Privateering and its Discontents: Marque and Reprisal, Qui Tam*, Citizen Suits, and Patents*

John M. Golden[1]

Abstract

Commentators have long debated the relative merits of private and public enforcement of the law. Environmental-law citizen suits, securities-law class actions, and *qui tam* litigation have been focal points for controversy about how and when to use private-enforcement rights to help execute government policy. U.S. patent law's recently abrogated *qui tam* provision for false marking provides a recent example of the potential benefits and pathologies of private enforcement. Patent law also raises questions of private enforcement through debates over the extent to which third parties, including consumers, should have access to administrative or court proceedings to challenge patent rights. Most fundamentally, patents themselves can be viewed as private rights to sue—i.e., private-enforcement rights—that are granted to advance the public interest in promoting innovation. Concerns about so-called "patent trolls" or other litigation-focused patentees bring to the forefront the fact that patent holders are private parties endowed with legal authority to appropriate value generated through the activities of others. Thus, in various respects, patentees might be more properly analogized to privateers bearing letters of marque and reprisal than to real-property owners. Privateering, of course, can have benefits, particularly for governments relatively short on cash. But privateering can also lead to abuse or, at the very least, behavior not in line with overall social interests. By analogy with past and present restrictions on citizen suits, *qui tam* suits, and letters of marque and reprisal themselves, greater restriction or regulation of "patent privateering" might be worth considering. Contemporary and historical analogs provide guidance for the various forms that such restriction and regulation might take.

[1] Professor in Law, University of Texas at Austin. For helpful comments, I thank Oren Bracha, Mark Gergen, Mark Lemley, Charles Silver, and participants in the Drawing Board Luncheon at the University of Texas School of Law, the 2012 Works-in-Progress Intellectual Property Colloquium at the University of Houston Law Center, and the Second Annual University of San Diego School of Law Patent Law Conference. For the title, I extend apologies to Sigmund Freud, *Civilization and Its Discontents* (James Strachey trans. & ed., 1961).

Privateering and its Discontents: Marque and Reprisal, Qui Tam*, Citizen Suits, and Patents*

John M. Golden

Contents

I. Introduction

For decades, commentators have debated the relative merits of private and public enforcement of the law.[2] Citizen suits, class actions, and *qui tam* litigation have been focal points for controversy about how to structure and police relations between government policy and the populace it means to serve.[3] Partially privatizing law enforcement by authorizing such litigation can be a means for Congress to empower private citizens;[4] to enable more efficient, innovative, and vigorous enforcement of the law;[5] and to place an additional check or limitation on the administrative state's seemingly ever more powerful Executive.[6] At the same time, broad authorization of such litigation can generate increased litigation costs, outright abuse of the legal system for purposes of harassment or "hold-up," overenforcement of overbroad laws,[7] and perhaps even arguably unconstitutional interference with the President's constitutional charge to

---

[2] *Compare, e.g.*, Gary S. Becker & George J. Stigler, *Law Enforcement, Malfeasance, and Compensation of Enforcers*, 3 J. LEGAL STUD. 1, 16 (1974) (suggesting that enforcement might be improved by "paying private enforcers for performance, or on a piece-rate basis"), *with* William M. Landes & Richard A Posner, *The Private Enforcement of Law*, 4 J. LEGAL STUD. 1, 3 (1975) (considering whether "the area in which private enforcement is in fact clearly preferable … is more restricted than Becker and Stigler believe").

[3] *See, e.g.*, Richard A. Bales, *A Constitutional Defense of* Qui Tam, 2001 WIS. L. REV. 381, 390 (discussing how Congress deliberately strengthened *qui tam* enforcement of the False Claims Act through 1986 legislation); Frank B. Cross, *Rethinking Environmental Citizen Suits*, 8 TEMP. ENVTL. L. & TECH. J. 55, 55 (1989) ("[T]he 1980's have witnessed dramatic growth in use of the citizen suit."); Amanda M. Rose, *Reforming Securities Litigation Reform: Restructuring the Relationship Between Public and Private Enforcement of Rule 10b-5*, 108 COLUM. L. REV. 1301, 1314-17 (2008) (describing changes in attitudes toward "private Rule 10b-5 enforcement" in securities law).

[4] *See* Bales, *supra* note 3, at 437 (observing that the False Claims Act's *qui tam* provision "empowers citizens to enforce the [Act] directly").

[5] *See* Matthew C. Stephenson, *Public Regulation of Private Enforcement: The Case for Expanding the Role of Administrative Agencies*, 91 VA. L. REV. 93, 108 (2005) (noting various potential advantages of private enforcement); Danieli Evans, Note, *Concrete Private Interest in Regulatory Enforcement: Tradable Environmental Resource Rights as a Basis for Standing*, 29 YALE J. ON REG. (forthcoming 2011) ("Citizen suits have been recognized as effective means of supplementing agency enforcement …."), *available at* http://ssrn.com/abstract=1873518.

[6] *See* Stephenson, *supra* note 5, at 110 (observing that private enforcement "can correct for agency slack—that is, the tendency of government regulators to underenforce … because of political pressure, lobbying …, or the … self-interest of the regulators").

[7] *See id.* at 114-17 (noting the possibilities of excessive private enforcement and abusive litigation).

"take Care that the Laws be faithfully enforced."[8] Arguments over the constitutionality and social desirability of private-enforcement rights have thus raged in relation to environmental laws,[9] securities laws,[10] civil rights laws,[11] and the *qui tam* provision of the False Claims Act.[12]

Perhaps it was only a matter of time before these arguments came to roost with U.S. administrative law's oft-neglected stepchild,[13] the U.S. patent system. In the last decade, patent law has joined debates over private enforcement in at least three ways—two readily recognized and a third whose connection to private-enforcement debates is fundamental but more subtle.

Most obviously but also most trivially, the U.S. Patent Act's now-abrogated *qui tam* provision generated controversy that the 2011 America Invents Act has substantially mooted.[14] The formerly operative *qui tam* provision explicitly authorized "[a]ny person"—regardless of any plausible claim of personal injury—to sue to enforce the [Patent] Act's prohibition of false patent marking.[15] A successful *qui tam* plaintiff had a right to fifty percent of any fine that a court imposed.[16] Although multiple district courts held the *qui tam* provision to be constitutional

---

[8] U.S. CONST. art. II, § 3; *see also* Bales, *supra* note 3, at 384 (observing that the False Claims Act's *qui tam* provision "raises separation of powers issues by effectively redistributing prosecution and enforcement powers from the executive branch to informers").

[9] Cross, *supra* note 3, at 56 ("I conclude … that citizen suits create both practical and constitutional problems and should be discouraged."); Evans, *supra* note 5, at 8-12 (describing arguments for and against citizen suits).

[10] Rose, *supra* note 3, at 1303 (describing contrary positions on the effects of "Rule 10b-5 class actions").

[11] Michael Selmi, *Public vs. Private Enforcement of Civil Rights: The Case of Housing and Employment*, 45 UCLA L. REV. 1401, 1405 (1998) ("suggest[ing] that the government is an inherently weak enforcer of civil rights, and that it may be time to cede its role as a primary enforcement agency").

[12] Bales, *supra* note 3, at 439 (concluding that current arguments "do not … warrant the conclusion that the *qui tam* provisions of the [False Claims Act] are unconstitutional").

[13] *Cf.* Stuart Minor Benjamin & Arti K. Rai, *Who's Afraid of the APA? What the Patent System Can Learn from Administrative Law*, 95 GEO. L.J. 269, 270 (2007) ("[I]nattention to administrative law principles has long been a striking feature of the patent system.").

[14] The Leahy-Smith America Invents Act replaced the *qui tam* provision with one that empowers only "person[s] who ha[ve] suffered a competitive injury" to sue for "damages adequate to compensate for the injury." Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 16 (2011).

[15] 35 U.S.C. § 292(b) (prior to 2011 America Invents Act) ("Any person may sue for the penalty [for false patent marking], in which event one-half shall go to the person suing and the other to the use of the United States.").

[16] *Id.*

under the U.S. Constitution's "Take Care" Clause, two district courts disagreed.[17] More generally, the *qui tam* controversy involved debate over the wisdom of using private law-enforcement mechanisms to advance public goals.[18]

But there are other, more pressing questions about private enforcement in patent law for which the *qui tam* controversy serves merely as an appetizer. A second prominent front in debates over private enforcement involves private parties' access to administrative or judicial proceedings to seek clarification of others' rights or to enforce limits on patentability. Over the last few decades, U.S. patent law has witnessed multiple innovations designed to increase private parties' capacity to challenge the patentability of others' claimed inventions. In the early 1980s, third parties gained the capacity to request *ex parte* reexamination proceedings.[19] In 1999, Congress added an *inter partes* variant of reexamination.[20] Through the 2011 America Invents Act, Congress has restricted access to *inter partes* reexamination[21] while making available a new form of post-grant review[22] and also providing for "transitional post-grant review proceeding[s]" for certain business method patents.[23]

---

[17] Rogers v. TriStar Prods., Inc., 99 U.S.P.Q.2d 1438, 1445, 1448 (E.D. Pa. 2011) (joining the Northern District of Ohio in holding that the false marking statute violates Article II of the U.S. Constitution despite the fact that "every other court that has considered … constitutionality under Article II has rejected the challenge"), *vacated*, – Fed. Appx. –, 2011 WL 5569438 (Fed. Cir. Nov. 16, 2011). *See generally* Vt. Agency of Natural Res. v. United States ex rel. Stevens, 529 U.S. 765, 778 n.8 (2000) ("express[ing] no view on the question whether *qui tam* suits violate Article II").

[18] *Cf.* Thomas F. Cotter, *Optimal Fines for False Patent Marking*, 17 MICH. TELECOMM. TECH. L. REV. 181, 185-87 (2010) (discussing the positions of supporters and opponents of the *qui tam* provision); Nicholas W. Stephens, Note, Forest *Awakens a Sleeping Giant: Revival of the False Patent Marking Statute*, IOWA L. REV. (forthcoming) (arguing that "[r]ecent changes have moved in the right direction by encouraging greater enforcement" but that "further reform is necessary"), *available at* http://ssrn.com/abstract=1813422.

[19] ROBERT PATRICK MERGES & JOHN FITZGERALD DUFFY, PATENT LAW AND POLICY: CASES AND MATERIALS 1092 (4th ed. 2007) (discussing the enactment and nature of ex parte reexamination provisions).

[20] *Id.* (noting the enactment of provisions for inter partes reexamination).

[21] *Compare* H.R. 1249, 112th Cong. § 6(a) (for codification at 35 U.S.C. § 314(a)) ("The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition … and any response … shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged …."), *with* 35 U.S.C. § 313(a) (abrogated) ("If … the Director finds that a substantial new question of patentability affecting a claim of a patent is raised, the determination shall include an order for inter partes reexamination ….").

[22] *See, e.g.*, H.R. 1249, 112th Cong. § 6(d) (providing for post-grant review under which a petitioner "may request to cancel as unpatentable 1 or more claims of a patent on any ground that

On the other hand, while Congress has generally expanded third parties' capacity to challenge patent claims in administrative proceedings, standing to seek direct judicial review of patent rights remains severely restricted. The U.S. Supreme Court has required some loosening of the approach to regulating such standing.[24] But a recent decision of the U.S. Court of Appeals for the Federal Circuit suggests that judicial standing to challenge another's patent rights is still tightly constrained.[25] Under the Federal Circuit's view, judicial standing generally requires that a challenger "allege both (1) an affirmative act by the patentee related to the enforcement of his patent rights [against the challenger] … and (2) meaningful preparation [by the challenger] to conduct potentially infringing activity."[26] Those who cannot meet such requirements—for example, generic consumers who claim solely that they pay higher prices for patented products or processes than they would if associated patent rights were found invalid—must find a way to initiate an administrative challenge first. Only later can they seek judicial review of an adverse administrative decision. Such limits on third-party standing to challenge patent rights apparently contrast with the capacity of consumers to bring a suit alleging antitrust violations.[27] Should there be a form of consumer standing to challenge the validity of patents that might reasonably be alleged to cause serious consumer harm?

Whatever the role of third parties in policing patent rights' limits, there is an even more fundamental way in which the proper extent of private enforcement is a relevant issue for patent law. Concerns about the potential for overly aggressive enforcement of patent rights by so-called "patent trolls" or other, less dehumanized forms of patentees[28] highlight that patent law is in fact a long-established means of using private-enforcement rights to advance a public goal—

---

could be raised" as a defense to a charge of patent infringement (internal quotation marks omitted)).

[23] *Id.* § 18(a)(1).

[24] MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118, 137 (2007) (reversing a judgment of the U.S. Court of Appeals for the Federal Circuit after concluding "that petitioner was not required, insofar as Article III is concerned, to break or terminate its 1997 license agreement before seeking a declaratory judgment in federal court that the underlying patent is invalid, unenforceable, or not infringed").

[25] Ass'n for Molecular Pathology v. U.S. Patent & Trademark Office, 653 F.3d 1329, 1348 (Fed. Cir. 2011) (holding that the district court erred in "fail[ing] to limit its jurisdictional holding to affirmative acts by the patentee directed at specific Plaintiffs").

[26] *Id.* at 1343.

[27] *See* Robert G. Bone, *Procedure, Participation, Rights*, 90 B.U. L. REV. 1011, 1021 (2010) (describing "an antitrust suit in which consumers sue for damages" as a "class action enlist[ing] private enforcement to protect market competition").

[28] *See, e.g.*, John M. Golden, *"Patent Trolls" and Patent Remedies*, 85 TEX. L. REV. 2111, 2111 (2007) (discussing recent "concern that the United States' patent system is out of balance" (internal quotation marks omitted)).

the promotion of scientific and technological progress.[29] Because of the generally nonexcludable nature of information that has been publicly disclosed in an issued patent, the key practical entitlement that a patent provides is not so much a truly effective "right to exclude"[30] but, instead, a power to sue. Just as with other private causes of action, the private causes of action provided by patent rights can be used or abused in a way that runs contrary to the public interest. Consequently, analysis of patent law's pros and cons can be enriched by comparison to the balances of pros and cons that have been identified and debated with respect to private enforcement in other contexts. Does this comparison suggest that Congress should adopt mechanisms for public enforcement of patent rights or, at least, for greater public regulation of private enforcement? To what government entities would such regulation be best entrusted?

Recent growth in *qui tam* litigation to enforce the False Claims Act and continuing barrages of citizen suits and securities-law class actions have caused commentators and policymakers to debate the advantages and disadvantages of private-enforcement rights and the regulation of their exercise. Contending that scholars should more generally recognize "that private mechanisms of enforcement are a form of state capacity," David Engstrom has called for "focusing attention on how particular institutional designs—including the [False Claims Act] as well as a range of other competing litigation oversight design proposals—may or may not facilitate sound public management of private enforcement capacity."[31]

This paper extends the established debate over private-enforcement rights to patent law. In doing so, the paper looks to weaken the grip of a tangible-property metaphor for rights relating to information. For certain purposes a better metaphor might be citizen-suit or *qui tam* provisions, with patent holders being viewed not so predominantly as property owners but more dynamically as "patent privateers"[32] or, alternatively, as a strain of privatized tax collectors.

