RESTORE ONE PAGER] (citing Acri's statistics).

³⁶⁰ Kristen Jakobsen Osenga, "*Efficient*" *Infringement and Other Lies*, 52 Seton Hall L. Rev. 1085, 1089 (2022); *supra* notes 16-21 and accompanying text.

are entitled to injunctive relief to avoid irreparable harm to their licensing programs,³⁶¹ a position that somehow violates congressional policy on injunctive relief,³⁶² statutory and Supreme Court rules on reasonable royalty calculations,³⁶³ judicial precedent on established royalties,³⁶⁴ and simple common sense.³⁶⁵ She even dedicated an entire article to “efficient infringement,” a term originally coined by a student author³⁶⁶ that has morphed into a patent industry strawman.³⁶⁷

³⁶¹ Osenga, *supra* note 360, at 1097, 1100; *see also* KRISTEN JAKOBSEN OSENGA, THE LOSS OF INJUNCTIONS UNDER *EBAY 2* (2024), <https://www.hudson.org/regulation/loss-injunctions-under-ebay-evidence-negative-impact-innovation-economy> (“The lack of injunctive relief is harming patent owners even where predatory infringement is not occurring; the value of *all* patents is diminished because the lack of injunctions alters licensing negotiations.”).

³⁶² *Compare* Hovenkamp & Masur, *supra* note 158, at 385 (“For *every patent*, there is a potential licensing market . . .” (emphasis added)), *with* Part II.C, *supra* (summarizing Congress’s decision to limit patent injunctions to exceptional cases).

³⁶³ *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 507 (1964) (Brenna, J., plurality) (limiting reasonable royalties under the 1946 Act to “the difference between his pecuniary condition after the infringement, and what his condition would have been if the infringement had not occurred” (citation omitted)).

³⁶⁴ If a licensing firm manages to clear the high bar for proving an established royalty, *see supra* note 153 and accompanying text, payment of the established royalty is a complete remedy for the infringement.

³⁶⁵ Crocodile tears aside, patent licensing firms actually benefit from infringement because they gain a ticket to a license or lawsuit that they would (or at least should) not have if the defendant does not infringe. If licensing firms suffered harm from injury, they would not be celebrating and rewarding infringement through their buying decisions. *See* GreyB, Patent Brokered Market Report 2023 Summarized, <https://www.greyb.com/blog/brokered-patent-market-report-2023/> (last visited Apr. 2, 2025) (“Sellers who provide claim charts and documents mapping a patent’s claims to specific technology features experience higher close rates and are more likely to sell their patents.”).

³⁶⁶ Osenga, *supra* note 360, at 1087 & n.9 (proposing the alternative term, “predatory infringement”).

³⁶⁷ *Compare, e.g., id.* at 1102 (quoting William LaFontaine as stating, “Efficient infringement is an attempt to make infringement seem appropriate. Let me be clear—it is not.”), *with id.* (noting scholarship recognizing “that both efficient breach and ‘efficient’ infringement are, at best, theoretical ideas”); *see also* Jorge L. Contreras, Efficient Infringement and the Rule of Law, Prepared Remarks Before the Federalist Society 2020 National Lawyers Convention 2 (Nov. 11, 2020), *available at* https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3771052 (distinguishing between hypothetical cases of espionage, competitive harm, or other scenarios “worthy of condemnation” versus the efficient infringement narrative, which the patent world uses to defend patent assertion entities).

Professor Osenga has adopted these positions and others in support of the “innovation economy,” a clever euphemism for patent licensing used to promote patent industry jobs without requiring those jobs to serve society at large.³⁶⁸

Professor Jonathan Barnett has focused his attention on the “big tech” companies that benefit from *eBay*.³⁶⁹ According to Barnett, “IP-skeptical firms in the information-technology markets—which include some of the world's largest companies by market capitalization—invested considerable efforts in seeking to weaken patent protection.”³⁷⁰ The IP “skeptics” Barnett identifies, of course, are some of the patent industry’s biggest customers for patent protection.³⁷¹ Barnett says Congress should reverse *eBay* (the “legal payoff” for big tech lobbying efforts)³⁷² to protect patent licensing entities and SEP owners,³⁷³ but the only evidence of harm he can muster is licensing harm.³⁷⁴ SEP owners are an odd inclusion in Barnett’s list because they pose a threat

³⁶⁸ See OSENGA, *supra* note 361, at 2 (“Policy discussions about *eBay* and injunctive relief must account for the economic function of injunctions—how this remedy for infringement facilitates the commercial transactions that grow the innovation economy and create jobs.”).

³⁶⁹ See, e.g., Jonathan M. Barnett, *Why Big Tech Likes Weak IP*, REGULATION, Spring 2021, at 16.

