

THE NON-DOCTRINE OF REDUNDANCY

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ABSTRACT

This Article explores and evaluates a controversial practice that the Patent Office undertook beginning early in the post-AIA regime: the practice of denying otherwise meritorious requests for review because of what the Office termed “redundant” grounds. The controversy over redundancy-based rejections had several sources. One was that making such rejections required the Patent Office to decide petitions piecemeal—and, indeed, the agency claimed that power for itself—even though it was not clear that this power lay within the statute. Another source was that the Patent Office persistently declined to explain what, in the agency's view, did or did not constitute redundancy. Still another was that the Patent Office resisted Federal Circuit oversight of this practice by claiming unreviewable discretion as part of a larger campaign of self-immunization. This confluence of problematic agency choices has generated other, related controversies with AIA review as well, with a mixed record of success for the Patent Office. Yet while redundancy-based rejection now seems to be ebbing as a matter of agency policy, the underlying structural conditions that gave rise to the practice still persist and repay closer analytical and doctrinal scrutiny. This Article offers that scrutiny and discusses ways forward for AIA review.

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I. THE PROBLEM OF REDUDANCY REVIEW

The petitions for review that the Patent Office receives under the America Invents Act (AIA) all share a common goal: to reevaluate the validity of patents that the agency previously issued. These proceedings include inter partes review, covered business method review, and post-grant review. The AIA mechanisms for reviewing patent validity are the latest in a broader administrative error correction regime that dates back to 1980. This Article explores and evaluates a controversial practice that the Patent Office undertook beginning early in the post-AIA regime: the practice of denying otherwise meritorious requests for review on what the Office termed “redundant” grounds.

The controversy over redundancy-based rejections had several sources. One was that making such rejections required the Patent Office to decide petitions piecemeal—and, indeed, the agency claimed that power for itself—

even though it was not clear that this power lay within the statute. Another source was that the Patent Office persistently declined to explain what, in the agency's view, did or did not constitute redundancy. Still another source was that the Patent Office resisted Federal Circuit oversight of this practice by claiming unreviewable discretion as part of a larger campaign of self-immunization. This confluence of problematic agency choices has generated other, related controversies with AIA review as well, with a mixed record of success for the Patent Office. Yet while redundancy-based rejection now seems to be ebbing as a matter of agency policy, the underlying structural conditions that gave rise to the practice still persist and repay closer analytical and doctrinal scrutiny. This Article offers that scrutiny and discusses ways forward for AIA review.

A. THE NEED FOR PATENT VALIDITY REVIEW

The need for correcting the errors of patent examination has been well documented in the literature. Applicants who submit their inventions for review in the Patent Office enjoy a statutory presumption of patentability, and it is the patent examiner who bears the burden of establishing that a patent should not issue.¹ Compounding this procedural asymmetry, patent examination itself is conducted in *ex parte* fashion between the examiner and the applicant, with little third-party involvement or adversarial vetting of the merits of the application.² In the *ex parte* setting, patent applicants possess the greatest amount of information pertaining to what they have actually invented and how best to practice the invention, and are otherwise in the best position to obtain such information efficiently.³ Examiners, by contrast, face significant

1. 35 U.S.C. § 101 (2012) (providing that anyone who invents something that fits into one of the broadly defined categories of eligible subject matter generally “may obtain a patent therefor” so long as certain requirements are satisfied); § 102 (providing that “[a] person *shall be entitled* to a patent *unless* . . .” (emphasis added)). For a detailed discussion, and normative critique, of this preference in favor of patent applicants, see generally Sean B. Seymore, *The Presumption of Patentability*, 97 MINN. L. REV. 990 (2013).

2. Historically, there was no third-party involvement or even third-party knowledge of patent examination, as such proceedings were confidential. It was only after the 1999 American Inventors Protection Act that patent applications became subject to publication, 18 months after filing, for the benefit of the public. Pub. L. No. 106-113, Subtitle E (1999). More recently, the Patent Office has conducted a series of pilot programs through its Peer-to-Patent initiative through which examiners accept public input bearing on the patentability of pending applications. See generally PEER TO PATENT, www.peertopatent.org/ [<https://perma.cc/AC2U-E9AR>] (last visited Nov. 13, 2018).

3. R. Polk Wagner, *Reconsidering Estoppel: Patent Administration and the Failure of Festo*, 151 U. PA. L. REV. 159, 213–14 (2002). Professor Wagner likens the asymmetry of information in patent examination to the economics of bargaining under incomplete information. The most important implication of this phenomenon is that it allows strategic behavior by the participant who is most well-informed—here, the patent applicant—and that this strategic behavior is

time and resource constraints in their task of fully characterizing the existing state of technical knowledge and evaluating the invention at hand against that body of knowledge to determine whether it is, indeed, patentable.⁴ Finally, patents readily enter the world once they issue, but denied applications are appealable to the administrative tribunal of the Patent Office and thereafter to the federal courts. As a result, even if the likelihoods of improper patent grants and improper patent denials were theoretically equal,⁵ the availability of appeal for denials would limit the risk of false negatives while the risk of false positives would remain.⁶ As it is, a patent's future value as a legal right is inherently unforeseeable. So is an invention's future value as a technologically and economically meaningful innovation. Taken together with those unforeseeabilities, these asymmetries in patent examination make it all but certain that patents that should not have issued, perhaps a great many, will issue.

The ex post private and social costs of these ex ante examination errors can be considerable. Patents confer broad property rights to exclude others from the full range of economic activities associated with commercializing an invention: making, selling, offering for sale, using, and importing are all prohibited without the permission of the patent owner,⁷ as is inducing another to perform one of these activities⁸ or contributing to another's performance of one of these activities.⁹ Where no meaningful economic substitutes exist in the market for a patented invention, therefore, a patent owner enjoys

often privately beneficial but socially costly. *Id.* at 214–16.

4. A considerable literature, empirical as well as theoretical, is now emerging on resource constraints in patent examination. *See, e.g.*, Michael D. Frakes & Melissa F. Wasserman, *Is the Time Allocated to Review Patent Applications Inducing Examiners to Grant Invalid Patents?: Evidence from Micro-Level Application Data*, 98 REV. ECON. & STAT. (forthcoming), www.ssrn.com/abstract=2467262 [<https://perma.cc/WC24-H5EX>]; Michael D. Frakes & Melissa F. Wasserman, *Does the U.S. Patent and Trademark Office Grant Too Many Bad Patents?: Evidence from a Quasi-Experiment*, 67 STAN. L. REV. 613 (2015); Mark A. Lemley, *Rational Ignorance at the Patent Office*, 95 NW. U.L. REV. 1495 (2001).

5. These likelihoods are, of course, not likely to be equal given the other asymmetries already discussed, including the presumption of patentability, the information advantage of patent applicants, and the resource constraints of patent examiners. *See supra* notes 1–4 and accompanying text.

6. *See* Melissa F. Wasserman, *The PTO's Asymmetric Incentives: Pressure to Expand Substantive Patent Law*, 72 OHIO ST. L.J. 379 (2011); Jonathan S. Masur, *Patent Inflation*, 121 YALE L.J. 470 (2011); Arti K. Rai, *Who's Afraid of the Federal Circuit?*, 121 YALE L.J. F. 335 (2011) (replying to Masur); Lisa Larrimore Ouellette, *What Are the Sources of Patent Inflation? An Analysis of Federal Circuit Patentability Rulings*, 121 YALE L.J. F. 347 (2011) (replying to Masur); Jonathan S. Masur, *Inflation Indicators*, 121 YALE L.J. F. 375 (2012) (surreplying to Rai and Ouellette).

7. *See* 35 U.S.C. § 271(a) (2012).

8. *See* 35 U.S.C. § 271(b).

9. *See* 35 U.S.C. § 271(c).

considerable market power and can set supracompetitive prices accordingly.¹⁰ Indeed, this static inefficiency in the market is the very thing that the patent system offers to the patent owner as a limited reward for investing ex ante in the often costly production of socially valuable technical knowledge that is embodied in the invention.¹¹ Patents granted in error, however, can generate the short-term static inefficiency costs associated with market power without the attendant long-term dynamic efficiency benefits of true innovation.¹² These effects accrue to the private benefit of the owner of the invalid patent both at the private expense of competitors¹³ and at the social expense of deadweight loss to consumers in the form of higher prices and fewer choices.¹⁴

B. THE ARC OF PATENT VALIDITY REVIEW

Appreciating the risk of these private and social costs, Congress since 1980 has enacted a series of reforms aimed not only at reducing the ex ante likelihood that patents will issue in error but also at mitigating the ex post harms of patents that did issue in error.¹⁵ The 1980 Bayh-Dole Act made issued

10. See Alan L. Durham, *Natural Laws and Inevitable Infringement*, 93 MINN. L. REV. 933, 989 (2009). Cf. Einer Elhauge, *Defining Better Monopolization Standards*, 56 STAN. L. REV. 253, 296 n.128 (2003) (noting that “there are [reasons other than duplicability] why monopoly power might be lacking even if duplication were impossible, such as when other sorts of property confer similar advantages that prevent an owner of the nonduplicable property from raising prices above cost. For example, while patents cannot be duplicated, sometimes they lack market power because other patents provide substitutes for accomplishing the same functional goal”). The courts have recognized this economic fact as well. See, e.g., *Ill. Tool Works Inc. v. Indep. Ink, Inc.*, 547 U.S. 28, 44–46 (2006).

11. This is, in essence, the widely understood incentive theory of patent protection. See, e.g., Arti Kaur Rai, *Regulating Scientific Research: Intellectual Property Rights and the Norms of Science*, 94 NW. U. L. REV. 77, 116–17 (1999); FREDERIC M. SCHERER, *INDUSTRIAL MARKET STRUCTURE AND ECONOMIC PERFORMANCE* 440 (2d ed. 1980).

12. See Michael Abramowicz, *Perfecting Patent Prizes*, 56 VAND. L. REV. 115, 129 (2003); Michael A. Carrier, *Unraveling the Patent-Antitrust Paradox*, 150 U. PA. L. REV. 761, 770 (2002).

13. See Lemley, *supra* note 4, at 1516; Robert P. Merges, *As Many as Six Impossible Patents Before Breakfast: Property Rights for Business Concepts and Patent System Reform*, 14 BERKELEY TECH. L.J. 577, 592 (1999); Donald F. Turner, *The Patent System and Competitive Policy*, 44 N.Y.U. L. REV. 450, 455 (1969).

14. See Lemley, *supra* note 4, at 1516; Merges, *supra* note 13, at 593; Robert P. Merges & Richard R. Nelson, *On the Complex Economics of Patent Scope*, 90 COLUM. L. REV. 839, 866–67 (1990).