---

[29] *Cf.* U.S. CONST. art. I, § 8, cl. 8 (empowering Congress "[t]o promote the Progress of Science and useful Arts, by securing … to … Inventors exclusive Right to their … Discoveries"); Ted Sichelman, Purging Patent Law of 'Private Law' Remedies 8 (2011) (observing "nearly universal agreement that the patent system's primary goal is to promote innovation, rather than to vindicate individual, private rights"), *available at* http://ssrn.com/abstract=1932834.

[30] 35 U.S.C. § 154(a)(1) ("Every patent shall contain … a grant … of the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States ….").

[31] David Freeman Engstrom, Agencies as Litigation Gatekeepers: An Empirical Analysis of DOJ Intervention Under the *Qui Tam* Provisions of the False Claims Act 51 (Oct. 21, 2011), *available at* http://ssrn.com/abstract=1882181.

[32] Tom Ewing has separately described as "IP privateering" a different phenomenon—namely, "the beneficial application of third-party [intellectual property rights on behalf of] a sponsoring entity … to achieve a … goal of the sponsor." Tom Ewing, *Indirect Exploitation of Intellectual Property Rights by Corporations and Investors: IP Privateering and Modern Letters of Marque and Reprisal*, 4 HASTINGS SCI. & TECH. L.J. 1, 5 (2012). This phenomenon lacks, however, the aspect of public backing of privateering activity that is crucial for my purposes. Thus, I would choose different terminology for the phenomenon on which Ewing focuses—perhaps, for example, "IP procurators" or "IP proxies." *Cf.* Mike Swift, *Apple and Samsung Chiefs Ordered*

Viewing patent holders as "privateers" opens their activities and regulation to a wealth of comparisons, contemporary and historical. At the very least, the rise and fall of Francis-Drake-style privateering,[33] the recent meteoric career of *qui tam* litigation under the U.S. Patent Act,[34] and the mid-1980s reform of *qui tam* litigation under the False Claims Act[35] remind us that existing institutional arrangements on private enforcement can evolve and even collapse with time. This might be expected to be true of the patent system as well, despite the remarkable persistence of many of its core features and their current, apparent entrenchment through a regime of international treaties.

II. Patents as Creatures of the Pre-Westphalian State

Commentators such as John Duffy have aptly described the administrative apparatus of the U.S. patent system as Jacksonian.[36] This terminology captures the fact that, although the U.S. Patent and Trademark Office was an innovation at the time of its creation in 1836, it is relatively innocuous by post-New Deal standards.[37] Generally speaking, the USPTO lacks substantive rulemaking authority,[38] and the courts thus retain their centuries-old role as primary developers of patent-law doctrine, subject to the dictates of Congress's increasingly expansive Patent Act.[39]

---

to Meet, San Jose Mercury News, Apr. 17, 2012 ("Apple's action against [Samsung] is widely seen as a *proxy* war against Google's Android mobile operating system." (emphasis added)).

[33] *See* JON LATIMER, BUCCANEERS OF THE CARIBBEAN: HOW PIRACY FORGED AN EMPIRE 280 (2009) (discussing how privateering shifted from potential fleet actions to "strictly individual commercial ventures" by the early eighteenth century); DONALD A. PETRIE, THE PRIZE GAME: LAWFUL LOOTING ON THE HIGH SEAS IN THE DAYS OF FIGHTING SAIL 46 (1999) (describing how, through the Paris Convention of 1856, nearly fifty nations agreed to end privateering); *cf. The Company That Ruled the Waves*, ECONOMIST, Dec. 17, 2011, at 109, 111 (in comparing modern state-owned enterprises to the historical British East India Company, describing how the Company became subject to "ever-tighter supervision" by the government, which "took over all administrative duties in India" about sixteen years before the Company's demise in 1874).

[34] *See supra* text accompanying notes __.

[35] *See* Bales, *supra* note 3, at 390 (discussing 1986 reform).

[36] *See, e.g.*, John F. Duffy, *The FCC and the Patent System: Progressive Ideals, Jacksonian Realism, and the Technology of Regulation*, 71 U. COL. L. REV. 1071, 1080 (2000) ("[T]he modern American patent bureaucracy was established during the Jacksonian era ….").

[37] *See id.* at 1133 ("Unlike the sweeping delegations of governmental power in the Progressive and New Deal eras, the delegations of governmental power for the patent system were, and still are, extraordinarily narrow.").

[38] John M. Golden, *Patentable Subject Matter and Institutional Choice*, 89 TEX. L. REV. 1041, 1045 (2011) ("A key aspect of patent law's distinctiveness is the USPTO's lack of substantive rulemaking power.").

[39] *See* Duffy, *supra* note 36, at 1134 (observing that "the Patent Office was given no power to issue substantive regulations—a limitation that continues to have significant legal implications");

But to the extent scholars and policymakers look back to the Jacksonian Era as the font of the modern patent system, or even to the extent they look back to the first U.S. Patent Act of 1790[40] or the U.S. Constitution of 1787,[41] they might not look back far enough. The ancestral roots of the U.S. patent system lie deeper, tracing back at least as far as Venice's patent act of 1474.[42] This act preceded by about a century and a half the English Statute of Monopolies, which is often seen as the official starting point for Anglo-American, invention-based patent law.[43] Robert Merges and John Duffy have noted that the fifteenth-century Venetian act "lays out most of the essential features of modern patent law, including a right for the inventor to have an accused infringer "summoned before [a city] Magistrate" so that the inventor may obtain remedies such as a payment of money or an order for the destruction of an infringing device.[44]

Jerry L. Mashaw, *Administration and "The Democracy": Administrative Law from Jackson to Lincoln, 1829-1861*, 117 YALE L.J. 1568, 1580 (2008) (observing that the "Commissioner of Patents was given no rulemaking authority" and "the development of the law of patentability remained largely in judicial hands, as it is today").

[40] Duffy, *supra* note 36, at 1134 (describing the first Patent Act as representative of a traditional congressional approach of "narrow delegation" with respect to U.S. patent law).

[41] *See* U.S. CONST. art. I, §8, cl. 8 (authorizing Congress "[t]o 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"); *see also* ROBERT PATRICK MERGES & JOHN FITZGERALD DUFFY, PATENT LAW AND POLICY: CASES AND MATERIALS 7 (4th ed. 2007) (observing that "an early draft of the constitutional clause relating to patents and copyrights "called for both exclusive rights *and* outright subsidies for new inventions").

[42] *Patent Law*, *in* 13 ENCYCLOPAEDIA BRITANNICA: MACROPAEDIA 1071, 1071 (1979) [hereinafter *Patent Law*] ("Patents for inventions were first introduced in the 15th century in certain Italian states—the first known grant by a state to an inventor having occurred in the Republic of Florence in 1421 and an ordinance relating to patents having been enacted in Venice in 1474."); *see also* MERGES & DUFFY, *supra* note 41, at 3 ("The first regular administrative apparatus for granting patents—the first real patent 'system'—arose in Venice in the late fifteenth century."); *cf.* Edward C. Walterscheid, *The Early Evolution of the United States Patent Law: Antecedents (Part 2)*, 76 J. PAT. & TRADEMARK OFF. SOC'Y 849, 853 (1994) ("It is not certain when the first English patents of monopoly were granted, but the English patent system took root and flourished during the [sixteenth-century] reign of Queen Elizabeth I.").

[43] *Patent Law*, *supra* note 42, at 1071 (describing the statute as "an act of Parliament that declared [monopoly] grants to be unlawful but, as an exception, confirmed the authority to grant exclusive rights for new inventions for a term of 14 years"); *see also* MARTIN J. ADELMAN, RANDALL R. RADER & JOHN R. THOMAS, CASES AND MATERIALS ON PATENT LAW 9 (3d ed. 2009) ("The exception in section 6 of the Statute of Monopolies is the foundation of patent law in the common law world."); Walterscheid, *supra* note 42, at 880 (describing the Statute of Monopolies as "provid[ing] a firm foundation for the development of patent law in England and later in Great Britain").

[44] MERGES & DUFFY, *supra* note 41, at 4 (quoting the Venetian act).

Thus, the "essential features" of patents appear largely to have been set long before the Peace of Westphalia of 1648, which, in concluding the Thirty Years' War, established a conventional marker for emergence of the modern European nation-state.[45] Patents are to large extent creatures of a time period in which the nation-state was only nascent. During this pre-Westphalian period, states, including the atypically strong English state, were remarkably weak by the standards of the present.[46] Local government in Elizabethan England was still "in the hands of unpaid nobility and gentry" who could effectively thwart the meaningfulness of supposedly national laws.[47] What Jon Brewer has termed the post-Glorious Revolution's British "fiscal-military state"—with its unprecedented levels of taxation, government debt, and army of public administrators—would only come later.[48] With the bureaucratic apparatus of the national government lagging its ambitions, a pre-Westphalian sovereign commonly had to rely on the initiative of private individuals to achieve public ends.[49] Thus, "before the mid-seventeenth

---

[45] CARLTON J.H. HAYES, MODERN EUROPE TO 1870, at 239 (1953) ("From the Thirty Years' War finally emerged the modern state-system of Europe …."); DAVID HELD, DEMOCRACY AND THE GLOBAL ORDER: FROM THE MODERN STATE TO COSMOPOLITAN GOVERNANCE 77 (1995) (describing an "inter-state system" according to a "'Westphalian' model, after the Peace of Westphalia of 1648 … which entrenched, for the first time, the principle of territorial sovereignty in inter-state affairs"); Leo Gross, *The Peace of Westphalia, 1648-1948*, 42 AM. J. INT'L L. 20, 20 (1948) (discussing common characterization of the Peace of Westphalia as "the first of several attempts to establish something resembling world unity on the basis of states exercising untrammeled sovereignty over certain territories"); *cf.* HAYES, *supra*, at 23 (observing that the sixteenth century witnessed the rise of "the medium sized 'national' state," "independent of empires and yet … represent[ing] unifications of feudal localities"); JOSEPH R. STRAYER, ON THE MEDIEVAL ORIGINS OF THE MODERN STATE 110 (1970) ("By 1700 the Western European state had developed its own characteristic political patterns, patterns that determine the structure of most states today.").

[46] *See* JON BREWER, THE SINEWS OF POWER: WAR, MONEY AND THE ENGLISH STATE, 1688-1783, at 3 (1989) ("Though commentators on the early modern English state have often emphasized its weakness, medieval historians have long regarded the English case as exemplifying a state well equipped with strong, uniform and centralized institutions.").

[47] JON LATIMER, BUCCANEERS OF THE CARIBBEAN: HOW PIRACY FORGED AN EMPIRE 13 (2009) ("[I]t was extremely difficult for the crown to prevent a breach of the law should these notables choose to effect one.").

[48] *Id.* at xvii ("The late seventeenth and eighteenth centuries saw an astonishing transformation in British government … thanks to a radical increase in taxation, the development of public deficit finance (a national debt) on an unprecedented scale, and the growth of a sizable public admin[i]stration devoted to organizing the fiscal and military activities of the state.").

[49] Jody Freeman's discussion of traditional "contract[ing] out" of "'public functions,'" including "basic municipal services such as road construction, building maintenance, refuse collection, and the like," suggests that the United States' supposedly public sphere might never have managed as much autonomy as one might have thought. Jody Freeman, *The Private Role in Public*

century the chief beneficiaries of the growth of standing armies were not rulers but private entrepreneurs: money-lending and tax-gathering syndicates, military enterprisers who specialized in raising and leading troops."[50] In this environment, patents granting to private individuals exclusive rights to practice specified innovations quite naturally served as an apparently attractive way to harness private entrepreneurial spirit to serve the public end of developing a nation's economic and technological base.[51] But patents were only one of many such devices to harness personal motivations for public ends. Another such means, also accorded a place in the U.S. Constitution,[52] were letters of marque and reprisal—the subject of Part III.

III. Privateering in the Age of Sail

Letters of marque and reprisal were documents providing official authorization for private parties to sail against other ships at sea, seizing vessels and their contents for private profit.[53] At least as long as the bearer of such a commission acted in accordance with its terms, the commission qualified the bearer as a "privateer" whose seizures occurred with state backing and who therefore enjoyed various rights under both national law and the law of nations.[54] Privateers were thus distinguished from "pirates," who raided commerce without governmental authorization.[55]

Governance, 75 N.Y.U. L. REV. 543, 595 (2000) ("In the United States, many social services long have been funded by government but provided by nongovernmental entities.").

[50] BREWER, *supra* note 46, at xvi.

[51] *See* MERGES & DUFFY, *supra* note 41, at 4-5 ("The chief minister under Elizabeth I, William Cecil (Lord Burghley), used patents as an inducement for foreign artisans to bring continental technologies into England.").

[52] U.S. CONST. art. I, §8, cl. 11 (authorizing Congress "[t]o declare War, grant Letters of Marque and Reprisal, and make Rules concerning Captures on Land and Water").

[53] LATIMER, *supra* note 47, at 13-14 (describing the nature and purposes of letters of marque and reprisal); *see also* DONALD A. PETRIE, THE PRIZE GAME: LAWFUL LOOTING ON THE HIGH SEAS IN THE DAYS OF FIGHTING SAIL 2 (1999) (describing a letter of marque and reprisal as "a written license authorizing attack on enemy vessels on behalf of the nation").

[54] *See* PETRIE, *supra* note 53, at 145 ("The doctrine and practice of maritime prize was widely adhered to for four centuries, among a multitude of sovereign nations, because adhering to it was in the material interest of their navies, their privateersmen, their merchants and bankers, and their sovereigns."); *cf.* Robert C. Ritchie, *Government Measures Against Piracy and Privateering in the Atlantic Area, 1750-1850*, *in* PIRATES AND PRIVATEERS: NEW PERSPECTIVES ON THE WAR ON TRADE IN THE EIGHTEENTH AND NINETEENTH CENTURIES 10, 10 (David J. Starkey et al. eds., 1997) (stating that privateering activities "were brought to a high degree of organization as a matter of state policy and were recognized internationally as an appropriate state activity").

[55] 11 J.H.W. VERZIJL, W.P. HEERE & J.P.S. OFFERHAUS, INTERNATIONAL LAW IN HISTORICAL PERSPECTIVE 152 (1992) ("[T]here has existed for centuries a clear notional distinction between privateering and piracy in that pirates are acting for their own profit against private shipping without any official authorization by their government."); *see also* CARL E. SWANSON,

From about the seventeenth century on, privateering commissions generally only issued to serve a public-policy interest such as disrupting and plundering enemy shipping during wartime, or retaliating for the hostile acts of another state without declaring war.[56] In earlier times, privateering commissions had frequently served more narrowly private and compensatory ends: "a merchant, traveller or shipowner who had been robbed in the territory of or by subjects of a foreign prince in peacetime, but was unable to obtain redress through the courts of that country, could be authorized by a court (the court of admiralty in the case of a shipowner) to recoup his losses up to a specified sum by seizing the property of subjects of that country."[57] Even as late as 1778, Louis XVI of France granted letters of private reprisal to "merchants of Bordeaux against the English,"[58] although, as noted above, such practice was by that time not the norm.