³⁷⁰ JONATHAN M. BARNETT, THE BIG STEAL 25 (2024).

³⁷¹ Compare *id.* at 27 (listing six tech companies preferring “weak” patent protection, along with their 2021 ranking among PTAB petitioners and their general lobbying expenditures), with INTELLECTUAL PROPERTY OWNERS ASSOCIATION, TOP 300 ORGANIZATIONS GRANTED U.S. PATENTS IN 2022, at 2 (2022) (identifying those six companies as the 2nd, 6th, 11th, 12th, 17th, and 40th biggest recipients of new U.S. patents in 2021).

³⁷² BARNETT, *supra* note 370, at 202.

³⁷³ *Id.* at 344. Barnett also says *eBay* impacted holders of patents that cover a single component in a multi-component system, *id.*, but the only post-*eBay* example he discusses is Apple. *Id.* at 204.

³⁷⁴ See, e.g., *id.* at 349-50 (“The result today is a truncated IP infrastructure that impedes monetization by individuals and entities (encompassing businesses and research institutions) that specialize in innovation but lack capacities independently to convert innovations into commercially viable products and services.”); *id.* at 350 (“In wireless communication markets, barriers to patent enforcement endanger licensing structures . . .”); see also *supra* note 330 (discussing theories of harm applicable to startups and university licensing).

to almost every other industry, not just big tech,³⁷⁵ and may actually benefit from infringement.³⁷⁶ Barnett even identifies one SEP licensor, Nokia, as supporting “strong” patent rights³⁷⁷ even though Nokia actually filed an amicus brief supporting the defendant and asking the Court to protect the public in *eBay*.³⁷⁸

Finally, Professor Adam Mossoff has published extensively on *eBay*, including a recent review of federal court decisions published between 1790-1882 that, in his words, “confirm[s] as legal fact that *eBay* changed the law on equitable remedies.”³⁷⁹ Why 1882? The most obvious explanation is that 1883 is the first year that courts started rejecting equitable remedies under *Root v. Railway Co.*, the 1881 Supreme Court case that denied injunctive relief to Thomas Sayles.³⁸⁰ Although Mossoff presumably knew the story of Thomas Sayles,³⁸¹ including the Supreme Court’s rejection of patent sharks in *Root* would undermine both Mossoff’s narrative and his statistics.

³⁷⁵ See generally Christopher S. Storm, *Standard Essential Patents Versus the World*, 30 Tex. Intell. Prop. L.J. 259 267-77 (2022) (examining how SEP licensing changed when telecom companies transitioned from intra-industry licensing to cross-industry licensing).

³⁷⁶ See Storm, *supra* note 90, at 125-26 (noting how growth in infringing end devices drives demand for equipment and components sold by SEP licensors); see also H.R. 1612 Hearing, *supra* note 77, at 370 (discussing how injunctions are unnecessary “where it was for the advantage of the patentee that his patent should go into general use”); *supra* note 365.

³⁷⁷ BARNETT, *supra* note 370, at 27.

³⁷⁸ Brief of Amicus Curiae Nokia Corporation in Support of Petitioners at 3, *eBay v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) (“Congress has, accordingly, granted certain rights to patent owners. To promote the constitutional goal of providing *public* benefit, however, Congress has limited the rights of patent owners. Even in a case of patent infringement, for example, Congress has provided that a patent holder may obtain an injunction only “in accordance with principles of equity,” 35 U.S.C. § 283.”).

³⁷⁹ Adam Mossoff, *Injunctions for Patent Infringement: Historical Equity Practice Between 1790-1882*, 38 Harv. J. L. & Tech. (forthcoming 2025) (cleaned up).

³⁸⁰ *Ellis v. Davis*, 109 U.S. 485 (1883); *Hayward v. Andrews*, 106 U.S. 672 (1883) (patent case); *Burdell v. Comstock*, 9 W.L.B. 161 (S.D. Ohio 1883) (patent case); *Sultan of the Ottoman Empire v. Providence Tool Co.*, 23 F. 572 (E.D.N.Y. 1883); *Gramme Elec. Co. v. Arnoux & H. Elec. Co.*, 17 F. 838 (S.D.N.Y. 1883) (patent case); *Reay v. Rau*, 15 F. 749 (S.D.N.Y. 1883) (patent case).

³⁸¹ See Risch, *supra* note 73, at 979 n.1 (thanking Adam Mossoff for providing helpful comments).