15. Reforms aimed at improving the quality of examination itself have included 18-month publication and third-party input into examination proceedings, as previously noted. See *supra* note 2. They have also included structural changes such as making the Patent Office a fee-funded agency rather than one that relies on legislative appropriations for its budget, thereby enlarging the agency’s resources and capacities. Omnibus Budget Reconciliation Act, Pub. L. No. 101-508, 104 Stat. 1388 (1990). More recent research, however, has questioned whether the reliance of the Patent Office on fees obtained from its applicants may influence the agency’s incentives to grant patents based not solely on substantive merit but on

patents subject to administrative reevaluation by the same agency that issued them.¹⁶ Through reexamination, third parties could petition the Patent Office to consider new evidence and reconsider old evidence of patentability and determine whether the patent in question was, indeed, properly issued. As originally constituted, however, patent reexamination was conducted *ex parte* just as initial examination was. Thus, when the Patent Office did find a reexamination request worthy of review, the proceeding left the control of the third-party requestor and was, once again, limited to a dialogue between a self-interested patent owner and a Patent Office examiner.¹⁷ In short, although *ex parte* reexamination has certainly reflected error correction up to a point, the incentives and abilities of patent owners in such cases have been to clarify and strengthen their own patents rather than to invalidate them altogether, even where invalidation may have been the socially optimal outcome.¹⁸

In response to public dissatisfaction with the *ex parte* limitations of reexamination, Congress in 1999 introduced adversarial reexamination by which third parties did not merely initiate Patent Office review of the validity of issued patents, but actively prosecuted the review through its conclusion.¹⁹ The availability of this *inter partes* reexamination was of particular and immediate interest to defendants in patent litigation, who had already been accused of infringing the patent, as their adversarial interests in vigorously challenging the validity of the relevant patents were well defined. From the implementation of *inter partes* reexamination in 2001 through its abolition and replacement by the implementation of the AIA in 2013, requests for the proceeding increasingly and predominantly originated as a defensive response to infringement litigation. In all, some 62.9% of all *inter partes* reexamination requests were associated with infringement litigation.²⁰

maximizing revenue. *See, e.g.*, Michael D. Frakes & Melissa F. Wasserman, *Does Agency Funding Affect Decisionmaking?: An Empirical Assessment of the PTO's Granting Patterns*, 66 VAND. L. REV. 67 (2013).

16. *See* Patent and Trademark Law Amendments Act, Pub. L. No. 96-517, 94 Stat. 3015 (1980).

17. *See* Mark D. Janis, *Rethinking Reexamination: Toward a Viable Administrative Revocation System for U.S. Patent Law*, 11 HARV. J.L. & TECH. 1, 6 (1997); *see generally* Shannon M. Casey, *The Patent Reexamination Reform Act of 1994: A New Era of Third Party Participation*, 2 J. INTEL. PROP. L. 559 (1995).

18. *See* Saurabh Vishnubhakat, *The Youngest Patent Validity Proceeding: Evaluating Post-Grant Review*, 24 TEX. INTEL. PROP. L.J. 333, 345–46 (2016).

19. *See* Intellectual Property and Communications Omnibus Reform Act of 1999, Pub. L. No. 106-113, Title IV, Subtitle F (1999).

20. Data on *inter partes* reexamination and known related litigation is from the Patent Office Performance and Accountability Reports. *See* U.S. PATENT & TRADEMARK OFFICE, PERFORMANCE AND ACCOUNTABILITY REPORTS, <https://www.uspto.gov/about-us/performance-and-planning/uspto-annual-reports/> [https://perma.cc/3TYX-ACA7].

Nevertheless, though the inter partes reexamination requests that the Patent Office did receive came primarily from litigation defendants, such requests were not widely adopted as a general matter. The Patent Office received only about 2,000 requests for inter partes reexamination throughout the existence of the proceeding,²¹ as compared with some 6,700 requests for ex parte reexamination during the same period.²²

Usage of reexamination was shaped by interrelated factors that form the conventionally recited case for administrative adjudication: the need for expertise, the desire to avoid cost and delay, and the importance of broad access.²³ Both ex parte and inter partes reexamination reflected these instrumental goals, but not strongly enough.²⁴ By the time that a consensus had emerged around the validity review mechanisms in the AIA, the depth and detail of these administrative review proceedings were far closer to full-blown trials than to a mere repetition of Patent Office examination.²⁵ Indeed, the ability of the new proceedings to serve as substitutes for court litigation was a conscious choice and oft-cited feature of the AIA.²⁶

C. THE STRUCTURE OF PTAB REVIEW

In apparent vindication of this push for more trial-like administrative adjudication, usage of the AIA validity review mechanisms soon dwarfed that of the old reexamination procedures. The proceeding that the public has used most extensively so far is inter partes review. Since the proceeding became available in September 2012, challengers have filed more than 4,000 petitions for inter partes review.²⁷ That is, there have already been nearly a third as many petitions for inter partes review in just four years as there have been petitions for ex parte reexamination over the last 35 years.²⁸ Meanwhile, interest in

21. See *Reexamination Information*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/learning-and-resources/statistics/reexamination-information> [<https://perma.cc/A34X-44CU>] (last visited Nov. 18, 2018).

22. *Id.*

23. See Saurabh Vishnubhakat, Arti K. Rai & Jay P. Kesan, *Strategic Decision Making in Dual PTAB and District Court Proceedings*, 31 BERKELEY TECH. L.J. 45, 51–55 (2016) (discussing the traditional rationales for administrative adjudication of patent validity).

24. Some ready evidence of this insufficiency is simply the lack of usage of either form of reexamination as of 2011. See Vishnubhakat et al., *supra* note 23, at 55–58.

25. See John M. Golden, *Working Without Chevron: The PTO as Prime Mover*, 65 DUKE L.J. 1657, 1666 (2016).

26. See Vishnubhakat et al., *supra* note 23, at 58–64 (showing that AIA patent validity review was intended—and does, in practice, largely operate—as a substitute for litigation in the Article III courts).

27. Petition data is from the Docket Navigator service. See DOCKET NAVIGATOR, www.docketnavigator.com [<https://perma.cc/E7NL-T5DV>].

28. See *Reexamination Information*, *supra* note 21.

covered business method review since September 2012, was on the order of 400 petitions.²⁹ Finally, post-grant review was on the order of about 20 petitions.³⁰ The nature, causes, and implications of these differences in usage—as well as the particular scope of review and policy benefits that each of the proceedings offers—are the subject of ongoing empirical research.³¹

The 2011 law created three major administrative proceedings: inter partes review, covered business method review, and post-grant review. Each varies in its scope for correcting the errors of patent examination, but each also has much in common with the others. Importantly, all three are susceptible to redundancy-based decision making. Although all three review proceedings are intended to correct false-positive results in patent examination, each proceeding offers a different set of error-corrections with respect to the types of patents that may be challenged and the types of legal arguments and factual evidence that may be considered. The Patent Office summarizes these differences in a helpful chart.³²

Inter partes review is available for all patents, whether issued from applications under the AIA's "first inventor to file" system of examination or issued under the pre-AIA "first to invent" system of examination.³³ A patent may be challenged only on two legal grounds: that the patented invention was anticipated by a previous invention and thus failed the novelty requirement,³⁴ or the patented invention was obvious.³⁵ Other substantive requirements for patentability, such as adequately disclosing the invention, are unavailable in inter partes review.³⁶ Similarly, only certain "prior art" evidence about previous inventions that purport to show anticipation or obviousness is permitted: generally, issued patents and printed publications.³⁷ Other evidence, such as prior offers for sale or public uses—though these would be disqualifying in patent examination³⁸—are not permitted in inter partes review.³⁹

Covered business method review is also available regardless whether the

29. *Id.*

30. *Id.*

31. *See generally* Vishnubhakat et al., *supra* note 23.

32. U.S. PATENT & TRADEMARK OFFICE, MAJOR DIFFERENCES BETWEEN IPR, PGR, AND CBM, https://www.uspto.gov/sites/default/files/ip/boards/bpai/aia_trial_comparison_chart.pptx [<https://perma.cc/N5PU-9WHG>].

33. Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29 § 6(c)(2)(A) (2011), 125 Stat. 284 (2011) (codified at 35 U.S.C.).

34. *See* 35 U.S.C. § 102 (2012).

35. *See* 35 U.S.C. § 103.

36. *See* 35 U.S.C. § 311(b).

37. *See id.*

38. *See* 35 U.S.C. § 102(a).

39. *See* 35 U.S.C. § 311(b).

patent issued from pre-AIA or post-AIA examination.⁴⁰ However, review is available only for patents that claim a defined category of business methods.⁴¹ Any legal ground that is otherwise available as an invalidity defense in court is available in covered business method review.⁴² Correspondingly, evidence of prior invention is also broadly available so long as it is the type of prior art that was to be considered when the patent was first examined.⁴³

Post-grant review follows a mix of these parameters. As with *inter partes* review, patents from all fields are reviewable. As with covered business method review, legal grounds for challenge are broadly available and prior art is broadly permitted.⁴⁴ However, only patents that issued under the post-AIA “first inventor to file” regime are subject to post-grant review.⁴⁵

What these different proceedings share are four important procedural features that are relevant to the agency’s practice of adjudicating petitions on redundancy-related grounds. First, all three forms of review originate as trial-type adversarial proceedings before the Patent Trial and Appeal Board. This alone is a major difference from reexamination, which was conducted first before an examiner and then was appealed, as needed, to the Board of Patent Appeals and Interferences. The AIA patent validity reviews are conducted by scientifically and legally expert administrative patent judges in the first instance, and the resulting substantive judgments are appealable directly to the Federal Circuit. As a result, all three proceedings answer to the same appellate court, one that has a complex administrative-law relationship with the agency that it oversees.

Second, all three proceedings begin not as a matter of right but through petitions for review that must specify the patent claims whose validity is in question, the patentability grounds on which each challenge rests, and supporting evidence.⁴⁶ The agency has authority to proceed with the review sought in a given case based on the merits of a given petition. The agency may

40. *See* 35 U.S.C. 321(c); AIA § 18(a)(1)(A) (2011).

41. *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29 § 18(d)(1) (2011) (defining such a patent as one “that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions”).

42. *See* 35 U.S.C. § 321(b) (referring to defenses in 35 U.S.C. §§ 282(b)(2)–(3)).

43. *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29 § 18(a)(1)(C) (2011).

44. *See* 35 U.S.C. § 321(b).

45. *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29 § 6(f)(2)(A) (2011).