Significantly, a key right of privateers was a right to litigate. As the national and international law of privateering developed, one of the most important of rights of a privateer, from the standpoint of financial incentives, became the right to bring an action for condemnation of captured property by a court.[59] Once such property was condemned, it could be sold to a buyer who would have good title—i.e., property rights good against the world including the pre-capture owners. Thus, a privateering commission enabled its holder to sell even relatively easily identifiable goods—such as a ship captured at sea—at essentially full price, rather than the steeply discounted price likely to be all that a buyer would offer for a prize without good title.[60] Statutes sometimes provided that privateers could also receive "extra bounties, called 'head

---

PREDATORS AND PRIZES: AMERICAN PRIVATEERING AND IMPERIAL WARFARE, 1739-1748, at 30 (1991) ("The possession of a letter of marquee (sometimes called a privateering commission) separated the privateer from a pirate.").

[56] *Cf.* VIRGINIA WEST LUNSFORD, PIRACY AND PRIVATEERING IN THE GOLDEN AGE NETHERLANDS 10 (2005) ("Dutch (and theoretically all) privateering was allowed only in time of war [or acknowledged hostility] with another country *and at no other time*.").

[57] LATIMER, *supra* note 47, at 13-14; *see also* 11 VERZIJL ET AL., *supra* note 55, at 153 (1992) ("Privateering as a means of warfare has a strong conceptual affinity with another historical institution …, namely, the taking of (private) reprisals.").

[58] 11 VERZIJL ET AL., *supra* note 55, at 154.

[59] LATIMER, *supra* note 47, at 14 (discussing "the 'letter of marque' issued from the seventeenth century onwards by an admiralty court in time of war to provide private vessels with legal safeguard to cruise against enemy shipping, and subsequently to sell the prizes once they had been condemned as enemy property by the court"); *see also* PETRIE, *supra* note 53, at 9 ("The initiation of a prize case, called a 'libel,' sought the legal seizure, called a 'condemnation,' of the vessel and her cargo.").

[60] *See* PETRIE, *supra* note 53, at 144 ("Merchant ships traveled to foreign ports, and the buyer of a prize vessel would not pay full price unless he received title papers that would protect his investment against seizure abroad by prior owners.").

money' proportionate to the number of men on board an enemy ship at the commencement of a successful engagement."[61]

During privateering's heyday, it was a combination of big business, blood sport, and public policy. Before the English and Dutch established themselves as great naval powers, they substantially cut their maritime teeth as privateers (and, sometimes, outright pirates).[62] And privateering continued to be an important mechanism of national policy even for established powers well into the eighteenth and nineteenth centuries.[63] Some data indicates that, in the early eighteenth century and out of a total "Dutch seafaring population" of approximately 60,000, "perhaps some 14,000 Dutch seamen from Amsterdam, Rotterdam, and Zeeland crewed aboard privateering vessels."[64] David Starkey has calculated that about "2,051 private men-of-war set forth from British ports between 1739 and 1815."[65] Total British privateering fleets were substantially larger in number as they included a variety of less heavily vessels: Starkey reports that Britain licensed 1,191 privateering vessels from 1739 to 1748; 1,679 from 1756 to 1762; 2,676 from 1777 to 1783; and 1,810 from 1803 to 1815.[66]

The United States and its predecessor colonies were well acquainted with the enterprise of privateering. American colonial privateers captured at least 829 vessels during Britain's conflicts with Spain and France from 1739 to 1748, inflicting direct damage on commerce that Carl Swanson has estimated as "roughly equivalent [in value] to 30 percent of the total trade … of France and its American colonies" during that time.[67] Later on in the American experiment,

---

[61] *Id.* at 3; *see also* SWANSON, *supra* note 55, at 37 (noting that a 1740 act of the British Parliament offered payment of "five pounds sterling for each seaman on board an enemy warship at the beginning of an engagement"); *cf.* LUNSFORD, *supra* note 56, at 22 ("Periodically, the [Dutch] States-General also used the lure of special 'premiums,' bonus awards to encourage Dutch privateers to pursue the ships of certain parties with particular zeal and/or to do their work with exceptional efficiency.").

[62] *See* LATIMER, *supra* note 47, at 16 (stating that, after the Duque de Alva defeated a revolt initiated in 1568, it became the task of "a fleet of maritime vagabonds, the so-called Sea Beggars, to lead the [Dutch] liberation"); *id.* at 22 (describing privateering as "transform[ing] the English merchant fleet and the merchant class that owned it"); *see also* LUNSFORD, *supra* note 61, at 4 (describing privateers as "an important part of the Netherlands' military arsenal during a period of evolving naval warfare").

[63] *Cf.* SWANSON, *supra* note 55, at 20 ("[T]here were limits to what an eighteenth-century state could achieve, and this is why privateering played an important role during wartime.").

[64] LUNSFORD, *supra* note 61, at 25 (noting that privateers thus accounted for a significant fraction of "the general Dutch seafaring population, estimated at 64,500 in 1670 and 52,500 in 1725").

[65] David J. Starkey, *A Restless Spirit: British Privateering Enterprise, 1739-1815*, *in* PIRATES AND PRIVATEERS: NEW PERSPECTIVES ON THE WAR ON TRADE IN THE EIGHTEENTH AND NINETEENTH CENTURIES 131 (David J. Starkey et al. eds., 1997).

[66] *Id.* at 131 & tbl. 7.1.

[67] SWANSON, *supra* note 55, at 183.

privateers accounted for the overwhelming bulk of the United States' maritime successes during both the Revolutionary War[68] and the War of 1812.[69] As Donald Petrie observes, in the latter war, the U.S. navy and U.S.-backed privateers captured or destroyed a total of eighteen British warships, "[b]ut of the British merchant fleet, approximately twenty-five hundred vessels were taken, principally by privateers."[70]

The most successful raiders won fame as well as fortune. Petrie reports that the decisions of prize courts "were avidly followed by the press and public," much as the progress and outcomes of sporting events are followed today.[71] In the seventeenth century, Dutch "freebooters" were "subjects of widespread adulation."[72] Even earlier, there were the exploits of Francis Drake. In the late 1570s, with financial backing from Queen Elizabeth I and her secretary of state, Francis Drake successfully raided Spanish settlements and shipping along South America's western coast, returning to England after (stunningly) circumnavigating the globe[73] to deliver booty that amounted to "a 4,700 per cent return" for his investors.[74] As Jon Latimer observes, the Queen's "share enabled her to pay off her entire foreign debt," and it "was therefore hardly surprising that Elizabeth knighted the 'master thief of the unknown world' on his own deck."[75] With privateers or pirates such as Drake, Walter Raleigh, and Drake's cousin John Hawkins enjoying something like celebrity status, Elizabethan England perhaps merited its reputation among foreign powers as "a pirate nation."[76] Indeed, under Elizabeth, the head of the

---

[68] SEA POWER: A NAVAL HISTORY 37 (E.B. Potter Ed., 2d ed. 1981) [hereinafter SEA POWER] ("Privateers made by far the most effective contribution to the American seagoing effort.").

[69] *Id.* at 105 ("America's most popular, as well as most effective, means of maritime reprisal continued to be privateering.").

[70] PETRIE, *supra* note 53, at 1.

[71] *Id.* ("The laws controlling prize taking were as familiar to the American populace as the rules of baseball are today.").

[72] LUNSFORD, *supra* note 61, at 4.

[73] LATIMER, *supra* note 47, at 17-18 (discussing "the truly astonishing nature of this feat" of circumnavigation given that "only Magellan's ship had ever achieved it before" and that Drake was English, rather than Portuguese, Spanish, or French, "the recognized masters of oceanic navigation").

[74] *Id.* at 17.

[75] *Id.* A colleague suggested that Elizabeth I might have been eager to appear on Drake's deck to help ensure that she indeed received her share.

[76] LATIMER, *supra* note 47, at 23; *see also* HAYES, *supra* note 45, at 331 (describing how Elizabeth I "tolerated and encouraged the fitting out of expeditions by Englishmen to prey upon Spanish commerce").

royal navy was also in charge of privateering, and the distinction between the regular navy and privateers was frequently muddled.[77]

On the other hand, although authorization of privateering was often seen as a way of pursuing or supplementing maritime conflict on the cheap,[78] it in fact entailed substantial public costs. In addition to providing legal authorization and court services for otherwise piratical activity, governments often provided direct or indirect subsidies for privateering. Direct subsidies might come in the form of loaned armaments[79] or monetary bounties that came on top of privateers' rights in captured booty.[80] Further subsidization could come through exemptions that freed privateers' loot from such taxes as customs duties[81] or that freed privateers themselves from the threat of impressment into the regular navy.[82]

Moreover, privateering was an unruly tool of public policy. Privateering's great advantage—its harnessing of private ambition and avarice for the public interest—also meant that it was an unruly tool of public policy, one that could upset relations with nonbelligerent powers and undermine more centrally controlled aspects of a war effort. England's privateering and piratical activities under Elizabeth I helped to stoke conflict with Spain,[83] and the more

---

[77] *See* KENNETH R. ANDREWS, TRADE, PLUNDER AND SETTLEMENT: MARITIME ENTERPRISE AND THE GENESIS OF THE BRITISH EMPIRE, 1480-1630, at 244 (1984) ("Far from being a professional navy, distinct from the mass of private shipping, the royal navy was dominated by private interests deeply entrenched in every department of its organization and activity, from the building of ships to the settling of accounts at the end of a cruise. Those interests were concerned above all with privateering ….").

[78] SWANSON, *supra* note 55, at 16 ("With its emphasis on destroying a rival's commerce but not adding to the government's financial burdens, privateering was perfectly attuned to the mercantilists' world view.").

[79] SWANSON, *supra* note 55, at 15 (describing how Rhode Island's colonial legislature "loaned [three individuals] 'so many of the colony's small arms, pistols, cutlasses, and great shot, as they have occasion of, for fitting out their private men-of-war'" (quoting 4 RECORDS OF THE COLONY OF RHODE ISLAND AND PROVIDENCE PLANTATIONS IN NEW ENGLAND 560-61 (John R. Bartlett ed., 1968) (1859)).

[80] SWANSON, *supra* note 55, at 16 (reporting on the Dutch government's "offering bounty money" to Dutch privateers for "engag[ing] French predators"); *see also supra* note 61 and accompanying text.

[81] SWANSON, *supra* note 55, at 15-16 (reporting how colonial courts and legislatures exempted privateers' prizes from taxes).

[82] SWANSON, *supra* note 55, at 16 (reporting on the Dutch exemption of privateers "from naval impressment"); *id.* at 36 (noting that a British act of 1708 "exempted [privateers] from naval impressment").

[83] *See* HAYES, *supra* note 45, at 217 ("[W]hen the Queen declared herself a Protestant and showed no inclination to assist Philip in any of his enterprises, and especially when she patronized raids on his overseas commerce and rebellion of his Dutch subjects, the Spanish King

pacific James I sought to curb the practice.[84] Even when war had broken out, the actions of privateers could threaten to widen the conflict by harming and offending neutrals: a French decree of 1798 authorizing French privateers to seize any ship carrying merchandise from England or her colonies "made most American shipping fair and very profitable game for French privateers" and caused the U.S. Congress to retaliate by authorizing U.S. warships and privateers to seize French vessels.[85]

Privateering could also draw resources away from more regular naval efforts or otherwise distort the incentives of policymakers, judges, and individual investors.[86] Reportedly, Esek Hopkins, the Commander in Chief of the Continental Navy, found that he "could not adequately man his vessels, owing to competition from the privateers," who could "offe[r] greater rewards, lighter discipline, and less danger."[87] But when Hopkins spoke out against privateering, he encountered the opposition of New England political leaders, many of whom were "heavy investors" in privateers.[88] Admiralty judges who ruled on whether a privateer's prize was properly taken might be among such investors, and, even if not direct investors, "[v]essels and cargoes condemned as prizes brought money into [a judge's] community."[89] Hence, Carl Swanson suggests that the judges' self-interest might mean there is little reason for surprise that "courts in the major mainland ports [of the American colonies] seldom did anything but issue condemnations when they heard prize cases."[90]

Finally, there was always the possibility that authorized privateering could provide cover or a point of entry for outright piracy. "[T]hose accused of piracy frequently pleaded the

---

sought her dethronement."); *id.* at 218-19 (describing the raids of "English sailors and freebooters" as).

[84] LATIMER, *supra* note 47, at 29 (reporting that James I "stopped the mounting campaign of privateering on both sides of the Atlantic").

[85] SEA POWER, *supra* note 68, at 86-87.

[86] The prospects of rewards from privateering might have helped feed colonial Americans' enthusiasm for various British conflicts with European powers in the mid-eighteenth century. *See* SWANSON, *supra* note 55, at 12-13 (contending that "[t]he War of Jenkins' Ear was popular in America mainly because it permitted privateering" and that the popularity of privateering, at least in the northern colonies, contributed to desire that "the conflict would expand to include France").

[87] SEA POWER, *supra* note 68, at 37; *cf.* LUNSFORD, *supra* note 61, at 15 ("In the greater scheme of things, privateer captains and sailors put up with no more real aggravation and regulation than their merchant shipping and naval service brethren, and they stood to profit handsomely from the capture of valuable plunder.").

[88] SEA POWER, *supra* note 68, at 37-38.

[89] SWANSON, *supra* note 55, at 38.

[90] *Id.*

profession of privateer,"[91] and piracy could be the end result of originally legitimate expeditions that provided adventurous spirits with significant force of arms.[92]

Perhaps as much as a result of interest in avoiding such undesired or accidental consequences as in satisfying any sense of propriety or justice, privateering evolved from a "smash and grab" activity, "like breaking a jeweler's window," into one that was subject to a substantial—indeed, perhaps surprisingly dense—amount of regulation,[93] to be described shortly below. Of course, the development and enforcement of such regulation undoubtedly inflicted costs of its own that might or might not be fully defrayed by the court fees and prize portions that the state or its actors, including admiralty judges, derived from privateering.[94]

By the mid-eighteenth century, regulation of privateering was significant and, at least on paper, surprisingly extensive. Robert Ritchie writes that unprecedented levels of privateering during the Nine Years War of 1688-1697 and the War of the Spanish Succession of 1702-1713 "forced the warring states, especially England and France, to define privateering and to bring it under control."[95] By the mid-eighteenth century, British privateers, including those from Britain's overseas colonies, were subject to the specific bounds of their commissions, further executive (i.e., Crown-based) "instructions to privateers," and detailed acts of Parliament.[96]

---

[91] LUNSFORD, *supra* note 61, at 3.

[92] *Cf.* LATIMER, *supra* note 47, at 35 (describing how an authorized expedition "with fourteen ships and 2,000 men" under the direction of Sir Walter Raleigh devolved into relatively unsuccessful and unauthorized raiding and led to Raleigh's hanging in 1618).

[93] PETRIE, *supra* note 53, at 5 ("At the outset, prize taking was all smash and grab, like breaking a jeweler's window, but by the fifteenth century a body of guiding rules, the maritime law of nations, had begun to evolve and achieve international recognition."); *see also* LUNSFORD, *supra* note 61, at 12 ("Throughout the Golden Age, the Dutch Republic maintained very rigorous and specific regulations regarding privateering …."); PETRIE, *supra*, at 147-158 (describing extensive regulation of prize taking from the middle of the eighteenth century through the middle of the nineteenth century).

[94] SWANSON, *supra* note 55, at 48 ("Legal fees [for admiralty-court adjudication] were high, and some judges even owned shares in the private men-of-war that came before their courts. Like privateer owners, admiralty judges sought to earn as much as possible from privateering."); *see also id.* at 45 (discussing "the entrepreneurial spirit of vice-admiralty justice" in Britain's American colonies).