In addition to ignoring *Root*, Mossoff avoids asking how many pre-*Root* cases themselves changed the law by ignoring statutory limitations on injunctive relief. Instead, Mossoff raises nineteenth-century opinions—along with the English law and the patent industry innovations adopted by those courts—as higher authorities than Congress on patent injunction policy.³⁸² From a statutory perspective, Mossoff’s allegations of “misleading and confusing claims to historical authority”³⁸³ apply more to his own research than to the Supreme Court’s analysis in *eBay*.

B. Proposed Legislation

True to the playbook, the anti-*eBay* movement is lobbying Congress to codify its pre-*eBay* gains. Most bills propose directing courts to presume irreparable harm and/or that remedies available at law are inadequate to compensate for that injury.³⁸⁴ RESTORE would require courts to presume “that the court should grant a permanent injunction” without referencing specific principles of equity.³⁸⁵

Many proposals recite an evidentiary standard for rebutting the presumption favoring injunctive relief.³⁸⁶ Others remain silent on whether the mandatory presumption is even

³⁸² See Adam Mossoff, *Institutional Design in Patent Law: Private Property Rights or Regulatory Entitlements*, 92 S. CAL. L. REV. 921, 928 (2019) (“The 1819 amendment was in effect a declaratory act.”).

³⁸³ Mossoff, *supra* note 379.

³⁸⁴ See H.R. 8134, 118th Cong. § 12 (2024); H.R. 5874, 117th Cong. § 12 (2021); H.R. 7366, 116th Cong. § 12 (2020); H.R. 5478, 116th Cong. § 330(c)(1) (2019); H.R. 3666, 116th Cong. § 106 (2019); S. 2082, 116th Cong. § 106 (2019); H.R. 6557, 115th Cong. § 330(e)(1) (2019); H.R. 6264, 115th Cong. § 12 (2018); H.R. 5340, 115th Cong. § 106 (2018); S. 1390, 115th Cong. § 106 (2017).

³⁸⁵ S. 708, 119th Congress § 3 (2025).

³⁸⁶ See H.R. 8134 § 12; H.R. 5874 § 12; H.R. 7366 § 12; H.R. 5478 § 330(c)(2); H.R. 6557 § 330(e)(2); H.R. 6264 § 12.

rebuttable.³⁸⁷ RESTORE recites a rebuttable presumption without stating what defendants must show to rebut the presumption.³⁸⁸

Proponents of RESTORE boast that the bill would only add one sentence to Section 283.³⁸⁹ This sentence, standing alone, may not actually reverse *eBay*. RESTORE does not eliminate the principles of equity language, so courts would still need to consider them even if a rebuttable presumption applied. Theoretically, the rebuttable presumption should not change injunction outcomes in most cases. Although expecting defendants to prove a negative is bad form, defendants could still rebut the presumption by showing, for example, the plaintiff is a patent licensing firm that has not suffered any observable injury³⁹⁰ or does not actually want the injunction to be enforced.³⁹¹

³⁸⁷ See H.R. 3666 § 106; S. 2082 § 106; H.R. 5340 § 106; S. 1390 § 106; *see also* H.R. 2841, 116th Cong. § 4 (2019) (eliminating the irreparable harm factor for preliminary injunctions when litigating against certain Chinese companies); H.R. 7036, 115th Cong. § 4 (2018) (same).

³⁸⁸ S. 708, 119th Congress § 3 (2025).

³⁸⁹ See RESTORE ONE PAGER, *supra* note 359, at 2 (“A single-sentence bill restores the legal right of patent owners to a rebuttable presumption . . .”).

³⁹⁰ See, e.g., Fish, *supra* note 21, at 659 (“On the other hand, no matter how clear may be the complainant’s right, let the preliminary injunction be refused, if the complainant does not need it, or, in other words, if the continuance of the infringement during the progress of the suit will not do the complainant substantial harm.”); *id.* at 655 (“In fact, an injunction even at final hearing is rarely granted in cases other than those brought under Letters Patent, where the complainant does not need it for his protection, and where the defendant will be greatly injured by the injunction.”).

³⁹¹ See Mark A. Lemley & A. Douglas Melamed, *Missing the Forest for the Trolls*, 113 COLUM. L. REV. 2117, 2142 (2013) (“Monetary damages are almost always adequate for firms whose business is asserting patents in order to generate cash . . .”); Storm, *supra* note 156, at 203 (“From this perspective, *eBay* is consistent with the notion that a court in equity should not grant relief the plaintiff does not want (an injunction) when the court has the power to grant relief the plaintiff actually wants (financial compensation).”). Theoretically, courts could concoct customized orders to prevent leverage injunctions by, for example, pairing every order enjoining the defendant’s infringement with an order enjoining the plaintiff from ever recovering license revenue from the defendant. *Cf.* Dan L. Burk, *Means and Meaning in Patent Remedies*, 92 TEX. L. REV. 13, 19 (2014) (supposing that courts could “grant the patent holder its injunction contingent on paying the cost that would be incurred if the infringer adopts the next-best technological alternative”). Such orders, though intriguing, would backfire in cases where asserters just want to cause disruption or inflict pain. *Cf., e.g.,* Andrew Ross Sorkin, *Peter Thiel, Tech Billionaire, Reveals*