46. *See* 35 U.S.C. §§ 312(a), 322(a). The procedural requirements for a covered business method are the same as those for a post-grant review, including available grounds for challenge, permissible evidence, the pleading standard for the petition, and the processes by which the pre- and post-institution phases are conducted. *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29 § 18(a)(1) (2011).

institute an inter partes review only if “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”⁴⁷ Similarly, the agency may institute a covered business method review or post-grant review either if “it is more likely than not that at least one of the claims challenged in the petition is unpatentable”⁴⁸ or if “the petition raises a novel or unsettled legal question that is important to other patents or patent applications.”⁴⁹ In all cases, however, the agency’s threshold institution decision is “final and nonappealable,” regardless whether the decision is to institute review or to deny it.⁵⁰ These nonappealability provisions are a source of considerable controversy, including a case that the Supreme Court recently decided.⁵¹

Third, all three proceedings are subject to partial institution, a practice born of Patent Office regulation with no express statutory mandate. The two outcomes that the AIA contemplates for any petition seeking inter partes, covered business method, or post-grant review are that the petition be instituted or that the petition be denied.⁵² The regulations that implement the statute, however, go further and provide that the agency may “authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.”⁵³ Conversely, the regulations also provide that the agency may “deny some or all grounds for unpatentability for some or all of the challenged claims.”⁵⁴ For all three types of petitions, the denial by the agency of a particular ground for challenge is deemed a “decision not to institute” the petition on that ground.⁵⁵ The effect of this declared equivalence—between the denial of a ground and the denial of a petition as to that ground—is to invoke the nonappealability provisions of the organic statute that renders a decision “whether to institute” insulated from judicial review.⁵⁶ The assumption of authority by the Patent Office to make partial institutions is a source of further controversy and represents an additional and necessary doctrinal step toward adjudicating petitions based on whether grounds within a given petition are redundant to each other.

47. 35 U.S.C. § 314(a).

48. 35 U.S.C. § 324(a).

49. 35 U.S.C. § 324(b).

50. 35 U.S.C. §§ 314(d), 324(e).

51. *See generally* *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016).

52. *See* 35 U.S.C. §§ 314(a), 324(a).

53. 37 C.F.R. § 42.108(a) (2018) (providing for partial institution in inter partes review); 37 C.F.R. § 42.208(a) (providing for partial institution in post-grant review); *see* 37 C.F.R. § 42.300(a) (providing that the procedures governing partial institution in post-grant review apply as well to covered business method review).

54. 37 C.F.R. §§ 42.108(b), 42.208(b).

55. 37 C.F.R. §§ 42.108(b), 42.208(b).

56. 35 U.S.C. §§ 314(d), 324(e).

Fourth, all three proceedings trigger robust forms of estoppel against petitioners both with respect to future administrative proceedings within the Patent Office and with respect to litigation in other fora. For any inter partes review that results in a final written decision regarding the validity of a particular patent claim, the party that sought the review is estopped to challenge the validity of that patent claim again.⁵⁷ Estoppel applies equally to challenges in Patent Office review proceedings and to civil actions in the federal courts and in International Trade Commission proceedings.⁵⁸ It also applies equally to grounds for challenge that the petitioner actually raised and to grounds that the petitioner reasonably could have raised during the inter partes review.⁵⁹ An exactly analogous estoppel provision governs post-grant reviews as well.⁶⁰ Covered business method reviews, meanwhile, do trigger estoppel both as to grounds that the petitioner actually raised and grounds that the petitioner reasonably could have raised, but only in future administrative proceedings in the Patent Office, not in future civil actions in the federal courts or in International Trade Commission proceedings.⁶¹ In light of this robust framework of estoppel for all three review proceedings, the specter of petitioners being forever barred from vindicating their substantive arguments in the future—while also being denied the chance to present some of their substantive arguments to the Patent Office in the present—is foremost among the harms from the Patent Office practice of adjudicating petitions based on redundancy.

These procedural similarities among inter partes review, covered business method review, and post-grant review are significant because they evince an intent by Congress that procedural interpretations regarding one type of proceeding will likely resolve the issue in the same way for all three.⁶² Indeed, the Patent Office practice of adjudicating petitions based on whether some grounds are redundant to others originated in a covered business method review decision⁶³ and was quickly adopted into inter partes review decisions as

57. See 35 U.S.C. § 315(e).

58. See 35 U.S.C. §§ 315(e)(1), 315(e)(2).

59. See 35 U.S.C. §§ 315(e)(1), 315(e)(2).

60. See 35 U.S.C. § 325(e).

61. See Leahy-Smith America Invents Act, Pub. L. No. 112-29 § 18(a)(1)(A) (2011) (exempting covered business method review from the effect of 35 U.S.C. § 325(e)(2)).

62. See generally NORMAN J. SINGER & J.D. SHAMBIE SINGER, 2B SUTHERLAND STATUTORY CONSTRUCTION § 51:2 (7th ed.) (explaining that where “previous statutes relating to the same subject” are in force, “the new provision is presumed to accord with the legislative policy embodied in those prior statutes”); see also *id.* at § 51:3 (explaining that statutes that are in *pari materia*, i.e., that have the same purpose as to the same subject matter as each other, ought to be interpreted in light of one another).

63. See *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, No. 2012-00003, 2012 WL 9494791 (P.T.A.B. October 25, 2012).

well.⁶⁴ Likewise, currently pending disputes over the scope of the nonappealability statute in inter partes review are widely expected to set broad precedents for covered business method and post-grant review as well,⁶⁵ for an identical provision governs the latter proceedings as well.⁶⁶ Accordingly, the nature of redundancy-based decision making by the Patent Office, its consequences, and ultimately its defensibility as a doctrine apply across all three types of patent validity review proceedings.

D. THE REJECTION OF REDUNDANT GROUNDS

The Patent Trial and Appeal Board (PTAB) has used the talisman of redundancy to choose between *legal grounds* for invalidity as well as to choose between *factual predicates* for invalidity arguments, such as prior art references. Although choosing between duplicative factual evidence is potentially more defensible than choosing between legal grounds, neither is authorized by statute in quite the way that the agency has done.

Redundancy of legal arguments is, to some extent, inherent in the legal requirements for patentability.⁶⁷ Patent law requires broadly that the invention must reflect patent-eligible subject matter.⁶⁸ Beyond this, the invention must satisfy two sets of substantive criteria: innovation-related requirements and disclosure-related requirements.⁶⁹ To ensure innovation, an invention must be

64. See *Ranbaxy Lab., Ltd. v. Vertex Pharm., Inc.*, No. 2013-00024, 2013 WL 8595397 (P.T.A.B. November 15, 2013).

65. See *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307 (Fed. Cir. 2015) (applying the previously confirmed nonappealability of agency decisions on inter partes review petitions to confirm the nonappealability of agency decisions on covered business method review petitions based on the identity of the provisions); Michael Rosato & Richard Torczon, *A Divided Federal Circuit Confirms Broadest Reasonable Interpretation for Claims in Inter Partes Review on Rehearing*, WSGR ALERT (July 8, 2015), <https://www.wsgr.com/WSGR/Display.aspx?SectionName=publications/PDFSearch/wsgalert-cuozzo-0715.htm> [https://perma.cc/U7NQ-8F33] (observing that the Federal Circuit's reasoning in finding inter partes petition decisions nonappealable "was broadly applicable to the other PTAB post-grant trials"); Fabian M. Koenigbauer & Steven J. Schwarz, *In re Cuozzo: The Federal Circuit Affirms the PTAB's Finding of Unpatentability*, VENABLE LLP (Mar. 17, 2015) www.venable.com/in-re-cuozzo-the-federal-circuit-affirms-the-ptabs-finding-of-unpatentability-03-17-2015/ [https://perma.cc/AYR8-YPJP] (predicting that the nonappealability of inter partes petition decisions would likely apply to the other AIA proceedings "because of similarities in the statutory language and rules").

66. Cf. 35 U.S.C. §§ 314(d), 324(e) (2012).

67. See generally John M. Golden, *Redundancy: When Law Repeats Itself*, 94 TEX. L. REV. 629, 673–99 (2016) (discussing doctrinal redundancy in patent law).

68. See 35 U.S.C. § 101.

69. See Saurabh Vishnubhakat, *The Antitrust of Patentability*, 48 SETON HALL L. REV. 71, 88–93 (2017) (explaining the innovation- and disclosure-related requirements of patentability).

useful,⁷⁰ new,⁷¹ and nonobvious.⁷² To ensure disclosure, the patent specification must enable a reader to make and use the invention,⁷³ must describe the invention well enough to show that the inventor actually possessed the invention as claimed,⁷⁴ and must claim the invention precisely enough that the boundaries of the legal right are definite.⁷⁵ All of these requirements are evaluated from the standpoint of the fictive person having ordinary skill in the relevant art.⁷⁶ This fictive person, in turn, is presumed to be familiar with the state of relevant knowledge and prior art in that technology.⁷⁷

Thus, one may easily imagine, for example, analytical overlap between innovation-related requirements such as novelty and nonobviousness. Both compare the invention at hand to the preexisting body of technical knowledge and ask whether the invention is sufficiently different from what came before. Novelty may be the easier hurdle to clear because all of the invention's essential features must be present in a single prior reference to defeat novelty.⁷⁸ By contrast, a challenger may rely on a combination of prior art references to show that an invention—though new—would have been obvious.⁷⁹ Nevertheless, because an invention is patentable only if it satisfies every requirement, prevailing on any single ground for challenge is enough for invalidation. In that sense, a petition for review that challenges novelty and nonobviousness makes redundant arguments. One might proceed with novelty and ignore nonobviousness, or vice-versa, and reach the same bottom-line outcome of invalidity.

Meanwhile, it may seem less inherently problematic to dismiss as redundant the factual predicates of a case, such as prior art. This is because, where the available evidence points to a determinate conclusion, additional evidence is simply unnecessary and offers diminishing marginal adjudicatory benefits relative to the costs. For example, a petitioner seeking inter partes review may argue that the first claim of a patent is invalid for lack of novelty, and offer three prior art references each of which purportedly anticipates the

70. See 35 U.S.C. § 101.

71. See 35 U.S.C. § 102.

72. See 35 U.S.C. § 103.

73. See 35 U.S.C. § 112(a).

74. *Id.*

75. See 35 U.S.C. § 112(b).

76. See generally Saurabh Vishnubhakat, *The Field of Invention*, 45 HOFSTRA L. REV. 899, 900–01 (2017).

77. See *id.* at 932 (citing *In re Winslow*, 365 F.2d 1017, 1020 (C.C.P.A. 1966) (conjuring an inventor “working in his shop with the prior art references—which he is presumed to know—hanging on the walls around him”).

78. See *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1548 (Fed. Cir. 1983).

79. See *In re Kahn*, 441 F.3d 977, 986 (Fed. Cir. 2006).

claim. As anticipation must be proven on the basis of a single reference—i.e., every element of the claimed invention must be present in the asserted reference—the PTAB might institute review on novelty grounds based only on one reference, perhaps what it considers the strongest reference. The other novelty-defeating references would not be considered but instead rejected as redundant. As with legal redundancy, such a choice may seem intuitively reasonable, especially as a matter of case management, which the AIA specifically entrusts to the PTAB.⁸⁰

The problem with these intuitions, however, has been their uneasy basis in the statutory text. Perhaps worse is the Patent Office's stance until recently against defending its redundancy-based decision making or even acknowledging its analytical content. A clearly elucidated doctrine of redundancy might well have been within the powers of the PTAB—and if not, the Federal Circuit could have provided correction and oversight from the start. Instead, the agency started from an expansive position of absolute immunity both from judicial review and from an obligation to explain, in a prospective manner by which it could later be held to account, just what it meant by redundancy.