[95] Robert C. Ritchie, *Government Measures Against Piracy and Privateering in the Atlantic Area, 1750-1850, in* PIRATES AND PRIVATEERS: NEW PERSPECTIVES ON THE WAR ON TRADE IN THE EIGHTEENTH AND NINETEENTH CENTURIES 18 (David J. Starkey et al. eds., 1997).

[96] David J. Starkey, *A Restless Spirit: British Privateering Enterprise, 1739-1815, in* PIRATES AND PRIVATEERS: NEW PERSPECTIVES ON THE WAR ON TRADE IN THE EIGHTEENTH AND NINETEENTH CENTURIES 127 (David J. Starkey et al. eds., 1997).

Privateers in other maritime jurisdictions, such as the Netherlands, were subject to substantially similar substantive regulations.[97]

More specific to an individual privateer's venture, the privateer's commission generally identified the ship; its tonnage, arms, owners, and captain; and the size of its crew.[98] The commission also "designat[ed] the nationality of vessels and goods liable to condemnation as prize,"[99] and commonly included various additional detailed instructions—for example, instructions on where captured ships and cargo must be sent, intact, for determination of whether they were legally good prize; orders forbidding torture or other cruelty toward prisoners; a command that the captain maintain a journal of privateering activity; prohibitions of various disfavored behavior such as "Swearing Drunkenness and Prophaness"; and "a catchall clause requiring the observance of all the king's laws."[100] Dutch *Article Brieven* could carry such provision of instructions to micromanagerial extremes by forbidding crew members from bringing a knife on board or taking the Lord's name in vain, prohibiting complaints about wages, and requiring that the captain lead "twice-daily public prayers."[101] To help ensure compliance with the various rules to which privateers were subject, privateers or their backers generally had to post a substantial bond with the issuer of their commission.[102] Consistent with this managerialism, the Dutch Admiralties maintained "a loose surveillance system" for their nation's privateers, using inspections by Dutch naval vessels and reports from officials and merchants abroad to monitor privateering activity.[103]

General "instructions to privateers" and statutes provided detailed rules regulating the distribution of prize proceeds and the processes of capture and prize adjudication.[104] After whatever cut of prize proceeds was taken by the government, government officials, and fees,[105]

---

[97] PETRIE, *supra* note 53, at 5 (describing rules of prize taking that had "attained widespread acceptance among all maritime nations").

[98] PETRIE, *supra* note 53, at 9 (describing contents of commissions).

[99] Starkey, *supra* note 96, at 127.

[100] SWANSON, *supra* note 55, at 31 (describing provisions in privateering commissions issued by Rhode Island in the mid-eighteenth century).

[101] LUNSFORD, *supra* note 61, at 12-13.

[102] PETRIE, *supra* note 53, at 10 ("Privateers were required to post bonds to ensure compliance with the instructions to privateers and the relevant laws of their countries.");

[103] LUNSFORD, *supra* note 61, at 15.

[104] *See* PETRIE, *supra* note 53, at 147-152 (describing rules for inspection and capture of a vessel after a successful chase); *id.* at 158 (discussing rules for "[t]he conduct of a prize crew"); *id.* at 159-61 (discussing procedural requirements for prize adjudication).

[105] *See, e.g.*, LUNSFORD, *supra* note 61, at 16-18 (discussing portions of Dutch prize proceeds absorbed by storage and auction fees, payments "to the state and the sponsoring Admiralty," and payment "to the Admiral-General (a.k.a. the Stadholder)"); SWANSON, *supra* note 55, at 34-36 (discussing Parliament's 1708 act establishing caps for admiralty-adjudication fees and eliminating a previous requirement that ten percent of prize proceeds go to the Lord Admiral).

remaining prize proceeds would commonly be distributed among investors, officers, and crew in accordance with private contractual agreements.[106] If no private agreements governed, legal default rules would kick in: Donald Petrie reports that, at the height of the age of fighting sail, British default rules provided that "half the proceeds went to the vessel's owners and the other half was divided among the officers and crew in accordance with the statutory naval formula" for prizes taken by the Royal Navy.[107]

Of course, the extent to which detailed regulations of privateers were followed in practice is another question. Despite instructions on where and how to deliver prizes to courts, a privateer captain could often exercise considerable discretion—weighing various factors such as "the weather, the condition of the chase, and the chances of enemy interception"—in deciding to what port to order a prize crew to take a captured vessel, and one might surmise that captains might often use the leeway allowed by that discretion to favor selection of the most favorable forums. More generally, one might be skeptical about how effective monitoring of privateers was, however, or even how effective the monitors wished it to be. Many of privateering's substantive regulations might have achieved a substantial part of their purpose simply by being of public record, thereby providing documentary evidence that a nation's privateering enterprise facially complied with international norms. Other regulations, such as ones forbidding swearing or requiring twice-daily prayer, could help reassure a nation's own public about the appropriateness of a risky, often bloody, and sometimes brutal activity that risked confusion with immoral thievery. Even officers of regular navies at least occasionally broke rules forbidding the pre-adjudication conversion and sale of prizes and their cargo. Moreover, responses to such violations were commonly lenient, if not laudatory: in this respect, "[t]wo of the greatest naval heroes [of Britain and the United States] flagrantly and openly violated the law."[108]

Admiralty judges themselves appear to have frequently breached rules of prize adjudication. Carl Swanson's study of prize adjudication in Britain's American colonies reveals that, "in more than half of all cases" studied, admiralty judges failed to wait 20 days, as the law required, before condemning a captured vessel made subject to a libel: "Rhode Island Judge Leonard Lockman condemned three vessels on the same day they were libeled."[109] With admiralty judges prone to such haste in declaring a good prize, one must wonder about the scrupulousness of the seamen whom the judges supervised.

In any event, privateering remained an accepted and even popular practice through the eighteenth century. But the public costs of privateering and the increased capacity of ever stronger nation-states to project sea power through regular navies ultimately helped tip the social balance against the practice. In 1856, dozens of countries, including Crimean War allies Britain

[106] PETRIE, *supra* note 53, at 5 ("The division of prize proceeds among privateering crews was controlled by contracts drawn up and signed before the voyage.").

[107] PETRIE, *supra* note 53, at 5-6.

[108] PETRIE, *supra* note 53, at 143.

[109] SWANSON, *supra* note 55, at 41.

and France, agreed by treaty to abolish the practice of issuing privateering commissions.[110] By the late nineteenth century, privateering had essentially come to an end, and the provision of the U.S. Constitution authorizing letters of marque and reprisal had, in effect, become a dead letter.

IV. *Qui Tam* Litigation

Another traditional mechanism for harnessing private enterprise for public purposes is *qui tam* litigation, in which "a private person maintains a … proceeding on behalf of both herself and the [sovereign] to recover damages and/or to enforce penalties available under a statute prohibiting specified conduct."[111] Generally speaking, under a statutory *qui tam* provision, the private person bringing the action "need not be aggrieved and may initiate the action in the absence of any distinct, personal injury arising from the challenged conduct."[112] Thus, the *qui tam* plaintiff, often called an "informer" or "relator,"[113] acts as a sort of "private attorney

---

[110] PETRIE, *supra* note 53, at 141 (describing how, through the Paris Convention of 1856, nearly fifty nations agreed to end privateering). The United States did not explicitly enter into this agreement because of its frustration with the treaty's failure to similarly restrain private enrichment from prize taking by regular navies. *Id.* Although the Confederacy commissioned some privateers during the American Civil War, SEA POWER, *supra* note 68, at 130 ("[T]he Confederacy itself, and also certain of its member states as individual sovereignties, did commission a number of privateers early in the war."), the United States did not issue any letters of marquee and reprisal during that conflict and has not issued any since. PETRIE, *supra* note 53, at 141. Prize taking by regular navies itself became essentially obsolete with the rise of submarine, planes, and missiles as predominant modes for attack on ships, and the British Parliament finally removed the Royal Navy's officers and crews from the "prize game" in 1948. *Id.* at 142 (observing that the proceeds from the auctioning of captured enemy ships now "belong entirely to the nation").

[111] Evan Caminker, *The Constitutionality of* Qui Tam *Actions*, 99 YALE L.J. 341, 341 (1989); *accord* Note, *The History and Development of* Qui Tam, 1972 WASH. U. L.Q. 81, 87 (1972) [hereinafter Note, Qui Tam *History*] ("All qui tam statutes … included two elements: (1) private prosecutors shared in the penalty; (2) private persons could initiate a suit to recover the penalty.").

[112] J. Randy Beck, *The False Claims Act and the English Eradication of* Qui Tam *Legislation*, 78 N.C. L. REV. 539, 552-53 (2000). *But see* Note, Qui Tam *History*, *supra* note 111, at 86 (observing that some *qui tam* statutes required "the plaintiff … to have suffered some particular injury over and above the public wrong," whereas some did not). In contrast, a common-law *qui tam* action appears generally to have involved an "aggrieved party," for whom *qui tam* was a procedural device for gaining access to England's royal courts on grounds that the case involved a royal interest as well as a private interest. Note, Qui Tam *History*, *supra* note 111, at 85; *see also id.* at 87 ("*Qui tam* was not a form of action. It was, rather, a means of bringing an action.").

[113] Beck, *supra* note 112, at 541 (noting that a *qui tam* plaintiff is commonly called an "'informer' or 'relator'").

general"[114]—albeit one that has a personal stake in the shape of a direct monetary interest in the suit's outcome.[115]

A. *Qui Tam* Litigation in England

The use of *qui tam* provisions to enforce statutory law is a domestic analog of the commissioning of privateers to project power beyond a state's borders. As Randy Beck reports, "[p]rior to the advent of modern law enforcement and the development of the regulatory state, England relied heavily upon *qui tam* informers to perform many tasks that today are the work of police officers, prosecutors, and administrative officials."[116] Unable to rely on local officials to ensure fidelity to national laws and policy, English Parliaments from about 1400 on began regularly and increasingly to provide for *qui tam* enforcement, particularly with respect to economic regulations.[117] Early *qui tam* statutes promised significant rewards for private enforcers of statutes controlling, for example, the prices of consumer goods and labor, the lengths of fairs, and the materials able to be used in making "wooden-soled shoes."[118] *Qui tam* statutes likewise provided incentives for private individuals to police the activities of public actors such as mayors, sheriffs, and jurors: "[t]he use of *qui tam* provisions to regulate the performance of public functions became increasingly common in the fourteenth and fifteenth centuries."[119] Under Henry VIII, "*qui tam* statutes were also used to regulate the clergy and the Church."[120]

---

[114] *See generally* Carl W. Hittinger & Jarod M. Bona, *The Diminishing Role of the Private Attorney General in Antitrust and Securities Class Action Cases Aided by the Supreme Court*, 4 J. BUS. & TECH. L. 167, 170 (2009) ("The phrase 'private attorney general' was first coined by Second Circuit Judge Jerome Frank in 1943…. The term remained somewhat dormant … until the 1970s, when its use started to skyrocket…. [T]he phrase can denote a wide range of private attorneys that serve the public interest ….").

[115] *But cf.* Rose, *supra* note 3, at 1315 ("'[P]rivate attorney general' in this context simply means a private party who sues primarily to vindicate a public interest, rather than to redress a personal loss.").

[116] *Id.* at 566; *see also* Note, Qui Tam *History*, *supra* note 111, at 86 ("In the early stages of English criminal law, enforcement of penal statutes was limited by the lack of an effective public police force."); *id.* at 89 (observing that "a wholesale abolition of the informer provisions" was "unworkable since informers were still needed to enforce penal laws in England").

[117] Beck, *supra* note 112, at 567-571 & n.156 (describing early *qui tam* statutes, and noting that "[t]he bulk of these enactments regulated economic activities in a wide array of industries"); *see also* Bales, *supra* note 3, at 386 ("By the early 1400s, *qui tam* provisions were appearing in a wide variety of statutes," many "regulat[ing] labor and commercial activity.").

[118] Beck, *supra* note 112, at 568-571 & n.154.

[119] *Id.* at 572; Bales, *supra* note 3, at 386 (noting the use of qui tam provisions to help police the "performance of public functions").

[120] *Id.* at 576.

Moreover, private enforcement in the manner of *qui tam* litigation was tied directly to the development of modern intellectual property law. A 1557 Stationers' Charter provided British stationers with private-enforcement power that could yield a fifty-percent share of a hundred-shilling fine.[121] Britain's 1710 Statute of Anne extended this provision for receipt of "half the sum of the statutory penalty … 'to any Person or Persons who shall Sue for the same.'"[122]

But public exploitation of the *qui tam* mechanism was not without difficulty. Misconduct by informers was sometimes impossible to ignore, and the Tudor and early Stuart eras witnessed significant efforts to restrain and reform *qui tam* enforcement. Under Henry VII, two members of the Court of Exchequer scandalously used *qui tam* helpers to "extor[t] fines."[123] Henry VIII had the officials and their *qui tam* helpers imprisoned; the former were ultimately beheaded, and the latter died in prison.[124]

More systematic reform was necessary to address a more systematic problem—the rise of "a class of professional informers ... making their living by pursuing *qui tam* litigation throughout the country."[125] "Professional informers" had become core players in the enforcement of English law: a study of 675 Elizabethan cases involving alleged violations of apprenticeship laws revealed that professional plaintiffs brought about seventy-five percent of them.[126] The efforts of such informers were not uniformly appreciated. Sir Edward Coke described "the Vexatious Informer" as joining "the Monopolist" among the ranks of "viperous Vermin, which endeavoured to have eaten out the sides of the Church and Common-wealth."[127] Less well-known figures showed hostility toward such "Vermin" by making them targets of mob violence.[128] Causes for complaints about *qui tam* plaintiffs included many that will sound familiar to current critics of so-called "patent trolls": (1) use of suit or threat of suit to extort settlements that deprived even the government of its fair share;[129] (2) "fraudulent or malicious

---

[121] L. Ray Patterson & Stanley F. Birch, Jr., *A Unified Theory of Copyright*, 46 HOUS. L. REV. 215, 359 (Craig Joyce ed., 2009) (describing the charter as providing a "qui tam remedy"); Oren Bracha, *The Adventures of the Statute of Anne in the Land of Unlimited Possibilities: The Life of a Legal Transplant*, 25 BERKELEY TECH. L.J. 1427, 1433 (2010) ("The 1557 Charter … established the [Stationers'] Company's national monopoly and bestowed various search and enforcement powers on it.").

[122] Bracha, *supra* note 121, at 143 (quoting the Statute of Anne).

[123] *Id.* at 574-75.

[124] *Id.* at 575.

[125] *Id.* at 576.

[126] *Id.* at 577.

[127] EDWARD COKE, THE THIRD PART OF THE INSTITUTES OF THE LAWS OF ENGLAND 194 (4th ed. 1669).

[128] Beck, *supra* note 112, at 578 ("In 1566, informers triggered riots in the vicinity of the Westminster courts.").