RESTORE, however, is four pages, not one sentence. Here, the patent industry demonstrates just how much it has learned about congressional intent since the 1952 Act.³⁹² RESTORE includes seven “findings” that memorialize patent industry intent.³⁹³ The first four findings invoke patent industry talking points by describing the right to exclude as “the core of the patent right” and claiming that patent rights are “constitutionally protected.”³⁹⁴ The fifth finding cites historical judicial practice, not Congress, as the primary authority on injunctive relief, and the sixth finding blames *eBay* for changing the law.³⁹⁵ The seventh finding concludes by accusing “large, multinational companies [of] commit[ing] predatory acts of infringement,”³⁹⁶ echoing both Professor Osenga’s “predatory infringement” rhetoric and Professor Barnett’s “big tech” attacks.³⁹⁷

Two findings, however, deserve special attention. First, the fifth finding opens with the phrase, “[g]iven the irreparable harm that is caused by multiple acts of infringement or willful infringement of a patent.”³⁹⁸ This language suggests courts should assume irreparable harm as a “given” in every case like the Federal Circuit did before *eBay*.³⁹⁹

In practice, assuming harm as a given is unnecessary because patentees can easily demonstrate that have actually suffered injuries-in-fact can easily demonstrate existence of those

Secret War with Gawker, N.Y. TIMES, May 25, 2016, <https://www.nytimes.com/2016/05/26/business/dealbook/peter-thiel-tech-billionaire-reveals-secret-war-with-gawker.html> (reporting how Peter Thiel funded Hulk Hogan’s lawsuit against Gawker without expecting any financial compensation in return).

³⁹² See *supra* notes 140-142 and accompanying text (noting failed attempts to replace actual congressional intent with the true gospel according to St. Giles).

³⁹³ S. 708, 119th Congress § 2 (2025).

³⁹⁴ *Id.*

³⁹⁵ *Id.*

³⁹⁶ *Id.*

³⁹⁷ See *supra* notes 360-378 and accompanying text.

³⁹⁸ S. 708, 119th Congress § 2 (2025).

³⁹⁹ See *supra* notes 289-298 and accompanying text.

injuries without resorting to generalizations or hypotheticals.⁴⁰⁰ For example, one popular hypothetical supposes that small patentees could “use patents as levers for obtaining investment” and might suffer harm if third-party infringement prevents the patentee from securing funding.⁴⁰¹ But why should *every* small patentee receive the benefit of this theoretical scenario when courts are perfectly capable of determining which patentees actually sought funding to build a viable⁴⁰² business and which patentees let their properties “lay fallow”?⁴⁰³

The patent industry needs counterfactual assumptions of harm so uninjured patentees can continue filing lawsuits. Despite *eBay*, *Aro II*, and the 1946 Act, the Federal Circuit still assumes that all patentees suffer injuries that qualify for statutory compensation.⁴⁰⁴ This false assumption of cognizable injury is the foundation for the modern patent monetization casino, where inventors

⁴⁰⁰ See Brief for the United States, *supra* note 331, at 16 (concluding that patentees “can normally make a strong showing of ‘irreparable harm’” using examples of actual injuries that effect “market share, reputation for innovation, and intangible competitive opportunities”).

⁴⁰¹ See John M. Golden, “Patent Trolls” and Patent Remedies, 85 Tex. L. Rev. 2111, 2157 (2007) (claiming small firms “frequently” use patents for fundraising).

⁴⁰² More often, failure to secure funding has nothing to do with patent infringement. Investors generally make investment decisions based on the company’s commercial upside weighted against downside risk and ability to execute, not specifically on patent considerations. See, e.g., ROB ADAMS, IF YOU BUILD IT WILL THEY COME? 28-30 2010 (explaining how investors expect entrepreneurs to pitch viable business plans based on market validation and customer research); Greg Reilly, *Misleading Patent Signals*, 38 HARV. J. L. & TECH. 107, 155-56 (2024) (observing that, although sophisticated investors care about patent protections, “the evidence also indicates that exclusivity and market space are not the driver, or at least the primary driver, of sophisticated investors’ heavy reliance on patented status”). In this author’s professional experience, patent activity serves as a sophistication test for startups: investors want assurance that a company has a patent strategy, but the investment decision will ultimately be based on the technology commercialization strategy. If an investor is more interested in talking about patents than the company’s future business, the pitch has probably gone awry.