II. THE SOURCE OF THE PROBLEM

As a result, it was predictable—and PTAB petitioners did predict at the time—that rejections for redundancy would introduce new uncertainty into AIA review through the estoppel provisions. If a petitioner failed to include any grounds or arguments in its petition, it would be estopped to raise them in later court or agency proceedings as matter that it “reasonably could have raised.”⁸¹ But if the petitioner did include those grounds and the PTAB rejected them as redundant, then estoppel might attach as matter that the petitioner actually “raised.”⁸² Until estoppel effects could be clarified, their uncertain application based on PTAB actions beyond the petitioner's control presented a chilling effect upon the ability of petitioners to challenge the validity of patents in the very ways that the AIA provides.⁸³

80. See 35 U.S.C. §§ 315(d), 325(d).

81. 35 U.S.C. §§ 315(e), 325(e).

82. 35 U.S.C. §§ 315(e), 325(e).

83. Brief for Petitioner-Appellant, *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293 (Fed. Cir. 2016) (Nos. 2015-1116, 2015-1119), 2015 WL 227464, at *65–68 [hereinafter *Shaw Brief*].

A. THE CLAIM TO ABSOLUTE JUDICIAL UNREVIEWABILITY

The clearest expression of the initial Patent Office position on redundancy-based screening of PTAB petitions came in *Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*⁸⁴ In that case, Shaw sought inter partes review on all twenty-one claims of Automated Creel's U.S. Patent No. 7,806,360.⁸⁵ In support, Shaw advanced fifteen grounds, each a combination of a particular legal basis (§ 102 or § 103), certain prior art, and the particular patent claim to which it applied.⁸⁶ The PTAB granted review, as it often has, piecemeal. Most, but not all, of the challenged patent claims were accepted for review.⁸⁷ Some, but not all, of the asserted grounds were accepted for review.⁸⁸ Specifically, the PTAB rejected the argument that U.S. Patent No. 4,515,328 by inventor Payne anticipated claims 6, 7, 13, 15–18, and 21 of Automated Creel's '360 Patent.⁸⁹ The PTAB found this argument redundant in light of other arguments that these claims were obvious in light of other prior art.⁹⁰ Thus, the conclusion seemed to reflect legal as well as factual redundancy.

But there was no way to be sure. Shaw disputed the PTAB's conclusion that an anticipation challenge under Payne was, in fact, redundant to the obviousness challenges, and also disputed the PTAB's authority to deem grounds redundant at all.⁹¹ Rather than engage with the conclusion of redundancy or explain its reasoning, the Patent Office on appeal proposed that the Federal Circuit lacked jurisdiction even to consider the practice.⁹²

“[I]here is no ‘redundancy doctrine,’” the agency said: such terminology was merely “to explain the notion of streamlining the IPR proceedings for efficiency reasons.”⁹³ The decision whether to institute was unreviewable under 35 U.S.C. § 314(d), which provides that such a decision is “final and nonappealable.”⁹⁴ The agency's brief cited further to the Federal Circuit panel decision in *In re Cuozz*,⁹⁵ which would later be affirmed by the Supreme

84. 817 F.3d 1293 (Fed. Cir. 2016).

85. *See id.* at 1295–96.

86. *See id.* at 1296.

87. *See id.*

88. *See id.* at 1296–97.

89. *See id.*

90. *See id.*

91. *See id.* at 1298.

92. *See* Brief for Intervenor, *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293 (Fed. Cir. 2016) (Nos. 2015-1116, 2015-1119), 2015 WL 1875621, at *18 [hereinafter Brief for Intervenor].

93. *Id.* at *17.

94. *Id.* at *16.

95. 778 F.3d 1271 (Fed. Cir. 2015).

Court.⁹⁶ Importantly, the Patent Office rooted its argument of efficiency and streamlined proceedings in §§ 316(b) and 326(b), which look to “the efficient administration of the Office, and the ability of the Office to timely complete proceedings.”⁹⁷ It did not look to § 325(d), which provides expressly that, “in determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.”⁹⁸

This choice is puzzling because § 325(d) seems much more squarely relevant to the concern of duplicative prior art or arguments. The likely answer lies in the agency’s self-conferred power to institute petitions piecemeal, a PTAB practice that dates from the earliest days of AIA review.

Shaw asserts that the Board cannot institute an IPR proceeding on some, but not all, grounds proposed. That is, according to Shaw, the Board must institute a trial on all grounds presented in an IPR petition. In essence, Shaw challenges the Board’s institution decision, which is not reviewable by this Court.⁹⁹ The part of the IPR that is reviewable is the Board’s decision with respect to the “patentability of any patent claim challenged by the petitioner” which is limited to those grounds for which the Board instituted the IPR.¹⁰⁰

Thus, the Patent Office conceptualized its power to reject redundant grounds as simply a specific instance of its power to pick and choose elements of a petition to institute, and connected this partial institution power to the nonappealability statute.

Although the panel majority accepted this view, Judge Reyna issued a strongly worded concurrence expressing grave concerns that the Patent Office’s “claim to unchecked discretionary authority is unprecedented.”¹⁰¹ In his view, the trouble was not necessarily that the agency asserted the power to differentiate between original grounds and redundant ones, but that the agency altogether declined to give “any reasoned basis *why* or *how* the denied grounds are redundant”—indeed, it claimed immunity from being judicially compelled to do so.¹⁰² Importantly, Judge Reyna also questioned the majority’s conclusion that the grounds on which the PTAB had denied institution would simply not be subject to estoppel,¹⁰³ noting instead that the issue of whether estoppel

96. See *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2146 (2016).

97. 35 U.S.C. §§ 316(b), 326(b) (2012).

98. 35 U.S.C. § 325(d).

99. 35 U.S.C. § 314(d); *Cuozzo*, 778 F.3d at 1276–77.

100. Shaw Brief, *supra* note 83, at *58–75.

101. *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293, 1303 (Fed. Cir. 2016) (Reyna, J., concurring).

102. *Id.* at 1302.

103. See *id.* at 1299–300.

applies “is not for the Board or the PTO to decide. Nor is it for us [the Federal Circuit] to decide in the first instance”—but rather is for a district court or the ITC to decide.¹⁰⁴

B. INCONSISTENCY WITH THE POWER TO INSTITUTE

This expansive view by the Patent Office of its own authority is questionable for three related statutory reasons. First is that the AIA’s provisions for instituting on a petition establish only necessary conditions for whether review should be granted, not sufficient conditions. Second is that the question of whether review should be had is analytically distinguishable from the extent and scope of that review. Third is that although the PTAB enjoys some insulation from judicial review, that insulation is not—indeed, cannot be—as far-reaching as the Patent Office has suggested.

In general, the Director “*may not* authorize [review] . . . *unless*” the specified criteria are met, namely an adequate likelihood of success on the merits of the petition.¹⁰⁵ In post-grant review, one may establish instead the existence of a “novel or unsettled legal question” instead of a likelihood of success¹⁰⁶—but one of these two must be shown. Because the statute does not enumerate any sufficient conditions, the Patent Office cannot point to the statute as approving its claimed power to police and reject redundant grounds. At most, the statute gives discretion to specify what the sufficient conditions for review ought to be,¹⁰⁷ though the exercise of that discretion, of course, requires reasonableness and reason-giving under conventional administrative law principles.¹⁰⁸

The difficulties continue. The ability to decide “whether to institute . . . review”¹⁰⁹ may be a binary power as it seems on its face to be. Or it may contain

104. *Id.* at 1305 (Reyna, J., concurring).

105. 35 U.S.C. §§ 314(a), 324(a) (2012) (emphasis added).

106. 35 U.S.C. § 324(b).

107. *See* 35 U.S.C. §§ 316(a)(2), 326(a)(2).

108. *See, e.g.*, Cass Sunstein, *Chevron Step Zero*, 92 VA. L. REV. 187, 226–27 (2006) (arguing that the Supreme Court’s approach to judicial deference in the *Christensen*, *Mead*, and *Barnhart* cases “would ensure that agency interpretations would receive *Chevron* deference only if they were a product of procedures that increase the likelihood of reasoned decision-making”); Thomas W. Merrill & Kristin E. Hickman, *Chevron’s Domain*, 89 GEO. L.J. 833, 885 (2001) (explaining that “norms of reasoned decision-making will compel the decisionmaker to provide an explanation for the agency’s resolution of the issue”). To put the point another way, the Patent Office can read the statute as giving it discretion but must then subject itself to judicial review in order to ensure that the agency is adequately satisfying its obligations to explain itself. Alternatively, the Patent Office can argue for absolute immunity from judicial review, but it must then be prepared to limit that extraordinary autonomy only to powers clearly enumerated in the statute. The agency cannot have it both ways.

109. 35 U.S.C. §§ 314(a), 324(a).

within it the lesser power to institute as to some, but not all, portions of a petition as the agency's regulations provide.¹¹⁰ Again, the statute does not unequivocally give the power to make partial institutions, just as it does not unequivocally specify sufficient conditions for deciding whether to institute. Thus, again, the Patent Office cannot point to the statute as approving its practice. At most, the statute by its ambiguity might be read to give discretion for choosing between a binary power over institution or a lesser-included power to make partial institutions.¹¹¹ But exercising this discretion, too, would require reasonableness and reason-giving.

Thus, an unaccountable agency power to reject redundant grounds does not seem viable. The Patent Office's response to this in *Shaw Industries* and other cases has been that although conventions of reason-giving and, indeed, administrative law's broad presumption in favor of reviewability would ordinarily require judicial oversight and agency explanation, the AIA specifically superseded these default rules.¹¹² In *Cuozzo*, the Supreme Court held not only that the PTAB's decision whether to institute was unreviewable but also that other "closely tied" issues such as clarity or adequacy of evidence in the petition are also entrusted to the agency's evaluative discretion, unreviewable by the courts.¹¹³

The problem with applying *Cuozzo* expansively to institution-related decisions is not that it is difficult, but that it is too easy. Because the basic necessary criterion for institution is a likelihood of success on the merits of the case, every aspect of the eventual adjudication has potential overlaps and parallels with the initial institution decision.¹¹⁴ Thus, for example, the Patent Office has argued in the past that the one-year deadline within the filing of an infringement lawsuit, after which a petition for inter partes review cannot be instituted, is not an exogenous statutory constraint on agency power but merely another part of the institution decision—and insulated from review accordingly.¹¹⁵ The agency has argued even that the PTAB obligation to issue final written decisions on the validity of challenged patent claims is constrained

110. 37 C.F.R. § 42.108 (2018).

111. This choice is no longer hypothetical, as the Supreme Court in *SAS Inst., Inc. v. Iancu* has now held that § 314(a) unambiguously forbids partial institution. *See* 138 S. Ct. 1348, 1360 (2018).