[129] *Id.* at 580-81("[A]n unlicensed composition permitted the informer to keep the entire recovery without giving the government a share.").

prosecutions";[130] (3) deliberate selection of venues for suit that were prohibitively inconvenient for defendants;[131] and (4) the filing of suits, such as those "enforcing outdated statutes or targeting technical violations," "that disinterested prosecutors would consider contrary to the public good."[132]

Under Henry VIII, Elizabeth I, and James I, Parliament and the Crown took various steps to restrain *qui tam* informers.[133] Reforms, many of which resonate with modern calls for patent reform, included the following: (1) a restriction on the extent to which a potentially collusive settlement of a *qui tam* suit would protect the defendant from future suits;[134] (2) reduction of the statute-of-limitations period for *qui tam* actions;[135] (3) issuance of "patents or commissions for enforcement of penal statutes" whose holders, though still motivated by private gain, could be required to pay the Crown up front and could also, "in theory, be trusted more than common informers because they faced the loss of their patents if they fell out of royal favor";[136] (4) provision for the corporal punishment and fining of informers who engaged in unlicensed

---

[130] *Id.* at 581.

[131] *Id.* at 583 ; *see also* COKE, *supra* note 112, at 192 (observing "that common Informers, and many times the Kings Attorney, drew all Informations for any offence in any place within the Realm of England against any penal law, to some of the Kings Courts at Westminster, to the intolerable charge, vexation and trouble of the Subject"); *id.* (noting that, even when not suing in Westminster, a *qui tam* plaintiff could institute suit "in any county where he would, where neither party nor witness was known").

[132] Beck, *supra* note 112, at 583-84; *see also* COKE, *supra* note 112, at 191 (recording that "many penal laws obsolete, and in time grown apparently impossible, or inconvenient to be performed, remained as snares, whereupon the Relator, Informer or Promooter did vex and intangle the Subject").

[133] Beck, *supra* note 112, at 587-89 (discussing reform legislation enacted from 1576 to 1623); *see also* COKE, *supra* note 112, at 191 (describing three "good" laws "for the ease and quiet of the Subject, and for the regulating of Informers upon penal statutes," were enacted during Elizabeth I's reign); Note, Qui Tam *History*, *supra* note 111, at 88 ("In 1576, Parliament provided the first statute limiting the means of prosecution at the informers' disposal.").

[134] Beck, *supra* note 112, at 574 (describing "reform legislation" of 1487); *see also* Note, Qui Tam *History*, *supra* note 111, at 89 (noting the possibility that "[a] friend of the wrongdoer would bring suit and either obtain a confessed judgment for a small part of the penalty or permit the wrongdoer to prevail at a feigned trial," and discussing a "procedural restriction [that] eliminated the preclusive effect of collusive suits").

[135] Beck, *supra* note 112, at 575 (observing that, under Henry VIII, "[t]he statute of limitations for a *qui tam* action was reduced temporarily to one year," in contrast "with the three-year statute of limitations that applied to actions brought by the King"); *id.* at 588 (noting the enactment in 1589 of a more permanent limitations period of one year for *qui tam* actions); *see also* Note, Qui Tam *History*, *supra* note 111, at 90 (reporting that a 1587 act "imposed … a one year statute of limitations").

[136] Beck, *supra* note 112, at 585-86.

settlements;[137] (5) a provision "requiring the informer to pay costs and damages if [a] case [were] discontinued by the informer or resulted in a verdict for the defense";[138] (6) a venue limitation requiring that actions to enforce penal statutes be filed "only in the county where the [alleged] offence was committed;"[139] and (7) repeal of various outdated provisions for *qui tam* enforcement.[140] These reforms tended to specifically target suits by informers while sparing from the restrictions suits brought by the king or "an aggrieved party."[141]

The Tudor and Stuart reforms helped restrain *qui tam* actions during a period of disfavor but also helped pave the way for *qui tam*'s survival. Resurgence followed in the eighteenth and early nineteenth centuries.[142] During this period of revival, *qui tam* litigation grew to "includ[e] laws designed to promote public safety and to protect the environment."[143]

The development of modern police and administrative apparatus ultimately spelled the doom of British *qui tam* statutes, however.[144] By the end of the nineteenth century, *qui tam* statutes had again fallen into substantial disfavor.[145] By the middle of the twentieth century, Parliament abolished *qui tam* statutes entirely.[146]

---

[137] *Id.* at 587 ("The 1576 statute dealt with the mounting problem of unlicensed compositions by subjecting offenders to corporal punishment."); *cf.* Note, Qui Tam *History*, *supra* note 111, at 90 (noting that the 1576 act "provided for the imposition of penalties on vexatious informers").

[138] *Id.* (describing the cost-shifting provision as designed "to discourage meritless *qui tam* cases"); *see also* Note, Qui Tam *History*, *supra* note 111, at 90 ("Another part of the [1576] statute permitted defendants to recover their court costs from harassing informers.").

[139] *Id.* at 588; *see also* COKE, *supra* note 112, at 193 (discussing an act requiring "that in all Informations … the offence shall be layed and alledged … in the said County where such offence was in truth committed, and not elsewhere"); *see also* Note, Qui Tam *History*, *supra* note 111, at 90 (discussing venue restrictions under acts enacted in 1587 and 1623).

[140] *See* Note, Qui Tam *History*, *supra* note 111, at 90 (noting that a 1623 act repealed "obsolete informer provisions").

[141] *See id.* at 90 (describing various reforms and stating that "[n]either the king nor an aggrieved party was affected by the legislation").

[142] Bales, *supra* note 3, at 386-87 ("*Qui tam* legislation experienced a resurgence in the 1700s and early 1800s ….").

[143] Beck, *supra* note 112, at 591.

[144] *Id.* at 601 ("Reliance on *qui tam* legislation declined dramatically with the development of alternate means of law enforcement.").

[145] *Id.* ("By the late nineteenth century, Parliament's enthusiasm for *qui tam* statutes had cooled significantly.")

[146] *Id.* at 605 (observing that "the Common Informers Act of 1951 … became the primary legislative vehicle for abolition of England's remaining *qui tam* statutes"); *see also* Bales, *supra* note 3, at 387 ("In 1951, Parliament abolished the *qui tam* action entirely.").

B. *Qui Tam* Litigation in the United States

Like England, the United States made use of *qui tam* provisions to compensate for the enforcement and monitoring deficiencies of the pre-twentieth-century state.[147] Individual states and the federal government enacted a multiplicity of *qui tam* statutes.[148] As in England, abuses arose, and legislatures responded with many of the same types of reforms.[149] The United States added at least one distinctive strain of reforms, however: legislative restriction of *qui tam* actions to civil proceedings[150] and complementary judicial characterization of some "informer suits" as involving criminal charges and therefore being legally impermissible.[151] As in England, *qui tam* provisions faded in frequency and significance in the late nineteenth century.[152] At the start of

[147] *See* Note, Qui Tam *History*, *supra* note 111, at 101 ("[I]n America, as earlier in England, qui tam proceedings began as a useful and perhaps necessary supplement to the efforts at law enforcement of inadequate public agencies.").

[148] *See id.* at 95 ("Statutes providing for *qui tam* suits were common in eighteenth century America …."); *id.* at 99 ("The federal experience with *qui tam* was quite similar to that of the states'. So long as *qui tam* was necessary to enforce the penal laws, it was utilized."); *see also* JOHN T. BOESE, CIVIL FALSE CLAIMS AND QUI TAM ACTIONS § 1.01 (2011) ("At least 10 of the first 14 statutes enacted by the first United States Congress relied on some form of *qui tam* action to supplement the enforcement role of government agents."), *available at* 2011 WL 3204969 (C.C.H.).; Bales, *supra* note 3, at 387 ("Prior to the American Revolution, several colonies passed statutes authorizing *qui tam* suits. Immediately after the framing of the Constitution, the First Congress enacted several statutes containing *qui tam* provisions. Over the next hundred years, Congress enacted seven *qui tam* statutes."). An early version of the bill that became the U.S. Copyright Act of 1790 made an ultimately abandoned proposal for a *qui tam* provision that would have divided "the penalty sum between 'the author … or the proprietor' and 'any person or persons who shall sue for the same.'" Bracha, *supra* note 121, at 1454-55.

[149] Note, Qui Tam *History*, *supra* note 111, at 97 (describing how American *qui tam* legislation led to "problems with vexatious and collusive informers" to which legislatures responded with "the same remedies as Parliament").

[150] *See* Note, Qui Tam *History*, *supra* note 111, at 97 ("American legislatures developed some of their own [remedies] to cure the informer abuses. Statutes were passed giving the state the exclusive control of penal actions.").

[151] *See id.* at 99 ("A judicial means of precluding informer suits was to label them as criminal as opposed to civil, and then refuse to permit private parties to bring them.").

[152] *See id.* at 99 (describing qui tam suits under state law as becoming less frequent in the late nineteenth century); *id.* at 100 ("During the latter part of the nineteenth century the federal informer provisions were gradually reduced.").

the twenty-first century, less than a handful of federal *qui tam* provisions remained in force.[153] But the path of general prohibition was not taken.[154]

Indeed, in 1986, Congress substantially revived one of federal law's surviving *qui tam* provisions, that embedded in the False Claims Act.[155] Congress had first enacted this act in 1863 in response to concerns with fraud by defense contractors during the Civil War.[156] The original act provided that "any person not in the military or naval forces" who violated the act would have to pay a $2,000 civil penalty, "double the amount of damages which the United States may have sustained," and "the costs of suit."[157] If subjected to criminal conviction, the same individual would also be "punished by imprisonment" for one to five years or by a fine of from one to five thousand dollars.[158] A successful *qui tam* plaintiff would "receive one half of the amount of … forfeiture" and damages, as well as any costs awarded by the court.[159]

Despite these monetary incentives, there appear to have been relatively few *qui tam* actions under the False Claims Act before 1930.[160] In the 1930s, expanded government spending led to expanded opportunities for fraud on the government.[161] Criminal indictments followed, and enterprising plaintiffs used public information from these indictments as a basis for "parasitical" *qui tam* suits.[162] In January of 1943, the U.S. Supreme upheld *qui tam* plaintiffs'

---

[153] Bales, *supra* note 3, at 387 ("Today, four *qui tam* statutes, all enacted more than a hundred years ago, remain on the books.").

[154] *See* Note, Qui Tam *History*, *supra* note 111, at 99 ("There is no evidence of a concerted effort to abolish *qui tam*; rather, there appears to have been a steady erosion of informer actions.").

[155] Beck, *supra* note 112, at 541 ("In [1986], Congress amended the federal government's principal anti-fraud statute … to encourage an archaic form of litigation known as a '*qui tam*' suit.").

[156] Bales, *supra* note 3, at 388 (describing the history of the False Claims Act); *see also* BOESE, *supra* note 148, § 1.01 ("As frequently happens during wartime, the vast spending that arose from the Union government's military effort led to widely publicized abuses by unscrupulous private contractors.").

[157] Act to Prevent and Punish Frauds Upon the Government of the United States, ch. 67, § 3, 12 Stat. 696, 698 (1863) [hereinafter "1863 Act"]; *see also* BOESE, *supra* note 148, § 1.01 (noting "the relative harshness of [the 1863 Act's] sanctions: double damages, and a $2,000 penalty for each false claim"); Bales, *supra* note 3, at 389 (reporting that the act "provided for double damages, [and] imposed a $2,000 mandatory civil penalty for each false claim").

[158] 1863 Act, *supra* note 157, § 3, 12 Stat. at 698.

[159] *Id.* § 6, 12 Stat. at 698.

[160] BOESE, *supra* note 148, § 1.01 ("There are few reported civil False Claims Act decisions prior to 1943.").

[161] *Id.* ("[I]n the 1930s and early 1940s …, the government's economic role in national life expanded, and with it the opportunities … to profit through fraud.").

rights to sue on the basis of such information.[163] Only Justice Jackson dissented, contending that Congress had not "intended to enrich a mere busybody who copies a Government's indictment … and who brings to light no frauds not already disclosed and no injury to the Treasury not already in process of vindication."[164]

Before the end of 1943, Congress and the President brought the False Claims Act in accord with Justice Jackson's vision—and then some. "On December 21, 1943, President Roosevelt signed amendments … provid[ing] that prior knowledge by the government of the allegations in [a] complaint was an absolute bar to jurisdiction over *qui tam* suits, even if the relator was the original source of the government's information."[165] The 1943 amendments also provided for a 60-day period after notice in which the United States could choose to take over the suit.[166] If the United States did so, the *qui tam* plaintiff would receive no more than "one-tenth of the proceeds of such suit or any settlement thereof."[167] If the United States declined to take over the suit, the *qui tam* plaintiff would receive no more than "one-fourth of the proceeds" plus "such reasonable expenses" and costs as the court might award.[168] In short, the 1943 amendments significantly limited both the circumstances under which a *qui tam* plaintiff could maintain a suit and also the rewards that the plaintiff would receive if a suit were successful.

---

[162] Bales, *supra* note 3, at 389 ("[W]henever a criminal indictment was issued, informers who had heard of the indictment through the news media would rush to file suits and claim *qui tam* awards."); BOESE, *supra* note 148, § 1.01 (noting that various "fraud indictments against federal contractors" "prompted so-called 'parasitical' (or parasitic) actions, in which individuals used the information in the criminal indictments to initiate civil Informer's Act suits and obtain a share of the recovery").

[163] United States *ex rel.* Marcus v. Hess, 317 U.S. 537, 545-46 (1943) (rejecting the government's contention that, because the petitioner had allegedly "received his information … from the previous indictment," his *qui tam* suit should be barred).

[164] *Id.* at 558 (Jackson, J., dissenting).

[165] BOESE, *supra* note 148, § 1.02; *see also* Act to Limit Private Suits for Penalties and Damages Arising out of Frauds Against the United States, ch. 377, 57 Stat. 608, 609 (1943) [hereinafter "1943 False Claims Act"] ("The court shall have no jurisdiction to proceed … whenever it shall be made to appear that such suit was based upon evidence or information in the possession of the United States … at the time such suit was brought.").

[166] 1943 False Claims Act, *supra* note 165, at 608 (requiring that notice of a *qui tam* suit be provided to both the local U.S. attorney and the Attorney General, and giving the U.S. 60 days "to enter appearance").

[167] 1943 False Claims Act, *supra* note 165, at 609; *see also* BOESE, *supra* note 148, § 1.02 (noting that the 1943 amendments decreased the maximum bounty to 10 percent if the government took over the suit).

[168] 1943 False Claims Act, *supra* note 165, at 609; BOESE, *supra* note 148, § 1.02 (noting that the 1943 amendments decreased the maximum bounty to 25 percent if the government did not take over the suit)..

Four decades later, Congress reversed course. Worried about enforcement of the False Claims Act at a time of increased military spending[169] and in light of a Department of Justice estimate that "between 1 and 10 percent of the entire federal budget was lost to fraud,"[170] Congress restricted the preclusive effect of government actions. Henceforth, even if, prior to a *qui tam* filing under the False Claims Act, the government possessed the information that formed the basis for the filing, the *qui tam* suit could proceed if two conditions were met: (1) the government was not yet pursuing the matter in a civil case or administrative proceeding[171] and (2) the information in question had not yet been publicly disclosed or the *qui tam* plaintiff was "an original source of the information."[172] The 1986 act also increased the penalties for violations: "[t]he mandatory penalty was raised to between $5,000 and $10,000 per claim";[173] "damages were increased from double to triple the actual losses"[174] except in certain circumstances where an accused party had promptly "furnished officials … with all information known … about the violation."[175] Moreover, the 1986 act increased the percentages of proceeds available for *qui tam* informers. When the government took over the suit and the suit was not "based primarily on" already public information, a *qui tam* plaintiff would now receive between

---

[169] *See* Bales, *supra* note 3, at 390 ("In the mid-1980s …, the defense budget was rising, and the public was outraged by reports of $400 hammers and $600 toilet seats.").