⁴⁰³ See *Rite-Hite Corp. v. Kelley Co., Inc.*, 56 F.3d 1538, 1563 (1995) (Nies, J., dissenting) (“Like the owner of a farm, a patentee may let his property lay fallow. In doing so, ‘he has but suppressed his own.’” (quoting *Bement v. National Harrow Co.*, 186 U.S. 70, 90 (1902))).

⁴⁰⁴ See *Storm*, *supra* note 90, at 114-15 (tracing the Federal Circuit presumption of harm in reasonable royalty calculations back to *Zegers v. Zegers, Inc.*).

and innovators both lose but the house always wins.⁴⁰⁵ Judicial failure to examine patent infringement injuries (or the lack thereof) has fueled almost every major patent policy issue today, from eligibility to quality to claim construction to remedies.⁴⁰⁶ If Congress wants to understand how patentees are actually impacted by patent infringement, it must instruct courts to stop taking harm as a given.⁴⁰⁷

Second, RESTORE’s seventh finding states the purported problem to be solved: *eBay* “substantially reduced the ability of patent owners to obtain injunctions to stop continuing or willful infringement of patents.”⁴⁰⁸ Here, RESTORE places another thumb on the scale by emphasizing outcomes over process. Although RESTORE’s rebuttable presumption should not meaningfully change injunction rates in patent cases, this seventh finding implies an intent to change injunction rates—facts and principles of equity be damned. If enacted, patent industry advocates can weaponize this seventh finding to push courts away from RESTORE’s rebuttable presumption and towards the pre-*eBay* irrebuttable presumption.

⁴⁰⁵ Compare, e.g., Andrea Keckley, *Jury Awards Nearly \$4M in Lawnmower Patent Trial*, LAW360, Feb. 18, 2025, <https://www.law360.com/articles/2298418/jury-awards-nearly-4m-in-lawnmower-patent-trial> (reporting that, after more than five years of litigation, the maker of EGO-brand lawnmowers recovered less than \$4 million for injuries caused by its competitor’s willful infringement), with Alan Cox, *The Damages Testimony of VLSI Technologies v. Intel*, PATENTLYO (Mar. 19, 2020), <https://patentlyo.com/patent/2021/03/damages-testimony-technologies.html> (explaining how VLSI Technologies, an unharmed NPE, secured a \$2.18 billion damages award based on manipulation of infringer profits).

⁴⁰⁶ See Storm, *supra* note 156, at 208-12 (explaining how profit disgorgement via reasonable royalty has fueled the patent system’s quality, eligibility, and royalty stacking debates).

⁴⁰⁷ Compare Thomas F. Cotter, 25 TEX. INTELL. PROP. L.J. 159, 164-65 (2018) (asking courts to continue collecting evidence related to patent damages presumptions and “to adjust these initial presumptions or starting points in the light of the newly developed evidence”), with *supra* note 336 and accompanying text (recognizing that the Federal Circuit presumption foreclosed injury inquiries and prevented courts from updating its assumptions to reflect modern fact patterns).

⁴⁰⁸ S. 708, 119th Congress § 2 (2025).

Professor Mossoff divulged in a patent industry podcast how RESTORE’s seven findings are drafted to maximize the bill’s impact.⁴⁰⁹ Mossoff explained that RESTORE’s findings “explicitly say that the purpose of [the single] sentence is to overrule *eBay*,” thereby confirming that “the four-factor test is gone.”⁴¹⁰ According to Mossoff, “RESTORE directly replaces a four-factor test with the general doctrine that, on a finding of infringement of a patent, the presumption is an injunction issues.”⁴¹¹ Mossoff reaches this conclusion based, not on the operative language that preserves the “principles of equity” statutory language, but on the findings and “one pager”⁴¹² that accompanies the bill.⁴¹³ To Mossoff, RESTORE’s operative sentence exists to actionize the intent expressed by the findings, much like how the 1952 Act’s last sentence in Section 103 was “well understood” to overrule the flash of genius test in *Cuno Engineering Corp. v. Automatic Devices Corp.*⁴¹⁴ Mossoff’s reference to Section 103 of the 1952 Act is notable because Congress did not necessarily share the patent industry’s private intent to substantively change the standard for obviousness in 1952.⁴¹⁵

The patent industry needs Mossoff’s cleverness because the alternative is untenable. Abrogating *eBay* directly would require removing the statute’s “principles of equity” standard. But the patent industry cannot touch the equity standard without admitting that it is trying to repeal two centuries of congressional policy and that the Federal Circuit approach violated Section 283.