112. Brief for Intervenor, *supra* note 92, *32–33; *see also* Brief for Respondent, *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016), 2016 WL 1165967, at *49–50.

113. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2141 (2016).

114. *See generally* Saurabh Vishnubhakat, *The Porous Court-Agency Boundary in Patent Law*, 51 AKRON L. REV. 1069 (2018) (discussing the incremental expansion by the Patent Office of unreviewability under § 314(d) based on analytical overlap between institution and merits adjudication).

115. *See, e.g.*, *Achates Reference Publ'g, Inc. v. Apple Inc.*, 803 F.3d 652, 657–58 (Fed. Cir. 2015).

by this discretionary and unreviewable power at the institution stage.¹¹⁶ In other words, taken to its conclusion, the Patent Office view of its insulation from judicial review extends up to and including merits adjudications even though these are plainly reviewable.¹¹⁷

The key downstream implication of the Patent Office's position is a particularly difficult dilemma. If these issues of sufficient conditions to institute, the power to make partial institutions, and the power to self-define adjudicatory obligations are all so related to institution that judicial review is unavailable, then the agency's opaque non-doctrine of redundancy could persist indefinitely with no correction or clarity. The only safety valve that might trigger judicial intervention would be a problem of constitutional magnitude, as the Court noted in *Cuozzo*.¹¹⁸

Indeed, such a constitutional defect is quite possible. An application of estoppel that denied the petitioner both a meaningful opportunity to make arguments in the PTAB, due to a redundancy rejection, and an opportunity to make the arguments later in court or the ITC¹¹⁹ would probably run afoul of due process. However, the canon of constitutional avoidance counsels that the estoppel provision be construed to avoid the due process problem.¹²⁰ In other words, a court adjudicating estoppel in this context would be obliged to tolerate the problem of rejecting redundant grounds rather than face the constitutional implications in a way that could enable judicial review of the underlying problem.

C. WHERE *CHEVRON* BREAKS DOWN

The importance of these points about statutory ambiguity and the agency's broad view of its own discretion is that reasoned decision making is intimately connected to the availability of judicial review. Under the familiar two-step *Chevron* framework, for example, an agency is entitled to deference where it (1) administers an ambiguous statute and (2) adopts an interpretation that is

116. See, e.g., *SAS Inst., Inc. v. ComplementSoft, LLC*, 825 F. 3d 1341 (Fed. Cir. 2016). In brief, the argument is that although the obligation to write final written decisions plainly exists and the final written decisions themselves are plainly subject to judicial review, the PTAB can nevertheless narrow the *scope* of those final written decisions through its unreviewable power to institute on some claims and not on others. Thus, what is plainly reviewable may still potentially be at least partly unreviewable.

117. Vishnubhakat, *supra* note 114, at 1079–80.

118. *Cuozzo*, 136 S. Ct. at 2141.

119. See *supra* notes 81–83 and accompanying text.

120. See generally *Edward J. DeBartolo Corp. v. Fla. Gulf Coast Bldg. & Const. Trades Council*, 485 U.S. 568 (1988) (explaining that “where an otherwise acceptable construction of a statute would raise serious constitutional problems, the Court will construe the statute to avoid such problems”).

reasonable.¹²¹ Similarly, under the familiar *Chenery* doctrine, a court evaluating the propriety of an agency action can rest its evaluation only on reasons that the agency itself has given—not on any justifications that the court itself might think appropriate¹²²—and this presupposes that judicial review is available. The redundancy-based reasoning of the Patent Office would be much less problematic, both practically and theoretically, if ordinary judicial oversight were available to correct it. However, in addition to *Chevron* deference for legal interpretations made during patent validity review, the Patent Office also now enjoys a far rarer prize in administrative law: an express statutory grant of virtually unreviewable discretion on certain issues.¹²³ The result is a framework in which one deference inquiry depends recursively on another, a notable new anomaly of administrative process.

The basic idea of “recursive deference” is as follows. The two-step *Chevron* analysis requires *Chenery* to be satisfied at step two. That is, a court may find an agency action reasonable, and thus worthy of *Chevron* deference, only by evaluating the agency’s own reasoning under *Chenery*. Yet *Chenery* and *Chevron* both presuppose the availability of judicial review, and agency actions are sometimes accorded absolute deference with no judicial review at all. In such cases, eventual *Chevron* deference for an agency action requires a second analysis into the underlying question of absolute deference to the action. The same problem may arise—indeed, does arise—with two interrelated agency actions, one of which receives absolute deference, with no judicial review, and the other within *Chevron*’s ordinary domain. The scope of the unreviewable agency action may be broad enough, or the relation between the two agency actions may be close enough, that the ostensibly reviewable action that is being considered for *Chevron* must be analyzed recursively to determine whether absolute deference attaches or else review is truly available.

It is a new and open question of judicial policy whether recursive deference offers benefits worth the costs. What follows is an analytical account of recursive deference within the broader framework of judicial review of agency action, as well as of the observed effects of recursive deference in patent law. This account begins with three major categories in the administrative law of deference. The first two pertain to cases where courts give agencies absolute deference by abstaining altogether from judicial review. The third pertains to cases where courts review agency action with varying degrees of intensity. These familiar categories not only are a yardstick for patent exceptionalism but also form the analytical raw material for the current state of affairs in the Patent

121. See *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 844–45 (1984).

122. See *SEC v. Chenery Corp.*, 332 U.S. 194, 196 (1947).

123. See 35 U.S.C. § 314(d) (2012); *Cuozzoco*, 136 S. Ct. at 2139–42.

Office, where a question of deference on one issue now often turns on a second, recursive question of deference on a different issue.

III. THE PTAB'S PLACE IN JUDICIAL REVIEW OF AGENCY ACTION

It is well to be clear at the outset that the discussion to follow regards unreviewability of agency action as a form of deference—indeed, the most extreme form. This may seem odd, and a more intuitive view might be that deference is possible only if review can be had at all. The reason to consider unreviewability as part of a spectrum of deference is that this is largely what courts have done. The law governing judicial review of agency action, especially what makes agency actions unreviewable, speaks functionally and at times quite pragmatically about issues such as partial unreviewability, engaging in review to decide whether review is proper, and reconciling the Administrative Procedure Act's (APA's) apparent insulation of agency discretion with the APA's command to set aside abuses of agency discretion.

A. ACTIONS UNREVIEWABLE BY STATUTE

The APA provides a baseline of judicial review for agency actions¹²⁴ but defers completely to the agency where a review-preclusion statute applies¹²⁵ or where the action is committed to agency discretion by law.¹²⁶ Statutes that purport to preclude review pose two notable interpretive challenges as to whether they insulate specific agency actions. The interpretive challenge may be in discovering what Congress intended through its legislative act or in determining the level of generality at which the agency's action is to be considered.

As to Congressional intent, statutes are often clear either in affording review or in precluding it, but certain close cases do recur.¹²⁷ These may include legislative silence about judicial review where review would be disruptive¹²⁸ or preclusion of judicial review generally with little to say about unusual fact scenarios.¹²⁹ Close cases may also include the paradoxical situation where Congress specifically affords review and raises the possibility that the enumeration of certain mechanisms implies the exclusion of others.¹³⁰

124. See 5 U.S.C. §§ 701–706 (2012).

125. See 5 U.S.C. § 701(a)(1) (2012).

126. See 5 U.S.C. § 701(a)(2) (2012).

127. Nicholas Bagley, *The Puzzling Presumption of Reviewability*, 127 HARV. L. REV. 1285, 1290 (2014).

128. See, e.g., *Morris v. Gressette*, 432 U.S. 491 (1977).

129. See, e.g., *Johnson v. Robison*, 415 U.S. 361 (1974).

130. See, e.g., *Reno v. Catholic Soc. Servs.*, 509 U.S. 43 (1993). This line of reasoning rests

This last is paradoxical because it can turn a review-granting statute on its head to justify denying review. It is also potentially problematic for Congress because it may require the legislator to specify in detail, even impossible detail, when judicial review is to be available. Moreover, the canon of implied exclusion could easily cut the other way so that courts read review-precluding statutes to say that the enumeration of certain preclusions leaves a great many other agency actions still reviewable.

The current solution to this ambiguity is a substantive presumption in favor of judicial review over agency actions.¹³¹ Since the Supreme Court first articulated the presumption in *Abbott Laboratories v. Gardner*,¹³² a statute that purports to preclude judicial review of agency action may do so only by “clear and convincing” indications that Congress so intended.¹³³ To be clear and convincing, in turn, evidence of intent to preclude review must be “‘fairly discernible’ in the detail of the legislative scheme.”¹³⁴

Moreover, adjacent to the substantive presumption in favor of judicial review is the so-called “common law of preclusion,” a common law that governs the content of preclusion statutes by protecting certain types of agency action against review preclusion more vigorously than others.¹³⁵ For example, constitutionally oriented challenges to agency action are virtually unreachable by statutes to preclude judicial review.¹³⁶ Legal challenges are less stringently protected against unreviewable agency discretion than constitutional ones are, but are still difficult to insulate from review.¹³⁷ Meanwhile, factual challenges receive still less protection and so are most susceptible to preclusion statutes.¹³⁸

The mechanisms by which a statute precludes review may, of course, vary greatly. Beyond the simple case of expressly precluding review of a well-defined agency action, Congress may, for example, insulate agencies by legislating the timing of judicial review. Indeed, the fallout from the *Abbott*

on the interpretive canon of “expressio unius est exclusio alterius,” literally that “to express or include one thing implies the exclusion of the other, or of the alternative.” BLACK’S LAW DICTIONARY (10th ed. 2014).

131. See Bagley, *supra* note 127, at 1286 (recounting cases that refer to the presumption as “strong,” “basic,” and “fundamental”); Daniel B. Rodriguez, *The Presumption of Reviewability: A Study in Canonical Construction and Its Consequences*, 45 VAND. L. REV. 743, 751 (1992) (noting the connection between a presumption of judicial reviewability and the very legitimacy of administrative power).

132. 387 U.S. 136 (1967).

133. *Id.* at 141; *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016).

134. *Block v. Cmty. Nutrition Inst.*, 467 U.S. 340, 351 (1984).