[170] BOESE, *supra* note 148, § 1.04 & n.67 ("The lengthy statements and debates show congressional alarm and impatience over what was perceived as rampant fraud and governmental acquiescence.").

[171] False Claims Amendments Act, Pub. L. No. 99-562, § 3, 100 Stat. 3153, ___ (1986) [hereinafter "1986 False Claims Act"] ("In no event may a person bring an action under subsection (b) which is based upon allegations or transactions which are the subject of a civil suit or an administrative civil money penalty proceeding in which the Government is already a party.").

[172] *Id.* § 4(A) ("No court shall have jurisdiction over an action under this section based upon the public disclosure of allegations or transactions in a criminal, civil or administrative hearing, [through various other governmental channels], or from the news media, unless the action is brought by the Attorney General or the person bringing the action is an original source of the information."); *see also* Bales, *supra* note 3, at 390 (noting that Congress "removed the bar against qui tam actions based on information already known by the government," substituted "prohibition of actions based on 'publicly disclosed' information," and "created an exception … if the *qui tam* informer was the 'original source' of the information").

[173] Bales, *supra* note 3, at 390; *see also* 1986 False Claims Act, *supra* note 171, § 2 (mandating "a civil penalty of not less than $5,000 and not more than $10,000").

[174] Bales, *supra* note 3, at 390; *see also* 1986 False Claims Act, *supra* note 171, § 2 (providing for liability equaling "3 times the amount of damages which the Government sustains").

[175] 1986 False Claims Act, *supra* note 171, § 2 (permitting a court to "assess not less than 2 times the amount of damages" in a situation involving a qualifying cooperative defendant).

15 and 25 percent of the proceeds.[176] When the government did not take over the suit, a *qui tam* plaintiff would receive between 25 and 30 percent, as well as "reasonable expenses … necessarily incurred, plus reasonable attorneys' fees and costs."[177]

As intended, the 1986 amendments helped spur *qui tam* litigation under the False Claims Act.[178] Between October 1, 1987, and September 30, 2011, *qui tam* filings under the False Claims Act grew twentyfold, from 30 in fiscal year 1987 to 575 in fiscal year 2010 and 638 in fiscal year 2011.[179] During that same period, *qui tam* filings led to just over $21 billion in settlements and judgments, with relators receiving about $3.4 billion or an average of approximately $436,000 per individual filing.[180] Private lawyers specializing in False Claims Act cases have emerged,[181] and Congress has not damped the rising tide despite making further

[176] *Id.* § 3; *see also* BOESE, *supra* note 148, § 1.04 (noting the increase in the *qui tam* informer's share when "the government intervenes").

[177] 1986 False Claims Act, *supra* note 171, § 2; *see also* Bales, *supra* note 3, at 390 (noting the increase in an informer's share to up to "thirty percent, plus reasonable expenses and attorney's fees"). The 1986 act also provided a cause of action for employees who suffered discrimination at work "because of lawful acts … in furtherance of an action under this section." 1986 False Claims Act, *supra* note 171, § 4; *see also* Bales, *supra* note 3, at 391 (noting the addition of "a whistleblower protection provision to prevent discharge or discrimination").

[178] *See* BOESE, *supra* note 148, § 1.04 ("The effect of the 1986 Amendments has been to transform the False Claims Act into an effective and widely used weapon against government-related fraud.").

[179] *See* U.S. Department of Justice, Fraud Statistics—Overview: October 1, 1987–September 30, 2011 (Dec. 7, 2011), *available at* http://www.justice.gov/civil/docs_forms/C-FRAUDS_FCA_Statistics.pdf.

[180] *See id.*

[181] *See, e.g.*, Ashcraft & Gerel, Qui Tam and The False Claims Act, http://www.qui-tam-false-claims-act.com/ (last visited May 9, 2012) ("The Qui Tam Litigation Division of Ashcraft and Gerel is devoted exclusively to the representation of whistle blowers who choose to file lawsuits on behalf of the US government against entities committing fraud or otherwise wrongly taking money from the government."); Phillips & Cohen LLP, What We Do—Qui Tam Cases, http://www.phillipsandcohen.com/Qui-Tam-Cases.shtml (last visited May 9, 2012) ("Phillips & Cohen LLP is the nation's most successful law firm representing whistleblowers in 'qui tam' (False Claims Act) lawsuits."); Vogel, Slade & Goldstein, LLP, Overview, http://www.false-claims-act-health-care-fraud-whistleblower-attorney.com/about-our-firm/overview.php (last visited May 9, 2012) ("Vogel, Slade & Goldstein, LLP, founded in 1990, is one of the oldest firms in the nation to specialize in the representation of whistleblowers exposing fraud committed against the government by filing a lawsuit under the federal False Claims Act or analogous state statutes.").

amendments.[182] Indeed, the apparent success of the 1986 False Claims Act amendments has led to emulation by a number of states.[183]

In contrast to the continuing boom in *qui tam* activity under the False Claims Act and its state-based analogs, a more rapid boom-and-bust trajectory has been experienced by one of the few other federal *qui tam* provisions that remained at the end of the twentieth century. The provision in question was a part of the U.S. Patent Act that enabled *qui tam* suits for the false marking of a product as patented. Formerly codified at section 292 of title 35 of the U.S. Code, this provision subjected such false marking to a fine of "not more than $500 for every … offense"[184] and further provided that "[a]ny person may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States."[185] These provisions—often called the "false-marking statute"—traced back to 1842, when Congress enacted a prohibition of false marking along with a *qui tam* provision under which the relator would receive half of the proceeds from a successful suit and a penalty provision requiring an award of at least $100 for each offense.[186]

For decades prior to December 2009, the patent false-marking statute had existed in near complete obscurity, presumably because the conventional wisdom was that the 1952 Act's $500 cap on fines meant that the *qui tam* provision provided little effective incentive for private plaintiffs. But such conventional wisdom ignored an underlying ambiguity in the Act's language. A key question about the meaning of the false marking statute's original and subsequent language revolved around the extent to which repeated instances of false marking constituted one "offense" or multiple separate offenses. In 1910, the U.S. Court of Appeals for the First Circuit had resolved this ambiguity by holding that, even if a defendant had falsely marked a large number of individual articles, the defendant had not necessarily committed a large number of separate offenses.[187] Instead, such repeated instances of false marking could

---

[182] *See* BOESE, *supra* note 148, § 1.04 (noting that Congress further revised the False Claims Act through the Fraud Enforcement and Recovery Act of 2009, the Patient Protection and Affordable Care Act of 2010, and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010).

[183] *See* James F. Barger, Jr., et al., *States, Statutes, and Fraud: An Empirical Study of Emerging State False Claims Acts*, 80 TUL. L. REV. 465, 469 (2005) (observing that "[o]nly recently have states begun passing statutes that to some degree or another are modeled after" the federal False Claims Act); *id.* at 478-79 (observing that thirteen state false claims acts have qui tam provisions and that, in 1987, California became the first state to enact such a provision).

[184] 35 U.S.C. § 292(a) (2010).

[185] *Id.* § 292(b) (repealed in 2011).

[186] Nicholas W. Stephens, Note, *From* Forest Group *to the America Invents Act: False Patent Marking Comes Full Circle*, 97 IOWA L. REV. 1003, 1007 (2012) ("The current false-marking statute traces back to 1842 ….").

[187] London v. Everett H. Dunbar Corp., 179 F. 506, 507 (1st Cir 1910) (agreeing with a contention "that the statute does not prescribe a distinct penalty for each individual article marked, but merely a penalty for the offense of marking, and that, therefore, where the marking

constitute one "single, continuous" offense.[188] In combination with the 1952 Act's cap on fines for individual offenses, the First Circuit's approach, which a number of other courts followed,[189] meant that the incentives provided by the Patent Act's *qui tam* provision were often inconsequential.

In December 2009, however, the U.S. Court of Appeals for the Federal Circuit addressed the question of how an "offense" was defined for the first time. The Federal Circuit rejected the First Circuit's approach and instead found that offenses accrued on a per-article basis. Consequently, if a manufacturer such as Solo Cup Co. had falsely marked over 21 billion cup lids with improper patent numbers, Solo Cup could in theory be subject to a fine of over $10 trillion.[190] The prospect of winning a 50% share of such an astoundingly large penalty predictably generated a massive upward spike in false marking claims and, indeed, a whole new industry of "professional informers." By early 2011, *qui tam* plaintiffs filed well over 1,000 new false marking cases,[191] including a case seeking a multi-trillion-dollar penalty against Solo Cup.[192] An outcry about *qui tam* abuse and "false marking trolls" predictably followed. The outcry seemed well justified as there appeared to have been little perception that false marking was a serious social problem in the months or years leading up to December 2009. Congress, with a long-stalled patent reform bill already in the works, responded by adding to its content abrogation of the false marking statute's longstanding *qui tam* provision. In September 2011, the America Invents Act became law and accomplished that abrogation.[193] In place of the prior *qui tam* provision, post-2011 law enabled only the United States or "[a] person who has suffered a

---

is all done on the same day and at the same time, so that it is practically a single, continuous act, but one offense is committed").

[188] *Id.*

[189] *See* Stephens, *supra* note 186, at 1017 ("Between 1952 and 2009, courts generally followed the rule from *London v. Everett H. Dunbar Corp.*, which assessed a fine for each single-and-continuous act of false marking.").

[190] *Cf.* Caroline Ayres Teichner, Note, *Markedly Low: An Argument to Raise the Burden of Proof for Patent False Marking*, 86 CHI.-KENT L. REV. 1389, 1389 (2011) (noting that a plaintiff claimed that Solo Cup had "falsely marked at least 21,757,893,672 with expired patent numbers" and "sought to recover $250 per lid, or $5.4 trillion").

[191] Kirsten R. Rydstrom, Maria N. Bernier & Joseph D. Filloy, *Burning Down the Courthouse: Qui Tam Actions Under Section 292 of the False Marking Statute*, 11 U. PITT. J. TECH. L. & POL'Y 3 (2011).

[192] *See* Teichner, *supra* note 190, at 1389 (discussing the case involving Solo Cup); *see also* Pequignot v. Solo Cup Co., 608 F.3d 1356, 1359 (Fed. Cir. 2010) ("Pequignot accused Solo of falsely marking at least 21,787,893,672 articles … and sought an award of $500 per article, one half of which would be shared with the United States.").

[193] Stephens, *supra* note 186, at 1013-14 (noting that the America Invents Act became law on September 16, 2011, and "eliminat[ed] the *qui tam* enforcement mechanism").

competitive injury" to sue for false marking, with a competitively aggrieved private party being limited to seeking "damages adequate to compensate for the injury."[194]

Hence, the 2010-2011 spike in *qui tam* litigation under the Patent Act's false marking statute was just that—a spike only. The sudden rise in such litigation was essentially just a prelude to a reversion to the general historical course for *qui tam* suits—one leading toward general disuse or formal repeal. Of course, at least in the past few decades, the federal False Claims Act and its state analogs stand as major exceptions. The federal False Claims Act's nature as a form of regulated *qui tam*, as a result of its notice-and-intervention provisions and the ultimate domination of successful *qui tam* recoveries by government-controlled actions, might be an important reason for its unusual vigor and longevity. Certainly, the "Wild West" character of the burst of false-marking *qui tam* suits under the U.S. Patent Act stands in sharp contrast, as does that burst's meteoric demise.

V. Modern Citizen Suits

As Parts III and IV have shown, the rise of both modern navies and modern police and civil administration has generally coincided with a decline in the use of letters of marque and reprisal and provisions for *qui tam* litigation. By international agreement, countries have abolished the former.[195] Meanwhile, the United Kingdom has generally abolished *qui tam* provisions. Other than the federal False Claims Act and its state-based analogs, U.S. *qui tam* provisions have generally dwindled in numbers and importance.[196]

But the modern regulatory state has given rise to its own new form of "private attorneys general" through provisions for citizen suits and consumer or individual-investor actions to enforce regulatory statutes, often with the device of a class action as a procedural aid. The rise of modern class actions in the 1960s facilitated shareholder suits for compensatory damages as a mechanism to enforce Rule 10b-5 of the U.S. securities laws.[197] Particularly in wake of the Supreme Court's recognition in 1988 of a "'fraud-on-the-market' theory" under which " a court may presume that individual plaintiffs relied upon [a] misstatement" by a securities issuer,[198] private Rule 10b-5 suits have flourished,[199] making their legal status and social value a major

---

[194] Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 16 (2011) (providing that "[o]nly the United States may sue" for the specified civil penalty and that "[a] person who has suffered a competitive injury as a result of a violation of this section may file a civil action in a district court of the United States for recovery of damages").

[195] *See supra* text accompany notes __.

[196] *See supra* text accompany notes __.

[197] Rose, *supra* note 3, at 1311-12 ("Not surprisingly, the prototypical Rule 10b-5 case became a class action brought on behalf of thousands of investors, based on misstatements or omissions made in public disclosure documents that most class members never read, against a deep-pocketed corporate defendant that did not itself profit from the fraud.").

[198] *Id.* at 171.

[199] *Cf. id.* at 171-72 (noting that "the fraud-on-the-market theory transforms reliance from an individual issue … into a common issue" and thus was "extremely important for the proliferation

front in debates over the costs and benefits of private enforcement.[200] Similarly, private individuals can sue to recover for harm to consumers under the antitrust laws, although the Supreme Court, as with Rule 10b-5 actions, has now taken steps to make such consumer actions less likely.[201] Finally, citizen suits to enforce environmental laws, commonly enjoying specific statutory authorization,[202] grew dramatically in the 1980s,[203] precipitating a revisitation and, from many perspectives, a tightening of recognized constitutional requirements for standing to sue in cases such as *Lujan v. Defenders of Wildlife*.[204]

Notably, Congress and the courts have been reluctant to fully embrace a citizen-suit or "private attorney general" model for enforcement of limitations on the availability, force, or scope of patent rights. Nonetheless, in the last three decades, Congress has made repeated, incremental steps to allow private parties greater opportunities to challenge aspects of patent validity in administrative proceedings before the U.S. Patent and Trademark Office (USPTO). First, in 1980, Congress empowered a private party to initiate an *ex parte* reexamination of validity on the basis of prior-art documents—the resulting reexamination being *ex parte* in the sense that the private party, unless the patentee itself, is generally not involved after the proceeding's initiation.[205] Second, in 1999, Congress empowered a private party to initiate and then also to participate in an *inter partes* reexamination similarly based on prior-art

---

of private attorneys general because the reliance element would otherwise be a major barrier to class certification").

[200] *See, e.g.*, Hittinger & Bona, *supra* note 114, at 167 (describing a 2008 decision by the U.S. Supreme Court as "illustrat[ing] a recent reformulation of the private attorney general model for enforcing federal laws"); *id.* at 172 ("Congress reacted to the flood of securities litigation in 1995 by passing the Private Securities Litigation Reform Act" that raised the pleading requirements for Rule 10b-5 actions); Rose, *supra* note 3, at 1302-03 ("Most commentators now agree that the private right of action implied under Section 10(b) … cannot be defended on compensatory grounds … and today finds defense, if at all, on deterrence grounds. Yet when it comes to deterrence, most observers also agree that Rule 10b-5 class actions perform poorly.").