⁴⁰⁹ Aurora Patents, *RESTORE Act of 2024 with Professor Adam Mossoff*, YouTube (Sept. 9, 2024), <https://www.youtube.com/watch?v=CSnmkCE83XY>.

⁴¹⁰ *Id.*

⁴¹¹ *Id.* (cleaned up).

⁴¹² See generally RESTORE ONE PAGER, *supra* note 359 (citing Acri and Mossoff’s unpublished SSRN papers and claiming “the infringer can rebut the presumption in a particular case by showing that an injunction would harm the public”).

⁴¹³ Aurora Patents, *supra* note 409.

⁴¹⁴ *Id.*

⁴¹⁵ See *supra* note 127 and accompanying text.

Politically, such admissions could kill a bill conspicuously crafted to solve patent industry problems rather than proven real-world problems.⁴¹⁶

To wit, the two witnesses testifying in support of RESTORE at the December 2024 subcommittee hearing⁴¹⁷ failed to identify any injured patent owners who were denied injunctive relief because of *eBay*. Professor Osenga focused her time on parables and non-cognizable injuries. For example, she likened patent infringers to home invaders living in a room of your house.⁴¹⁸ According to Osenga, a squatter living in your house is a more apt analogy than someone trespassing “in the corner of your yard” because patents represent personhood to inventors in the same way domiciles represent personhood to homeowners.⁴¹⁹ Of course, Congress has never recognized a remedy for violation of an inventor’s “personhood,” and homeowners buy property subject to public easements, limited tort remedies, and other legal regimes that protect the public in property disputes.⁴²⁰ Although the squatter analogy does not help policymakers or the public

⁴¹⁶ Threats of real-world consequences tend not to age well. *See, e.g., Testimony on the STRONGER Patents Act Before the Subcomm. On Intell. Prop. of the S. Comm. of the Judiciary*, 116th Cong. 1 (2019) (statement of Adam Mossoff) (“Unfortunately, the ability of the U.S. patent system to foster the next generation of innovations in AI, the Internet of Things, and 5G is now in doubt.”).

⁴¹⁷ *The Restore Patent Rights Act: Hearing on S.4840 Before the Subcomm. On Intellectual Property of the S. Comm. on the Judiciary* (Dec. 18, 2024), <https://www.judiciary.senate.gov/committee-activity/hearings/the-restore-patent-rights-act-restoring-americas-status-as-the-global-ip-leader> [hereinafter, *2024 Hearing Recording*].

⁴¹⁸ *Id.* at 54:25 (“A predatory infringer is basically a squatter living in a room of your house without your permission.”).

⁴¹⁹ *Id.* at 1:07:02 (“But for some inventors, especially small inventors and small companies, often times [patents] also represent personhood as well as livelihood, so I think [patents are] a lot more like homes.”).

⁴²⁰ *See, e.g., Daniel Harris Brean, Ending Unreasonable Royalties*, 39 VT. L. REV. 867, 917 (2015) (“A harmless trespass, while still an actionable trespass, only entitles the landowner to recover nominal damages.”); C. Kilmer Combs, *Torts—The Accidental Trespass*, 33 KY. L.J. 202, 203 (1945); (“Although the innocent trespass is actionable, the courts tend to hold the actor liable only for nominal damages or for actual damages if such occur.”).

address serious patent policy issues, the analogy is a useful tool for invoking emotions and inciting revolt among the inventor class.⁴²¹

Osenga’s personhood argument rings hollow given her other objective: protecting the secondary patent market and patents as an “asset class.”⁴²² According to patent asset theory, patents—not products—are profit-generating economic units, and both innovators and speculators are equally entitled to extract the same profits from these patents.⁴²³ Congress, however, rejected patents as a profit-generating asset class when it eliminated infringer profit awards in 1946.⁴²⁴ Further, the nominal patent owners and the investment funds that control them often have no personhood in their patents,⁴²⁵ nor do they suffer the displacement, interruption of quiet enjoyment,

⁴²¹ See, e.g., U.S. INVENTOR, SQUATTER’S RIGHTS!?? 1 (2020) (“Imagine, you work hard for years to invest in a home, though once you move in and start to enjoy it, squatters arrive, who you can’t legally kick out.”), available at <https://usinventor.org/wp-content/uploads/2020/02/Squatters-Rights.pdf>.

⁴²² See, e.g., 2024 Hearing Recording, *supra* note 417, at 55:50 (“Some may choose to engage in predatory infringement, but even those who choose not to infringe end up negotiating in a market in which patents are devalued as an asset class.”).