135. Ronald M. Levin, *Understanding Unreviewability in Administrative Law*, 74 MINN. L. REV. 689, 739–40 (1990).

136. See, e.g., *Webster v. Doe*, 486 U.S. 592, 603 (1988).

137. See, e.g., *Adamo Wrecking Co. v. United States*, 434 U.S. 275, 301 (1978).

138. See, e.g., *Lindahl v. Office of Pers. Mgmt.*, 470 U.S. 768, 798 (1985).

decision itself reflected just this approach. Prior to *Abbott*, certain Food and Drug Administration regulations were statutorily subject to pre-enforcement review in the courts, though the regulations at issue in the case were not.¹³⁹ Instead, argued the FDA Commissioner, the regulations at issue were reviewable only in the context of a final order based on the rule.¹⁴⁰ The Court disagreed and allowed pre-enforcement review even of the regulations unenumerated by Congress, explaining that “[t]he right to review is too important to be excluded on such slender and indeterminate evidence of legislative intent” as the canon of implied exclusion.¹⁴¹

Subsequently, however, Congress enacted “a series of agency jurisdictional statutes that turned *Abbott* full circle by limiting judicial review [exclusively] to the pre-enforcement stage.”¹⁴² The upshot of this legislation was to keep the outcome of *Abbott* intact—that is, to allow pre-enforcement review of the sort that the petitioners had sought and the Court had granted—but to reclaim for Congress the power to “control the timing of access to the courts as it had successfully done in pre-*Abbott* days.”¹⁴³

Apart from whether Congress truly intended to preclude review, the other notable interpretive difficulty with preclusion statutes is the level of generality at which to conceptualize the agency action that a court may insulate or scrutinize. Congress may try to legislate with precision what general or particular agency action it wishes to make reviewable or unreviewable. The Court, too, has held that preclusion must not extend beyond the issues Congress intended to insulate.¹⁴⁴ Nevertheless, the presumption of reviewability, in its current form, gives interpreting courts much freedom to frame an agency action broadly or narrowly to further jurisprudential or normative goals. Part of this freedom comes from the open-ended nature of the presumption itself. Whether evidence that is discernible from the legislative scheme is sufficiently clear and convincing has been an elastic enough standard that review has sometimes been precluded even without express statutory text¹⁴⁵ and has sometimes been allowed even in spite of preclusionary statutory text.¹⁴⁶

139. See *Abbott Labs. v. Gardner*, 387 U.S. 136, 141 (1967).

140. Brief for the Respondents, *Abbott Labs. v. Gardner*, 387 U.S. 136 (1967) (No. 39), 1966 WL 115408, at *42.

141. *Abbott*, 387 U.S. at 141 (citing LOUIS JAFFE, *JUDICIAL CONTROL OF ADMINISTRATIVE ACTION* 357 (1965)).

142. Paul R. Verkuil, *Congressional Limitations on Judicial Review of Rules*, 57 TUL. L. REV. 733, 734 (1983) (emphasis added).

143. *Id.*

144. See, e.g., *McNary v. Haitian Refugee Ctr., Inc.*, 498 U.S. 479, 496 (1991).

145. See, e.g., *Thunder Basin Coal Co. v. Reich*, 510 U.S. 200, 207 (1994).

146. See, e.g., *Barlow v. Collins*, 397 U.S. 159, 165–66 (1970).

More fundamentally, however, judicial freedom to frame agency actions broadly or narrowly with an eye toward the normative desirability of judicial review reflects larger concerns about the rule of law and the separation of powers. One may reasonably suppose, for example, that judicial suspicion of arbitrary or unaccountable agency abuses would tend to produce narrow framings of agency action when construing statutes that preclude review and broad framings when construing statutes that afford review. Seeing itself as a guardian of individuals' rights to "claim the protection of the laws,"¹⁴⁷ such a court would be skeptical of an executive that would insulate itself from scrutiny, of a Congress that would broadly delegate the executive the tools to do so, and of the meager power that would remain for "the judicial department to say what the law is."¹⁴⁸

Conversely, one may suppose that judicial confidence in the democratic legitimacy and institutional competence of agencies, especially agencies with relevant technical expertise, would produce the opposite framings.¹⁴⁹ Where statutes purport to preclude review, the insulated agency action would be viewed more broadly; where they afford review, more narrowly. The salience of the level-of-generality problem is that it is independent of the substantive presumption of reviewability. A court obliged to apply a clear and strong presumption may nevertheless be able to expose an agency to review simply by defining the insulated agency action narrowly, and vice-versa.

These two interpretive challenges for preclusion statutes—ascertaining the preclusionary intent of Congress and conceptualizing the agency action in question—matter because administrative law itself views agency action recursively. The APA defines the term "agency action" broadly to include "*the whole or a part* of an agency rule, order, license, sanction, relief, or the equivalent or denial thereof, or failure to act."¹⁵⁰ In other words, an agency's ultimate conclusion on a disputed issue is an agency action; each underlying argument that supports the ultimate conclusion is an agency action; the doctrinal elements of each underlying argument are all agency actions; and so on. This recursive definition has important implications for judicial review of the actions of the Patent Office.

147. *Bowen v. Mich. Acad. of Family Physicians*, 476 U.S. 667, 670 (1986) (quoting *Marbury v. Madison*, 5 U.S. 137, 163 (1803)).

148. *Marbury*, 5 U.S. at 177.

149. Indeed, this approach might also be reconciled with the separation of powers if it were conceded that the proper judicial role is rather narrower and that "some interests are not intended to be protected by courts." Sandra Day O'Connor, *Reflections on Preclusion of Judicial Review in England and the United States*, 27 WM. & MARY L. REV. 643, 644 (1986) (arguing that this is, in fact, the case as a descriptive matter).

150. 5 U.S.C. § 551(13) (2012) (emphasis added).

B. ACTIONS COMMITTED TO AGENCY DISCRETION

By contrast to preclusion statutes under 5 U.S.C. § 701(a)(1), unreviewability based on agency discretion under § 701(a)(2) rests not on a court's respect for a Congressional mandate against judicial review but rather on a court's respect for traditions of abstaining from review of certain types of action.¹⁵¹ The contours of that judicial self-restraint are shaped, in turn, by two sets of considerations: extrinsically, the availability and adequacy of standards by which judicial review could even proceed; more intrinsically, the nature or attributes of the agency action itself.¹⁵² Agency actions that are intrinsically beyond judicial review or that have attributes that counsel unreviewability for historical or constitutional reasons are outside the scope of this Article. For the present discussion of recursive deference, it is having appropriate standards for judicial review that is important.

The importance of manageable standards reflects the familiar doctrine that agency action should not be deemed unreviewably committed to agency discretion unless the relevant statute is “drawn in such broad terms that in a given case there is no law to apply.”¹⁵³ The animating principle of this doctrine is that, where Congress gave courts no way to assess agency action—i.e., to engage in meaningful judicial review, there Congress did not intend for courts to be involved at all.¹⁵⁴ In view of the presumption in favor of reviewability, the set of cases where courts have no role to play and “no law to apply” is now understood to be small.¹⁵⁵

Where to find a judicial role or manageable standard, meanwhile, goes

151. *Heckler v. Chaney*, 470 U.S. 821, 832–33 (1985). *See also* Levin, *supra* note 135, at 691. How much of this tradition, particularly pre-APA precedent, courts should use when determining whether an action is “committed to agency discretion” is contested, especially whether courts ought to make this determination in common-law fashion. 5 U.S.C. § 701(a)(2); *see also* Gillian E. Metzger, *Embracing Administrative Common Law*, 80 GEO. WASH. L. REV. 1293 (2012) (arguing that the common law approach has persisted and, indeed, is both institutionally desirable and constitutionally sound); *see generally* John F. Duffy, *Administrative Common Law in Judicial Review*, 77 TEX. L. REV. 113 (1998) (offering an extensive historical discussion and identifying a trend away from a common law method to a statutory method in the law governing judicial review of agency actions).

152. CHARLES H. KOCH, JR. & RICHARD MURPHY, 4 ADMIN. L. & PRAC. §§ 12:12–13 (3d ed. 2018).

153. *Citizens to Pres. Overton Park, Inc. v. Volpe*, 401 U.S. 402, 410 (1971) (citing S. Rep. No. 752, 79th Cong., 1st Sess., 26 (1945)) (internal quotations omitted).

154. *See* KOCH & MURPHY, *supra* note 152, at § 12:12.

155. *Overton Park*, 401 U.S. at 410; *Heckler*, 470 U.S. at 830 (reiterating and quoting from *Overton Park*). The Court in *Overton Park* did recognize that the scope of § 701(a)(2) had previously been “the subject of extensive commentary.” 401 U.S. at 410 n.23 (citing leading scholarly articles by Professors Raoul Berger, Harvey Saferstein, and Kenneth Culp Davis).

beyond the statutory text alone and often includes legislative history¹⁵⁶ or the overall statutory scheme.¹⁵⁷ Such evidence is surely most likely to be compelling if Congress places it in the statutory text.¹⁵⁸ Nevertheless, the ability to look to the overall framework that Congress has enacted is a sensible parallel to the Court's related instruction for evaluating preclusion statutes under § 701(a)(1), to find "clear and convincing" indications¹⁵⁹ that are "fairly discernible" *in the detail of the legislative scheme*,¹⁶⁰ not solely in the statutory text.

Somewhat surprisingly, law to apply that is manageable enough to enable judicial review may come even from the agency itself, i.e., from the agency's own regulation,¹⁶¹ and at least one circuit court decision has inferred adequate law to apply from an agency's "established policies."¹⁶² This is surprising because it seems to put the legitimacy of judicial review at least partly into the hands of the agency that would be subject to review, which would seem to be in tension with the separation of powers.

This is not to overstate the point: at most, the agency's regulation or established policy would be a sufficient condition for judicial review, not a necessary one. In other words, the agency could not insulate itself where Congress had intended review to be available, but could expose itself to review though Congress apparently committed the action to the agency's discretion. Still, allowing courts to look inside an agency for law to apply is of potential concern because promulgating clear, manageable regulations and policies may expose an agency to review where it would otherwise be insulated. Such a scenario is likely to arise only when the legislative materials—text, history, etc.—suggest unreviewability, leaving courts with only the agency's own

156. *See, e.g.,* *Mount Evans Co. v. Madigan*, 14 F.3d 1444, 1452–53 (10th Cir. 1994).

157. *See, e.g.,* *Int'l Longshoremen's & Warehousemen's Union v. Meese*, 891 F.2d 1374, 1379–80 (9th Cir. 1989).

158. *See* *Webster v. Doe*, 486 U.S. 592, 615–16 (Scalia, J., dissenting). Although Justice Scalia ultimately disagreed with the Court's holding that the firing of former CIA employee John Doe was reviewable for constitutional defects, he agreed with the Court's more general analysis about commitment to agency discretion. By that analysis, the statute granting the Director of Central Intelligence discretion to fire any employee did suggest that Congress had committed such firings to the CIA's discretion under § 701(a)(2). Indeed, for Justice Scalia the text was conclusive, making it "difficult to conceive of a statutory scheme that more clearly reflects that 'commit[ment] to agency discretion by law' to which § 701(a)(2) refers." *Id.* at 616.

159. *Abbott Labs. v. Gardner*, 387 U.S. 136, 141 (1967).

160. *Block v. Cmty. Nutrition Inst.*, 467 U.S. 340, 350 (1984) (emphasis added).

161. *Greater L.A. Council on Deafness, Inc. v. Baldrige*, 827 F.2d 1353, 1361 (9th Cir. 1987).