[201] *See* Hittinger & Bona, *supra* note 114, at 182 (noting that, in a 2007 decision, the U.S. Supreme Court "held that private attorneys general who assert an antitrust conspiracy cannot survive a motion to dismiss unless they allege more than a bare allegation of conspiracy and that defendants engaged in consciously parallel behavior").

[202] Cross, *supra* note 3, at 56 ("Congress must have recognized the benefits of citizen suits, for such actions have been authorized in virtually every major piece of environmental legislation passed in recent years.").

[203] *Id.* at 55 ("[T]he 1980's have witnessed dramatic growth in use of the citizen suit.").

[204] 504 U.S. 555 (1992).

[205] *See* 35 U.S.C. §§ 301-303 (2010) (enabling the initiation of an *ex parte* reexamination based on "patents or printed publications" cited to the USPTO by a private "[a]ny person"); ROBERT PATRICK MERGES & JOHN FITZGERALD DUFFY, PATENT LAW AND POLICY: CASES AND MATERIALS 1099 (5th ed. 2011) (discussing enactment of "the original 'ex parte' reexamination system").

documents.[206] Third, in 2011, Congress generally authorized a private party to provide to the USPTO information relevant to a patent application prior to its issuance, and Congress further empowered a private party to challenge a patent's validity before the USPTO on a much broader variety of grounds than prior-art patents or publications *but only* during a strictly limited period of nine months after a patent issues.[207] Congress has, over time, likewise expanded the ability of private parties other than the patentee to seek judicial review of the results of USPTO proceedings—first for *inter partes* reexaminations and now for the newly enacted form of post-grant review.[208] But the various provisions for administrative review initiated by private parties other than the patentee remain relatively strictly limited either in terms of the permissible bases for review or in terms of the time in which review is available.

Moreover, Congress has not enacted any citizen-suit provisions enabling suit to challenge a patent by parties other than those accused of infringement or threatened with an infringement suit.[209] Courts, especially the U.S. Court of Appeals for the Federal Circuit, have been loath to expand the category of private challengers beyond those bounds.[210] Consequently, although there is much suspicion that patents can do more harm than good to both short-term and long-term consumer interests, consumers currently appear unable to file a suit in court that challenges patent validity, enforceability, or scope and that claims standing based simply on the harm to consumers—through, for example, higher prices or reduced availability of patented products—that patent rights allegedly cause.

Congressional and judicial reluctance to embrace broader public rights to enforce limitations on patentability, patent enforceability, and the scope of patent rights might reflect the fact that the proliferation of citizen suits in other areas has triggered substantial criticism. As many commentators have chronicled and as courts have perhaps increasingly observed, citizen suits can generate substantial public and private costs that can counterbalance and even overwhelm the capacity of private enforcement to improve on monopolistic public enforcement.

---

[206] *See* 35 U.S.C. §§ 301, 311-312 (2010) (enabling the initiation of an *inter partes* reexamination based on "patents or printed publications" cited to the USPTO by a private "[a]ny third-party requester"); MERGES & DUFFY, *supra* note 205, at 1099.

[207] *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 6 (2011) (providing for post-grant review in which a petitioner "may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised" in defending against charges of patent infringement).

[208] *See* JANICE M. MUELLER, PATENT LAW 320-21 (3d ed. 2009) (discussing Congress's modification of the original law on inter partes reexamination to allow a third-party requester to seek review by the U.S. Court of Appeals for the Federal Circuit of an adverse decision by the USPTO's Board of Patent Appeals and Interferences).

[209] *Cf.* 35 U.S.C. § 282 (providing that noninfringement, invalidity, and unenforceability are "defenses in any action involving the validity or infringement of a patent").

[210] *See, e.g.*, Ass'n for Molecular Pathology v. U.S. Pat. & Trademark Off., 653 F.3d 1329, 1334 (Fed. Cir. 2011) (finding that only one plaintiff had the required declaratory-judgment standing based on "affirmative acts of the patentee directed at [a] specific Plaintif[f]"), *vacated on other grounds by* 132 S. Ct. 1794 (2012).

In an ideal world, private enforcement improves on public enforcement in a variety of ways. Provisions for citizen suits or other general mechanisms of private enforcement can accomplish any or all of the following: (1) enabling private victims to seek compensation for harm;[211] (2) increasing deterrence of misbehavior and encouraging cooperation with public authorities;[212] (3) correcting for public underenforcement resulting from error, ineffectiveness, budget constraints, "capture," distraction by other priorities, inertia, apathy, or lethargy;[213] (4) promoting greater efficiency both in detection of violations and in enforcement where private parties have better information or better approaches to enforcement than public authorities[214] or where private parties have greater capacity to innovate in a way that generates better information or approaches;[215] and (5) "democratizing" enforcement in the sense of empowering individual

[211] *See* Stephenson, *supra* note 5, at 103 ("[M]any of the decisions implying private rights of action emphasize compensation.").

[212] *See id.* at 103-04 ("Many scholars have concluded that deterrence, rather than the need for private redress, has been the [U.S. Supreme] Court's primary rationale for recognizing private causes of action under the securities and investor protection laws."); Evans, *supra* note 5, at 11 ("[I]t is argued that because citizen enforcement and APA review proceedings are publicly visible, and they call attention to, and delegitimize noncompliance in a way that is much more severe than internal discipline or private negotiations and bargains.").

[213] *See* Evans, *supra* note 5, at 8-9 ("Citizen suits have been recognized as effective means of supplementing agency enforcement: citizen enforcement has been shown to increase when agency enforcement [Page Break] subsides, and the number of enforcement actions brought against violators is about fivefold those brought by the federal government."); Rose, *supra* note 3, at 1305 (noting agencies' potential "bureaucratic inefficiency and regulatory capture" or "actual or potential budgetary constraints"); Stephenson, *supra* note 5, at 107 (noting agencies' frequently limited enforcement resources); *id.* at 110 (discussing the phenomenon of "agency slack—that is, the tendency of government regulators to underenforce certain statutory requirements because of political pressure, lobbying by regulated entities, or the laziness or self-interest of the regulators themselves").

[214] *See* Rose, *supra* note 3, at 1343 ("[P]rivate enforcement might be justified if private parties naturally possess information about violations, information that is difficult for a public enforcer to obtain."); Stephenson, *supra* note 5, at 108 (observing that private parties might have advantages in detecting violations, "monitor[ing] compliance," "weighing the costs and benefits," and other areas in part because "centralized public enforcement bureaucracies frequently suffer from 'diseconomies of scale, given multiple layers of decision and review and the temptation to adopt overly rigid norms'"); *id.* at 109 (noting that private enforcement might further efficiency by "enabl[ing] those citizens who value the public good more highly to subsidize enforcement by bearing some of the monitoring and prosecution functions themselves" and thereby achieving "the functional equivalent of a more efficient tax system, in which citizens' tax rates vary in proportion to the value they place on the public good to be supplied").

[215] *See* Stephenson, *supra* note 5, at 112 (observing that private-enforcement regimes can "encourage legal innovation—whether in the form of novel legal theories, creative approaches to dispute settlement, or new techniques of investigation and proof").

citizens to launch enforcement actions and thereby checking government power and promoting individual autonomy, feelings of individual empowerment, and autonomy.[216]

But these advantages of a private-enforcement power can be overwhelmed by the many drawbacks that have been observed or suggested in relation to private-enforcement regimes. These drawbacks include: (1) a tendency toward overenforcement of "overbroad liability rule[s]" that a public enforcer acting in the public interest would enforce more selectively;[217] (2) inflexibility of enforcement style and potential disruption of public authorities' efforts to adopt more cooperative approaches to regulation, with the result being potentially inefficient means of enforcement as well as improper levels of enforcement and deterrence;[218] (3) collusive settlements;[219] (4) greater judicial error or inconsistency if an expert and centralized agency is not involved;[220] and (5) lack of democratic accountability for decisions to enforce the law.[221] Of

[216] *See* Michael S. Greve, *The Private Enforcement of Environmental Law*, 65 TUL. L. REV. 339, 340 (1990) ("Congress views [citizen-suit] provisions as an efficient policy instrument and as a participatory, democratic mechanism that allows 'concerned citizens' to redress environmental pollution.").

[217] *See* Rose, *supra* note 3, at 1304 ("A monopolistic public enforcer can deal with the overdeterrent potential of an overbroad liability rule through use of discretionary nonenforcement, or by pursuing a cooperative approach."); Stephenson, *supra* note 5, at 116 ("[G]overnment regulatory agencies (it is often claimed) are better at screening out enforcement actions that are either nonmeritorious or not worth the costs of prosecution."); *cf. id.* at 117 ("[A]llowing private suits forces the government either to tolerate excessive enforcement of an overbroad rule or to narrow the rule in a way that allows many socially undesirable activities to escape regulation.").

[218] *See* Rose, *supra* note 3, at 1330 ("[A] public enforcer can adjust the deterrence calculus by adjusting its style of enforcement, taking less of a coercive approach and more of a cooperative approach."); *id*. at 1313 ("[T]here is the practical reality that Rule 10b-5 class actions recover only an insignificant share of investor losses at very high transaction costs."); Stephenson, *supra* note 5, at 117 ("[C]itizen suits may disrupt the cooperative relationship between regulators and regulated entities that many argue is essential for long-term compliance with statutory mandates.").

[219] *See* Rose, *supra* note 3, at 1304 (noting that "[d]ecoupling the sanction imposed against the wrongdoer from the bounty paid to the private enforcer" would generate "opportunities for collusion, given that the enforcer and the defendant would both be better off if they negotiated a settlement that is less than the expected sanction but greater than the expected bounty").

[220] *See* Stephenson, *supra* note 5, at 116 ("[W]ithout the involvement of an expert government agency …, the risk of erroneous decisions in private actions may increase …."); *id.* at 119 ("[J]udicial decisions rendered in citizen suits, brought piecemeal before nonexpert courts by citizen groups with particularized interests, may establish adverse or inconsistent precedents that complicate or distort government enforcement efforts.").

course, the common disjunction between private and public interests could produce underenforcement—sometimes collusive underenforcement—as well as overenforcement, but under a private-enforcement regime, overenforcement might commonly be the greater concern. Commentators have long observed that so-called "private attorneys general" might be more self-interested "bounty hunters" than volunteer public defenders, with the result that they might abuse an expensive litigation process to extort lucrative settlements of either meritless or marginal claims whose pursuit a public enforcer would properly judge to be contrary to the public interest.[222] Justices of the U.S. Supreme Court have manifested sensitivity to this concern in a variety of contexts, from suits involving enforcement of securities and antitrust laws[223] to patent-infringement suits potentially brought by members of a new "industry" of patent holders that "use patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees."[224]

VI. Patent Enforcement as Privateering

As the end of Part V suggests, backlash against citizen suits and other modes of private enforcement resonates with modern concerns with potential overenforcement and over-accumulation of patent rights. At least under an optimistic view, to achieve the end of promoting technological progress,[225] a patent provides its holder with a private cause of action to sue another for using, making, or selling the device or process covered by the patent.[226] If successful, the patent holder can obtain a monetary reward[227] or an injunction,[228] with the latter

---

[221] *See* Stephenson, *supra* note 5, at 119 ("As neither the citizens bringing private enforcement suits nor the judges who decide them are subject to electoral discipline, private enforcement may undermine a valuable democratic feature of American governance.").

[222] Hittinger & Bona, *supra* note 114, at 170.

[223] *Id.* at 167-68 (noting "a recent perceived pattern to scale back (and decline to expand) the powers of private attorneys general to enforce federal law through class action lawsuits").

[224] eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 396 (Kennedy, J., concurring).

[225] *See* John M. Golden, *Principles for Patent Remedies*, 88 TEX. L. REV. 505, 509 (2010) ("For purposes of simplicity and, in many quarters, plausibility, I generally assume a utilitarian goal that is standard in modern accounts: the patent system should act to promote the development, disclosure, and use of new technologies, ideally in a way that maximizes social welfare.").

[226] *See* 35 U.S.C. § 271 ("Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States … during the term of the patent therefor, infringes the patent."); *id.* § 281 ("A patentee shall have remedy by civil action for infringement of his patent.").

[227] *Id.* § 284 ("Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement ….").

[228] *Id.* § 283 (authoring courts to "grant injunctions … to prevent the violation of any right secured by patent").

potentially providing a lever to obtain even greater monetary awards for its object.[229] Thus, patents effectively act as a sort of private-enforcement or private-taxation regime in which the patent holder uses litigation or the threat of litigation to bring about wealth transfers or behavioral modifications that, in gross at least, are meant to serve a public interest in subsidizing innovation. The rise of so-called "patent trolls" and other patent aggregators or enforcement entities that focus primarily on licensing and litigation, rather than technology transfer or development, has highlighted this always latent aspect of patent rights. Further, the rise of such professional enforcers has shown that the patent enforcement regime is susceptible to many of the same drawbacks and pathologies that have long been observed in relation to patent law's private-enforcement cousins.

Indeed, patent law's ability to thrive through the twentieth century is perhaps truly remarkable in light of the general fates of its pre-Westphalian peers. By the middle of the nineteenth century, letters of marque and reprisal were internationally abolished, and *qui tam* litigation was substantially in decline. But patents were taking off. The middle and late nineteenth centuries were perhaps the "heroic era" of the U.S. patent system, one characterized by Zorina Khan as featuring a "democratization" of invention in which a significant "rise in patenting was associated with a democratic broadening of the ranks of patentees to include individuals, occupations, and geographic districts with little previous experience in invention."[230] In Europe, patents' nineteenth-century experience was more mixed: the middle of the century witnessed a great "patent controversy" as advocates of free trade sought to abolish patents and nations such as Switzerland and the Netherlands operated for a substantial time without them.[231] But perhaps in part because of the demonstrative technological and economic success of the United States and Britain, both of which had patent systems,[232] patents ultimately survived and even thrived, albeit with a number of new requirements such as the requirements for a written specification describing the invention,[233] for the inclusion of claim language meant to

---

[229] *Cf.* Brulotte v. Thys Co., 379 U.S. 29, 33 (1964) ("A patent empowers the owner to exact royalties as high as he can negotiate with the leverage of that monopoly.").

[230] B. ZORINA KHAN, THE DEMOCRATIZATION OF INVENTION: PATENTS AND COPYRIGHTS IN AMERICAN ECONOMIC DEVELOPMENT, 1790-1920, at 9 (2005); *cf.* John M. Golden, *Innovation Dynamics, Patents, and Dynamic-Elasticity Tests for the Promotion of Progress*, 24 HARV. J.L. & TECH. 47, 93 (2010) (showing how, from 1856 to 1894, the cumulative number of U.S. patents grew "approximately like a multiple of $t^{7.3}$, where *t* represents the time since 1790, the year in which the first U.S. Patent Act became law).

[231] Fritz Machlup & Edith Penrose, *The Patent Controversy in the Nineteenth Century*, 10 J. ECON. HIST. 1 (1950), *reprinted in part in* ROBERT P. MERGES & JANE C. GINSBURG, FOUNDATIONS OF INTELLECTUAL PROPERTY (2004).