⁴²³ See, e.g., KEVIN G. RIVETTE & DAVID KLINE, REMBRANDTS IN THE ATTIC: UNLOCKING THE HIDDEN VALUE OF PATENTS 5 (1999) (“Along with this explosion of patents has come a boom in the revenues derived from patent licensing, as companies realize that intellectual property is among their most valuable and *fungible* of assets.” (emphasis added)); *id.* at 13 (“Instead, the AIPLA held workshops on ‘maximizing return on intellectual assets,’ ‘turning the patent portfolio into a profit-making venture,’ and ‘using patent portfolios to achieve business objectives.’”); Adam Houldsworth, *IP Hall of Fame Inductees for 2025 Revealed*, IAM, May 9, 2025, <https://www.iam-media.com/article/ip-hall-of-fame-inductees-2025-revealed> (awarding “the *Q Todd Dickinson Award*, which honours those who have made a significant contribution to IP as a business asset,” to Eeva Hakoranta, a patent licensing executive from InterDigital and Nokia).

⁴²⁴ See Storm, *supra* note 90, at 127 (“[Under the 1946 Act,] patents gain more value in the hands of operating companies than when held by anonymous limited liability companies since the latter are not in a position to suffer significant harm from infringement.”).

⁴²⁵ See, e.g., Andrew Karpan, *Judge in Del. Asks DOJ To Look Into IP Edge Patent Litigation*, LAW360, Nov. 27, 2023, <https://www.law360.com/articles/1769980/judge-in-del-asks-doj-to-look-into-ip-edge-patent-litigation> (“Somewhat more was known about Hau Bui, ‘the proprietor of a food truck and restaurant’ in the patent litigation hotbed of Waco, Texas and who had been recruited by IP Edge to lend his name to a company called Mellaconic IP, behind some ‘44 patent infringement cases in nine federal judicial districts to date,’ 19 of which were filed in Delaware, according to the judge.”); *id.* (“[IP Edge] offered him the opportunity to earn ‘passive income’ of

and other harms that squatters inflict on unsuspecting homeowners.⁴²⁶ In fact, patent monetizers often do not suffer any damage from unlicensed infringement when their condition is compared to what their position would be if the infringement did not occur.⁴²⁷

The other pro-RESTORE witness was Jacob Babcock, the CEO of NuCurrent. NuCurrent is “a 40-person company based in Chicago that works on wireless power solutions and has a portfolio of more than three hundred granted and pending patents.”⁴²⁸ NuCurrent develops custom wireless charging systems for device manufacturers.⁴²⁹ NuCurrent might seem like an ideal witness to discuss how RESTORE would prevent real-world harm,⁴³⁰ except for one problem: *eBay* never prevented NuCurrent from obtaining injunctive relief.

According to Babcock, “a major Korean OEM stole our patented technology” by conspiring with Chinese and Taiwanese suppliers to “reverse engineer and build” NuCurrent’s wireless charging technology into the Korean OEM’s mobile phones.⁴³¹ Although never mentioned by name, Babcock was clearly talking about Samsung. But when NuCurrent filed suit against Samsung, it never moved to enjoin infringement.⁴³² And even if it had moved for preliminary infringement, NuCurrent presumably would have lost for failure to demonstrate

about 5% of any settlement proceeds by giving his name to the company in exchange, as far as Bui understood, for nothing at all.”).

⁴²⁶ Cf. Menell, *supra* note 299, at 714-15 (“The ‘property’ at issue [in *eBay*] could hardly have been more different in its nature and economic underpinning than Susette Kelo’s home.”).

⁴²⁷ See *supra* notes 362-365 and accompanying text.

⁴²⁸ 2024 Hearing Recording, *supra* note 417, at 40:40

⁴²⁹ See *id.* at 43:48 (“We filed over four-hundred patents and partnered with leaders like HP and Honeywell to bring breakthrough products to market.”); NuCurrent, Delivering All-Day Charging, <https://www.nucurrent.com/case-studies/honeywell-cn80-cn85/> (last visited Mar. 21, 2025); NuCurrent, Seamless, Fast Wireless Charging for an Ecosystem, <https://www.nucurrent.com/case-studies/hp-poly-voyager-free-60/> (last visited Mar. 21, 2025).

⁴³⁰ See *supra* note 330 (distinguishing technology licensing injury from patent licensing injury).

⁴³¹ 2024 Hearing Recording, *supra* note 417, at 44:10; *id.* at 1:41:35.