162. *Socop-Gonzalez v. Immigration & Naturalization Serv.*, 208 F.3d 838, 844 (9th Cir. 2000). Although the Ninth Circuit subsequently reheard the case en banc, the order granting en banc review did not vacate the panel decision but merely spoke to its precedential value within the circuit. *See Socop-Gonzalez v. Immigration & Naturalization Serv.*, 229 F.3d 860 (9th Cir. 2000) (en banc).

practices to consider.

The potential chilling effect that this type of agency-based judicial search for law to apply may have upon clear agency rule-making and policy-making is underscored by two things. One is the inter-circuit consensus it appears to command, with support from decisions in the First,¹⁶³ Third,¹⁶⁴ Sixth,¹⁶⁵ Seventh,¹⁶⁶ Eighth,¹⁶⁷ Ninth,¹⁶⁸ Tenth,¹⁶⁹ and D.C.¹⁷⁰ Circuits. The other is Supreme Court dicta that even an agency's unfettered discretion may, through the agency's own practice, subsequently be constrained so forbid the agency to make an "irrational departure" from that practice.¹⁷¹ This chilling effect is not merely an academic concern but already appears to be manifesting in Patent Office resistance to calls for clarity in certain parts of its decision making apparatus that are questionable and otherwise potentially unreviewable.

C. ACTIONS REVIEWABLE WITH DEFERENCE

Whereas the preceding discussion has set out the conditions under which courts give absolute deference to agency actions by abstaining from judicial review, the more common understanding of deference is review that affirmatively evaluates agency action and leaves it intact even if the reviewing court itself might have reached a different outcome. Some of the doctrinal

163. *See* *Mass. Pub. Interest Research Grp., Inc. v. U.S. Nuclear Regulatory Comm'n*, 852 F.2d 9, 10 (1st Cir. 1988) (holding that the Commission's decision is not reviewable because there is no meaningful standard for review in agency regulations).

164. *See* *Chong v. Dir., U.S. Info. Agency*, 821 F.2d 171, 175 (3d Cir. 1987) (holding that judicial review is available for the Agency's decision because there is "law to apply" as set forth in the agency's regulations).

165. *See* *Diebold v. United States*, 947 F.2d 787, 790 (6th Cir. 1991) (holding that judicial review is available because there are standards guiding the agency action and the judicial review of the action).

166. *See* *Head Start Family Educ. Program, Inc. v. Coop. Educ. Serv. Agency* 11, 46 F.3d 629, 632–33 (7th Cir. 1995) (holding that judicial review is available partly because there is ample "law to apply" in administrative regulations).

167. *See* *Madsen v. Dep't of Agric.*, 866 F.2d 1035, 1037 (8th Cir. 1989) (holding that exception for judicial reviewability only applies when there is "no law to apply," and that the Department's regulation at issue does not meet such a standard).

168. *See* *Greater L.A. Council on Deafness, Inc. v. Baldrige*, 827 F.2d 1353, 1361 (9th Cir. 1987) (holding that the Department's regulation provides "law to apply" and therefore is reviewable).

169. *See* *Thomas Brooks Chartered v. Burnett*, 920 F.2d 634, 642 (10th Cir. 1990) (holding that affirmative agency action is reviewable where the agency purports to act pursuant to its own rules).

170. *See* *CC Distribs., Inc. v. United States*, 883 F.2d 146, 154 (D.C. Cir. 1989) (holding that the Department's decision is reviewable because regulations promulgated by an administrative agency in carrying out its statutory mandate are reviewable).

171. *Immigration & Naturalization Serv. v. Yang*, 519 U.S. 26, 31–32 (1996).

focus is accordingly different, but important parallels remain. Discussion of these details is the final administrative law premise needed for understanding recursive deference.

For actions reviewable with deference, the governing framework is foundationally identified with the Court's 1984 *Chevron* decision.¹⁷² By its familiar two-step test, *Chevron* instructs that when an agency interprets an ambiguous statute, courts must uphold the agency interpretation if it is reasonable.¹⁷³ Thus, step one is to ask whether the statutory provision that the agency has interpreted is ambiguous or, instead, Congress has "directly spoken to the precise question at issue."¹⁷⁴ If the statutory provision is, indeed, ambiguous, then step two is to ask whether the agency's chosen interpretation reflects "a permissible construction of the statute."¹⁷⁵ Where the choice "represents a reasonable accommodation of conflicting policies that were committed to the agency's care by the statute," the court should uphold it.¹⁷⁶ The agency's interpretation need not be the only permissible construction, and the agency's choice need not be what the court itself would have chosen.¹⁷⁷ Even if both of these conditions are unmet, the court must still uphold the agency's reasonable interpretation.

In addition to the content of *Chevron* itself, the court's jurisprudence on deference to agency action also speaks, not without some conflict, to when the *Chevron* analysis should apply at all. One form of this antecedent inquiry, known as step zero,¹⁷⁸ is to ask whether the agency enjoys power delegated from Congress to interpret a statute that the agency administers or otherwise to "speak with the force of law."¹⁷⁹ If the agency does not, or has not exercised that power, then the reviewing court will not give the strong deference of *Chevron*.¹⁸⁰ The other form is to ask whether the subject of the agency action is an issue so important—a so-called "major question"¹⁸¹—that it would be

172. See Sunstein, *supra* note 108, at 188.

173. See *Chevron, U.S.A., Inc. v. NRDC, Inc.*, 467 U.S. 837, 842–43 (1984).

174. *Id.* at 842.

175. *Id.* at 843.

176. *Id.* at 845 (internal citations omitted).

177. See *id.* at 843 n.11.

178. See generally Sunstein, *supra* note 108; see also Merrill & Hickman, *supra* note 108, at 836.

179. See *Barnhart v. Walton*, 535 U.S. 212, 225 (2002) (upholding the agency regulation in question because the enabling statute "delegate[d] to the Agency considerable authority to fill in, through interpretation, matters of detail related to its administration"); *United States v. Mead Corp.*, 533 U.S. 218, 229 (2001) (explaining that "Congress not only engages in express delegation of specific interpretative authority," but also delegates implicitly).

180. See *Mead*, 533 U.S. at 234–35.

181. See Sunstein, *supra* note 108, at 236–42. A recent, and particularly contentious, example of the major question doctrine was the Supreme Court's 2015 decision in *King v.*

implausible to infer a Congressional delegation of lawmaking power to the agency as to that issue.¹⁸² Where the agency action does implicate such a major question, the court, again, will not give the strong deference of *Chevron*.¹⁸³ The court may still accord the agency more modest deference in proportion to the “persuasive force” of the agency’s reasoning,¹⁸⁴ but that is all.

Where *Chevron* deference is concerned, Congressional intent remains just as essential as with statutes that command absolute deference to agency actions either by precluding review under § 701(a)(1) or by committing actions to the agency’s discretion under § 701(a)(2). The difference is that preclusion statutes turn on Congressional intent to withhold review,¹⁸⁵ and commitment to agency discretion generally turns on Congressional intent to withhold any “law to apply.”¹⁸⁶ For *Chevron*, the Congressional intent in question is the intent to delegate authority to the agency to “speak with the force of law.”¹⁸⁷ To the extent that this delegation is lacking, the agency will receive little or no deference.¹⁸⁸

Like Congressional intent, also still essential to deferential review is proper respect for the separation of powers and the rule of law, though in this context, courts accord that respect differently. Under the *Chenery* doctrine, courts affirm or reject agency actions based only on the agency’s own reasons rather than

Burnell. 135 S. Ct. 2480 (2015). The Court in *Burnell* upheld the permissibility of healthcare subsidies under the Affordable Care Act (ACA) for individuals purchasing insurance on a federal insurance exchange even though the language of the ACA referred to exchanges established by states. *Id.* at 2496. The Court was evaluating the IRS interpretation of that language and, rather than defer to the IRS, held that the question presented was of such “economic and political significance” that deference could not be justified. *Id.* at 2488–89. Instead, the Court evaluated the IRS’s position essentially *de novo* and ultimately found it satisfactory. *Id.*

182. *FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 159 (2000) (explaining that “Congress is more likely to have focused upon, and answered, major questions, while leaving interstitial matters to answer themselves in the course of the statute’s daily administration”) (citing Stephen Breyer, *Judicial Review of Questions of Law and Policy*, 38 ADMIN. L. REV. 363, 370 (1986)).

183. *See MCI Telecomms. Corp. v. Am. Tel. & Tel. Co.*, 512 U.S. 218, 229 (1994).

184. *See Mead*, 533 U.S. at 235. The alternative, lesser form of deference was first articulated by the Court in *Skidmore v. Swift & Co.*, 323 U.S. 134 (1944).

185. *See supra* notes 133–134 and accompanying text.

186. *See supra* notes 153–155 and accompanying text.

187. *Mead*, 533 U.S. at 229.

188. Further, and more basically, to the extent that the doctrine of implied delegation recedes under current criticisms and proposed legislative reforms, agencies may receive systematically less deference not because *Chevron* is unsatisfied but because it is simply less potent. *See, e.g.*, Separation of Powers Restoration Act of 2017, H.R. 76, 115th Cong., 1st Sess. (2017) (abrogating *Chevron* and requiring courts to review all agency interpretation of statutory ambiguity *de novo*); Separation of Powers Restoration Act of 2016, H.R. 76, 114th Cong., 2d Sess. (2016) (same). The merits of these proposals are outside the scope of this Article.

on alternate reasons supplied by the reviewing court, for “[t]o do so would propel the court into the domain which Congress has set aside exclusively for the administrative agency.”¹⁸⁹ These agency rationales and arguments are what the reviewing court considers—and all that it considers—when deciding whether an agency interpretation is reasonable.¹⁹⁰ That is, an agency cannot prevail at *Chevron* step two without satisfying *Chenery*.¹⁹¹

Thus, courts contemplating deferential review under *Chevron* preserve the separation of powers by stepping back and abstaining from crafting policy justifications that are properly for the agency to craft. By contrast, courts that are contemplating absolute deference to agencies via § 701(a)-style unreviewability tend to preserve the separation of powers by stepping forward as guardians of individual relief against unchecked agency power. And across the spectrum of judicial review and judicial deference as to agency actions discussed to this point, courts protect the rule of law by requiring the agency under *Chenery* to articulate its reasoning, whether to defend the reasonableness of its actions under *Chevron* or to show that its actions are not an abuse of discretion even where review is otherwise unavailable under § 701(a).

This is significant because *Chenery* is applicable only where, and to the extent that, judicial review is available.¹⁹² The doctrine cannot subject an otherwise unreviewable agency action to judicial review.¹⁹³ This is certainly consonant with *Chenery*'s place in *Chevron* step two, for *Chevron* itself cannot apply unless judicial review is already available. But as with preclusion statutes that command absolute deference to an agency action, the level of generality at which the agency's action is to be considered also matters for deference under *Chevron* and reasoned decision making under *Chenery*.