[232] *Id.* ("Continental writers were prone to take the rapid industrialization of England and the United States plus the fact that these nations had patent systems as sufficient grounds from which to infer a causal relation between patents and progress.").

[233] *See* John M. Golden, *Construing Patent Claims According to Their "Interpretive Community": A Call for an Attorney-Plus-Artisan Perspective*, 21 Harv. J.L. & Tech. 321, 349 (2008) ("[T]he patent's … written description or 'specification' largely developed in the

specifically indicate what the patent covered,[234] for satisfaction of a requirement of nonobviousness,[235] and for passage through a regular process of administrative review before rights became effective.[236] Like the restrictions on privateers developed in the seventeenth and eighteenth centuries, such newly developed requirements for patents likely helped rein in a private-enforcement regime's potential excess and abuse: the new requirements worked to limit the availability of rights, to clarify their scope, and to help ensure that the public received enough in exchange for the costs imposed by rights effectively to interrupt and tax commerce.

In the twentieth century, the rise of corporate, university, and national laboratories and of substantial public funding for science and innovation might have presented another existential challenge to the patent system.[237] Large laboratories enjoying public funding or private support based on means of appropriating value independent of patent rights[238] might have served as the patent-space analog of the regular navies, police forces, and bureaucracies that heralded the demise of privateering and most forms of *qui tam* litigation. But patents' concern with an ever intractable and "endless frontier"[239] of scientific and technological progress might have insulated them from more regularized public or corporate takeover. If one of patents' fundamental purposes is to help provide a foothold for "disruptive innovation"[240] or upstart entrepreneurs

---

eighteenth century, when the United Kingdom and the United States discarded traditional requirements that a patentee 'work' the invention and replaced them with a requirement of disclosure that enables others to make and use the invention.").

[234] *See id.* at 350-52 (discussing the development of patent claiming practice and law in the nineteenth century).

[235] *See* John F. Duffy, *Inventing Invention: A Case Study of Legal Innovation*, 86 TEX. L. REV. 1, 33-40 (2007) (describing the origins and early evolution of patent law's requirement of nonobviousness).

[236] *See* MARTIN J. ADELMAN, RANDALL R. RADER & JOHN R. THOMAS, CASES AND MATERIALS ON PATENT LAW 12 (3d ed. 2009) ("The [U.S. Patent Act of 1836] created a Patent Office within the Department of State and provided for the filing and formal examination of patent applications."); John F. Duffy, *The FCC and the Patent System: Progressive Ideals, Jacksonian Realism, and the Technology of Regulation*, 71 U. COLO. L. REV. 1071, 1080 (2000) (noting that "the modern American patent bureaucracy was established during the Jacksonian era).

[237] *See* Robert P. Merges, *One Hundred Years of Solicitude: Intellectual Property Law, 1900-2000*, 88 CAL. L. REV. 2187, 2216 (2000) ("As the twentieth century progressed, inventions were more and more likely to be the product of large-scale corporate R&D rather than of the lone workshop tinkerer.").

[238] *See* John M. Golden, *Principles for Patent Remedies*, 88 TEX. L. REV. 505, 545 (2010) ("For firms that provide end products or services, patent rights might be relatively insignificant, one of many potential mechanisms for appropriating returns from innovation.").

[239] VANNEVAR BUSH, SCIENCE: THE ENDLESS FRONTIER (1945).

[240] CLAYTON M. CHRISTENSEN, THE INNOVATOR'S DILEMMA: WHEN NEW TECHNOLOGIES CAUSE GREAT FIRMS TO FAIL (1997).

seeking to obtain investment or commercial breathing room,[241] regularization or bureaucratization might be in fundamental tension with the public goals that the patent system seeks to serve.[242] Processes of disruptive change are almost necessarily difficult for private or public bureaucracies to bring to full and effective heel.

A further reason for patents' survival and even flourishing might have been private restraint in their enforcement or even acquisition. Such restraint might have helped mitigate tendencies toward overenforcement and even abuse that private-enforcement regimes frequently experience. Private restraint might have resulted from any of a number of contributing factors or their combination: norms of competition, the availability of mutually desirable opportunities for cross-licensing, the threat of count-enforcement from competing patent stockpiles, and the high costs of litigation.[243] High litigation costs might have played a particularly important deterrent role with respect to patent-enforcement entities or other "outsiders" to a goods or services industry because such outsiders would seem less likely to be influenced by competition norms, the prospect of cross-licensing, or the threat of a patent countersuit.[244]

But times have changed and brought private-enforcement aspects of patent rights to the fore. The rise of contingency-fee patent litigation and the emergence of well-funded patent-enforcement entities have opened patent-infringement litigation—sometimes called the "sport of kings"[245]—to initiation by a wider range of patent-holding outsiders.[246] Further, as is perhaps

---

[241] *See* TIM WU, THE MASTER SWITCH: THE RISE AND FALL OF INFORMATION EMPIRES 30 (2010) (describing how, "in the hands of an outside inventor, a patent serves … as [a] sort of corporate shield that can prevent a large industrial power from killing you off"); John M. Golden, *Biotechnology, Technology Policy, and Patentability: Natural Products and Invention in the American System*, 50 EMORY L.J. 101, 168-69 (2001) (describing a "'small company' theory" for patent rights under which patents serve "as a sort of intermediate marketable product—a government-issued currency (or subsidy) that gives cash-poor individuals or small firms an opportunity to compete in a cash-intensive business"); Golden, *supra* note 238, at 545-46 (suggesting that a relatively strong patent system might be desirable "if small firms or independent inventors are particularly important to innovation").

[242] *See* Golden, *supra* note 238, at 525 (noting difficulties for government in determining how to "optimally siz[e] or targe[t] funding" for research or development, and reporting "serious concern … that the government-grant system for cancer research is biased toward less risky, incremental work that is unlikely to produce a major breakthrough").

[243] *Cf.* Colleen v. Chien, *From Arms Race to Marketplace: The Complex Patent Ecosystem and Its Implications for the Patent System*, 62 HASTINGS L.J. 297, (2010) ("In the late 1980s and early 1990s, many innovative high-tech companies did not file for patents.").

[244] *Cf.* John M. Golden, *"Patent Trolls" and Patent Remedies*, 85 TEX. L. REV. 2111, 2154 (2007) ("Private markets may be better equipped to mitigate potential holdout problems when the patent holder competes in the relevant market for end products or services.").

[245] James Bessen & Michael J. Meurer, *Lessons for Patent Policy from Empirical Research on Patent Litigation*, 9 LEWIS & CLARK L. REV. 1, (2005) ("Patent litigation has been called the sport of kings; it is complex, uncertain, and expensive.").

most evident in the case of present-day "smartphone patent wars,"[247] even traditional insiders such as manufacturers have demonstrated a willingness to shun alternatives of cross-licensing and non-enforcement.[248] Meanwhile, the continued growth in the number of patents issued each year and difficulties in policing the scope and validity of patent rights have provided ample opportunities for many of the classic problems associated with private enforcement, such as overzealous and even unscrupulous litigation featuring excessive efforts to enforce vaguely defined or at least arguably overbroad legal restrictions. Despite centuries of evolution, patent enforcement's status as a modern-day variant of privateering—publicly sanctioned raiding or blockage of commerce—has never been clearer.

More positively, comparison of patent law to other private-enforcement regimes suggests a variety of ways in which patent law might be reformed to address present concerns. Many of the reforms so suggested resonate with steps already taken during the last several years of relative anti-patent backlash. Others, such as abolition of private enforcement altogether, are far more radical. A list of potential reforms runs as follows:

- *Abolition:* The general abolition of letters of marque and reprisal in the mid-nineteenth century suggests the possibility for radical change even when a private-enforcement regime has flourished for centuries and become the object of a well-developed regime of international law. On the other hand, the reasons for which patent law has survived and flourished despite widespread consideration of abolition in the nineteenth century still appear to hold much force. The nature of innovation as a continuing frontier suggests that its exploration, development, and regulation will remain difficult to reduce wholly to the kind of bureaucratic regularization that has helped substitute for private enforcement in a variety of other areas. Turning patent law into a wholly publicly enforced regime or replacing patent law entirely with a system of pre-innovation grants or post-innovation monetary awards might well be an overly ambitious enterprise in the near and even long terms, but further experimentation and experience with other ways of spurring and supporting innovation might make feasible greater reliance on alternative policy mechanisms.
- *Litigation Reform:* Reforms to help make litigation cheaper, more accurate, and more predictable have helped in the past to limit the potential for extortionate use of

---

[246] *See generally* Chien, *supra* note 243, at 310-12 (describing the rise of a "patent marketplace" featuring large patent-enforcement or patent-aggregation entities and more frequent contingent-fee litigation).

[247] Steve Lohr, *Microsoft's AOL Deal Intensifies Patent Wars*, N.Y. TIMES, Apr. 9, 2012 ("Companies are battling in the [smartphone and tablet-computer] marketplace and in courtrooms around the world, where patent claims and counterclaims are filed almost daily.").

[248] *See* Chien, *supra* note 243, at 334-35 ("[D]efensive patenting has failed to bring about systemic 'patent peace' between large companies. Suits between large companies over high-tech inventions represent 28% of all high-tech patent litigations."); *cf.* Ewing, *supra* note 32, at 15 ("[Intellectual property rights], as key complementary assets, have been increasingly employed as competitive tools and business assets.").

private-enforcement rights even where underlying legal claims are relatively weak. Such reforms commonly help limit the costs of private-enforcement regimes that, without full internalization of enforcement costs by private enforcers, have frequently tended to generate more enforcement than is socially desirable.

- *Private Counter-Enforcement:* Sometimes private enforcement can be checked by private counter-enforcement. Particularly after capturing a target vessel, privateers in the age of sail needed to be on the lookout for hostile privateers seeking to take the target back. Likewise, one might imagine unleashing "private attorneys general" with powerful capacities to challenge existing patents or even pre-issue applications with the hope that these private watchdogs might respond better than an overworked USPTO to concerns about overly numerous and overly broad or ill-defined patent rights granted for insufficiently substantial inventions. Likewise, private watchdogs might help police potentially abusive behavior that might be characterized as "patent misuse." Ongoing litigation over Myriad Genetics, Inc.'s patents relating to genes associated with breast cancer[249] suggests that, even without a monetary "bounty" as a potential goal, broader declaratory-judgment jurisdiction in the courts or a more substantial entrée to challenging patents before the USPTO could enable significant private counter-enforcement driven simply by an interest in freeing oneself or others from potential future charges of infringement.

- *Substantive Patent Law Reform:* Another classic way to respond to concerns about abuse or overenforcement under a private-enforcement regime is to make the rights that support private enforcement harder to get or to limit private-enforcement powers. The tightening of substantive requirements for patentability such as subject-matter eligibility, utility, novelty, nonobviousness, and adequate disclosure of the claimed invention can operate to make patent rights more difficult to obtain and thus to limit their number. Similarly, the weakening of remedies for patent infringement can decrease incentives to obtain or enforce such rights in the first instance, as well as helping to respond to concerns that overenforcing patent holders might be obtaining socially excessive compensation. Of course, a tradeoff is that limiting or diluting substantive rights to correct for overenforcement can make those rights unavailable or unavailing for a variety of worthy potential patentees, leading to free-riding or discouragement of innovation that an ideal system of public enforcement would avoid.[250]

- *Regulation:* Increased regulation helped support the flourishing international regime of privateering during the eighteenth and nineteenth centuries. Substantial

[249] *See* Ass'n for Molecular Pathology v. U.S. Pat. & Trademark Off., 653 F.3d 1329, 1334 (Fed. Cir. 2011) ("The challenged composition claims cover two 'isolated' human genes, *BRCA1* and *BRCA2* …, and certain alterations, or mutations, in these genes associated with a predisposition to breast and ovarian cancers." (emphasis in original)), *vacated by* 132 S. Ct. 1794 (2012).

[250] *Cf.* Stephenson, *supra* note 5, at 117 ("[A]llowing private suits forces the government either to tolerate excessive enforcement of an overbroad rule or to narrow the rule in a way that allows many socially undesirable activities to escape regulation.")

involvement of the Department of Justice in enforcement under the United States' only currently flourishing federal *qui tam* regime, the False Claims Act, might help explain that regime's continued toleration and arguable success. One can imagine a variety of ways in which patent-infringement suits could be similarly regulated—for example, through (1) a more demanding grant or maintenance-fee process that would more effectively operate as a form of patent holder licensing, perhaps one requiring much more thorough and transparent recordation of transfers of interests in patent rights; (2) a binding or non-binding clearance-review process in which a government agency reviewed patent suits before they proceeded in court;[251] (3) specialized trial courts for patent-infringement cases or an alternative system of agency adjudication for patent-infringement disputes; and (4) agency rulemaking authority extending to rights and powers to sue and also to remedies for infringement, thereby enabling an administrative agency to tune the strength of private-enforcement rights to better achieve public goals.[252]

VII. Conclusion

Patents for invention have historical roots in pre-Westphalian Europe that substantially coincide with a variety of other, now largely outdated mechanisms for harnessing private enterprise to serve public ends. Because modern governments, modes of private organization, and technologies commonly look quite different from those of pre-Westphalian times, patents' historical roots naturally raise the question of the extent to which such rights are well suited to present-day needs and realities. Moreover, comparison of the patent system to other private-enforcement regimes weakens the grip of a tangible-property metaphor for the rights in information that patents convey. For certain purposes a better metaphor for patent rights might be citizen-suit or *qui tam* provisions, with patent holders being viewed not so predominantly as property owners but more dynamically as "patent privateers." As history and contemporary analogs indicate, the activities of such privateers can be subjected to prohibition, regulation, or counter-privateering, and can also be either aided or rendered less harmful through institutional arrangements that promote cheaper, more accurate, and more predictable litigation.[253] Recent

---

[251] *Cf.* Rose, *supra* note 3, at 1306 (suggesting that, "[i]f the [Securities and Exchange] Commission were authorized to prescreen all Rule 10b-5 class action complaints … and decide which may be filed, there would be less need to rigidly narrow the implied right [of an individual to bring a 10b-5 action]").

[252] *Cf.* Stephenson, *supra* note 5, at 123 (arguing that Congress should "delegate to agencies the authority to decide for themselves whether and under what conditions a particular enforcement mechanism—the private suit—would be available").

[253] As the national and international law of Francis-Drake-style privateering developed, one of the most important of rights of a privateer, from the standpoint of financial incentives, became the right to bring an action for condemnation of captured property by a court. *See* LATIMER, *supra* note 33, at 14 (discussing "the 'letter of marque' issued from the seventeenth century onwards by an admiralty court in time of war to provide private vessels with legal safeguard to cruise against enemy shipping, and subsequently to sell the prizes once they had been condemned as enemy property by the court"); PETRIE, *supra* note 33, at 144 ("Merchant ships

efforts to reform patent law have drawn from these traditional responses to the costs and benefits of privateering, *qui tam* litigation, and citizen suits, but have by no means exhausted the range or depth of potential reforms. To seek to ensure that patent law's privateers work to advance the law's public purposes, there is much more that can and likely should be done.

---

traveled to foreign ports, and the buyer of a prize vessel would not pay full price unless he received title papers that would protect his investment against seizure abroad by prior owners.").