⁴³² See generally *NuCurrent, Inc. v. Samsung Elecs. Co., et al.*, No. 19-798 (S.D.N.Y. 2018).

likelihood of success—not because of any issue addressed by RESTORE.⁴³³ As for a permanent injunction, the parties settled before NuCurrent was eligible for injunctive relief to prevent future harm to NuCurrent’s technology supply business.⁴³⁴

Babcock explained why NuCurrent never sought injunctive relief against Samsung: “My experience working with lawyers is in this case is [that] they say we are not even going to request injunctive relief anymore because we can’t get it.”⁴³⁵ This patent industry attitude does not reflect an injured patentee’s ability to obtain injunctive relief under *eBay*; rather, some industry insiders are so blind to the differences between injured patent commercializers and uninjured patent monetizers that they insist on litigating all patent cases the same—even to their client’s detriment.⁴³⁶ If Congress wants to improve the patent system for companies like NuCurrent, Babcock’s testimony reaffirms that Congress should start with reforming the patent industry rather than pursuing legislation to further industry interests.

⁴³³ *Cf.* Order, *NuCurrent*, No. 19-798 (S.D.N.Y. Nov. 26, 2019) (ordering a stay pending Inter Partes Review based on a July agreement of the parties).

⁴³⁴ *See* Stipulation of Voluntarily Dismissal, *NuCurrent*, No. 19-798 (S.D.N.Y. Aug. 12, 2022).

⁴³⁵ *2024 Hearing Recording*, *supra* note 417, at 1:08:59.

⁴³⁶ *Cf.* Brief of Amicus Curiae Uber Technologies Inc., *supra* note 152, at 15-16 (arguing that the plaintiff’s damages expert could have justified a higher royalty demand if he considered the patentee’s actual, competitive injuries).

CONCLUSION

The founders gave Congress both the power and the responsibility to create a uniquely American patent system that benefits society, not just patentees and the patent industry insiders that profit from them.⁴³⁷ Thanks to centuries of patent industry contumacy, however, modern patent insiders can openly demand that policymakers act as biddable scribes rather than independent regulators.⁴³⁸

RESTORE exemplifies patent industry power. If enacted, RESTORE could “restore” a liberal injunction policy that Congress never previously authorized and that the Supreme Court correctly denied. Additionally, the bill’s findings would endorse a patent monetization racket built on routine violations of the 1946 Act.⁴³⁹ From a regulatory capture perspective, RESTORE is a chef’s kiss from the patent industry.

As for whether Congress will pass RESTORE, history offers two visions. Congress could reject RESTORE just as it rejected other efforts to liberalize patent injunction policy throughout American history. But the patent industry has a strong record of codifying judicial gains on patent remedies, and RESTORE could join the 1819, 1870, and 1922 Acts in the patent industry trophy case. Regulatory capture is arguably stronger today than at any point in American patent history,⁴⁴⁰ suggesting political winds favor the patent industry.

⁴³⁷ See *supra* notes 16-21 and accompanying text.

⁴³⁸ See, e.g., Council for Innovation Promotion Report Finds Majority of Congress Failing on Innovation Policy, <https://c4ip.org/council-for-innovation-promotion-report-finds-majority-of-congress-failing-on-innovation-policy/> (last visited May 28, 2025) (assigning letter grades to judge individual lawmakers based “on their votes, bill sponsorship and co-sponsorship, and leadership or advocacy on IP”).

⁴³⁹ See *supra* notes 404-407 and accompanying text.

⁴⁴⁰ See, e.g., Michael Shapiro, *Trump Jr. Invests in Notorious Patent Executive’s Latest Venture*, BLOOMBERG LAW, Mar. 21, 2025, <https://news.bloomberglaw.com/ip-law/trump-jr-invests-in-notorious-patent-executives-latest-venture> (reporting an investment by President Trump’s son in “a new patent-litigation-focused business launched by seasoned monetization executive Erich Spangenberg”); Annelise Levy & Michael Shapiro, *Lutnick’s Inventor Past Offers Glimpse Into*

No matter what happens with RESTORE, the patent industry will persist as it has for centuries. Congress should consider broader reforms to reverse patent industry self-regulation. As an initial step, policymakers can embrace *eBay* as a litmus test for assessing whether individual advocates support congressional primacy or patent industry hegemony. If advocates cannot concede *eBay*'s soundness, lawmakers should be suspicious of their efforts to reverse centuries of congressional policy and to require injury presumptions in cases of harmless infringement.

Commerce Patent Role, BLOOMBERG LAW, Jan. 28, 2025, <https://news.bloomberglaw.com/ip-law/lutnicks-inventor-past-offers-glimpse-into-commerce-patent-role> (summarizing Secretary Lutnick's experience obtaining and asserting patents, including criticisms that his patents were "garbage" and that he engaged in inequitable conduct); Kass, *supra* note 27 (profiling the previous eight nominated USPTO directors, the last five of which were all patent attorneys).