For example, a court that were concerned about an agency's abuse of power might require the agency to give a more extensive account of its decision making by conceptualizing the disputed agency action more broadly. The operation of *Chenery* would remain unchanged, but its effect would be enlarged. Likewise, if the same court and agency labored under a preclusion statute that accorded absolute deference to one agency action but potentially left a second,

189. *SEC v. Chenery Corp.*, 332 U.S. 194, 196 (1947).

190. *See Bank of Am., N.A. v. FDIC*, 244 F.3d 1309, 1319 (11th Cir. 2001); *Am.'s Cmty. Bankers v. FDIC*, 200 F.3d 822, 835 (D.C. Cir. 2000).

191. *See* Amy R. Motomura, *Rethinking Administrative Law's Chenery Doctrine: Lessons from Patent Appeals at the Federal Circuit*, 53 SANTA CLARA L. REV. 817, 872 (2014); Kevin M. Stack, *The Constitutional Foundations of Chenery*, 116 YALE L.J. 952, 1005 (2007).

192. *Interstate Commerce Comm'n v. Bhd. of Locomotive Eng'rs*, 482 U.S. 270, 283 (1987) (explaining that *Chenery* “pertains to the basis that a court may use for the affirmance of agency action that is reviewable”).

193. *Id.* (explaining further that “*Chenery* has nothing whatever to do with whether agency action is reviewable”).

related agency action untouched, then the court might conceptualize the first (insulated) agency action narrowly and the second (reviewable) agency action broadly in order to maximize the degree to which the court could demand reasoning through *Chenery* and modulate its deference through *Chevron*, or even *Skidmore*.

D. THE PROBLEM OF RECURSIVE DEFERENCE

Recursive deference is a phenomenon in which these forms of absolute and non-absolute judicial deference combine to produce a more complex judicial inquiry. The simple case of recursive deference is a single agency action that would ordinarily be a candidate for *Chevron* deference but which may be unreviewable, i.e., may warrant absolute deference. This situation is functionally no different from a *Chevron* step zero inquiry. The action either is or is not “the type of agency action that merits deference” under *Chevron*,¹⁹⁴ so *Chevron* either does or does not apply.

The nontrivial case, now observable in the shifting power dynamics between the Patent Office and the federal courts, is that of two interrelated agency actions—one of which may warrant *Chevron* deference and the other of which is purportedly unreviewable. Depending on how broad the scope of unreviewability is for the latter agency action and how closely related the two actions are, the first agency action may or may not receive *Chevron* deference.

This analytical framework does much to explain the PTAB’s piecemeal rejection of grounds that it considers redundant. Under *Cuozzo*, the institution decision itself is unreviewable.¹⁹⁵ Meanwhile, the related, underlying choice to institute petitions in part rather than in full is at least arguably ambiguous.¹⁹⁶ This connection between the first insulated agency action (institution) and the second, related agency action (partial institution) could lead to multiple possible outcomes. One is that institution as such may be defined broadly, with partial institution merely a lesser-included power. On this view, the preclusive scope of § 314(d) or § 324(e) insulates partial institution as well, and the agency’s *Chevron* obligation to show the reasonableness of its regulation is moot because the unavailability of judicial review forecloses any *Chenery* inquiry at *Chevron* step two. Another possible outcome is that the decision whether to institute is merely a binary threshold choice whereas the scope of PTAB review is an analytically distinct issue. On this view, an agency obligation under *Chenery* to explain its reasoning is viable because the power of partial institution—whether its statutory grounding is ambiguous or not—is judicially reviewable.

194. Note, *The Two Faces of Chevron*, 120 HARV. L. REV. 1562, 1571 (2007) (citing *United States v. Mead Corp.*, 533 U.S. 218, 229–30 (2001)).

195. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2136 (2016).

196. See *supra* notes 109–111 and accompanying text.

Thus, in practice, when determining whether an agency action merits deference, the recursion to see whether it is related enough to a second, unreviewable, agency action such that both may be unreviewable can be considered an intermediate step between step zero and step one.¹⁹⁷ If the type of deference in question is *Chevron*, the relevant agency action must not only reflect a delegation by Congress of authority to interpret the statute or otherwise speak with the force of law.¹⁹⁸ The agency action must also fall outside the sweep of a second, related agency action that is unreviewable.

IV. RESOLUTION AND FUTURE PROBLEMS

Since the Patent Office practice of redundancy-based rejections came to the fore, two of the underlying open questions of PTAB structure have been resolved. The PTAB has also responded to criticism of its opaque decision making by scaling back its rejection of redundant grounds, though this trend is more ambiguous. Still, the larger structural concern articulated by Judge Reyna in *Shaw Industries*,¹⁹⁹ that the Patent Office will claim unreviewable discretion and the public will have little or no guidance on what boundaries the Federal Circuit is prepared to impose on these claims, still persists. In short, the problem of redundant grounds may resurface, and other similar problems may arise.

A. STRUCTURAL GUIDANCE ON PARTIAL INSTITUTION

The first open question of PTAB structure that has now been resolved is that of adjudicating petitions piecemeal at the institution stage rather than fully granting or fully denying review. In *SAS Institute v. Iancu*, the Supreme Court this past Term held that the statute does not permit partial institution on a claim-by-claim basis.²⁰⁰ A reasonable likelihood of eventual success on the merits of the petition²⁰¹ means “only that the Director can decide ‘whether’ to institute the requested review—not ‘whether and to what extent’ review should proceed.”²⁰² In other words, the Court rejected the theory that the PTAB’s discretionary power to institute carries with it a lesser-included power to select a subset of challenged patent claims on which to proceed with review.²⁰³

197. See *supra* notes 172–178 and accompanying text.

198. See *supra* notes 178–180 and accompanying text.

199. See *supra* notes 101–102 and accompanying text.

200. *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1355–56 (2018).

201. Although this is the institution criterion for inter partes review, see 35 U.S.C. § 314(a) (2012), the Court’s logic would likely apply with equal force to the institution criterion for post-grant review and covered business method review under § 324(a).

202. *SAS Inst.*, 138 S. Ct. at 1356.

203. See *supra* note 110 and accompanying text.

As a result, the Patent Office regulation providing for partial institution²⁰⁴ is, at least to the extent of choosing among patent claims, invalid as contrary to statute. It is as yet unclear whether the remainder of that regulation, which also provides for instituting review upon certain patent claims *on certain grounds*, has survived *SAS Institute*.

For the time being, the Patent Office is not leaving much to chance. In guidance issued two days after the decision in *SAS Institute*, the agency announced that it would henceforth institute on all patent claims in a petition (or none at all), as well as on all challenges in the petition (or none at all).²⁰⁵ In both the guidance document itself and in a subsequent “Chat with the Chief” held by PTAB Chief Judge David Ruschke, the agency stated its view that *SAS Institute* requires a binary decision only as to all patent claims challenged in the petition, not as to all challenges raised in the petition.²⁰⁶ The PTAB leadership is showing an abundance of caution but reserving for itself the right to change course later.

As a matter of agency policy, this is entirely sensible. Several hundred inter partes reviews are currently pending in the PTAB, and, of these, the agency estimates that close to a fifth were instituted piecemeal.²⁰⁷ These pending cases must now also be brought into compliance, and a broadly precautionary stance by the agency is likely to serve as a strong signal to litigants about the changing landscape of incentives in PTAB adjudication.²⁰⁸ In the context of pending cases, the effect of such signaling may be, in many cases, to encourage resolution of the statutory deficiency by the parties themselves, e.g., through joint termination of the inter partes review.²⁰⁹

Nevertheless, as a matter of the legislative policy balance that Congress

204. 37 C.F.R. § 42.108 (a) (2018).

205. U.S. Patent & Trademark Office, *Guidance on the Impact of SAS on AIA Trial Proceedings*, (Apr. 26, 2018), <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials/guidance-impact-sas-aia-trial> [<https://perma.cc/VG82-HKPK>].

206. *See id.* (describing adjudication of claims as “required by the [*SAS*] decision” while limiting the policy on adjudication of challenge to “[a]t this time”); U.S. PATENT & TRADEMARK OFFICE, CHAT WITH THE CHIEF ON SAS [hereinafter CHIEF CHAT], (Apr. 30, 2018), https://www.uspto.gov/sites/default/files/documents/chat_with_chief_sas_5.3.18.pdf [<https://perma.cc/UUC6-HJ79>] (same).

207. CHIEF CHAT, *supra* note 206 (stated orally during the question-and-answer period); *see* Saurabh Vishnubhakat (@emptydoors), TWITTER (Apr. 30, 2018 9:23 AM), <https://twitter.com/emptydoors/status/990990143799558144> [<https://perma.cc/58Q5-RFRP>] (contemporaneously live-tweeting the statistic).

208. *See generally* Saurabh Vishnubhakat, *First Steps After SAS Institute*, PATENTLY-O (Apr. 27, 2018), www.patentlyo.com/patent/2018/04/first-steps-institute.html [<https://perma.cc/8Q68-EAJ2>] (discussing litigant incentives as well as Patent Office incentives for pending as well as future cases following *SAS Institute*).

209. *See id.*; *see also* 35 U.S.C. § 317(a) (2012).

struck in the AIA itself, the agency's desire to preserve its options means that the ability to reject redundant grounds—or, indeed, to claim other new forms of discretion under the cover of unreviewable power over institutions—may yet return.

B. STRUCTURAL GUIDANCE ON JUDICIAL REVIEW

The second open question of PTAB structure that has now been resolved is that of unreviewability itself. The resolution is not complete: the courts have not said, nor would likely purport to say, where any bright line lies between the unreviewable power over institution and reviewable powers over related matters. But the en banc Federal Circuit in *Wi-Fi One LLC v. Broadcom Corp.*²¹⁰ and the Supreme Court in *SAS Institute* have both recognized important limits on the exceedingly broad mandate that the Patent Office took from *Cuozzo* about unreviewable agency discretion. It was this very mandate, in fact, on which the agency rested its expansive position in *Shaw Industries* about “complete discretion to deny institution” without “even hav[ing] to state in our institution decisions why we’re choosing not to go forward.”²¹¹

The issue presented in *Wi-Fi One* was whether the one-year deadline from the filing of an infringement lawsuit, within which a petition for inter partes review must be brought,²¹² is susceptible to ordinary judicial review.²¹³ The Patent Office had previously argued—and a panel of the Federal Circuit had agreed in *Achates Reference Publishing v. Apple*²¹⁴—that the PTAB's application of this one-year time bar was merely incidental to its general power over institution, and was therefore unreviewable.²¹⁵ Notably, this broad view of agency discretion preceded the Supreme Court's June 2016 decision in *Cuozzo* but did rest on the Federal Circuit's own panel decision in *Cuozzo*,²¹⁶ which the Supreme Court ultimately approved.²¹⁷

One of the most important intervening changes between *Achates* and *Wi-Fi One* was the Patent Office's ascendant series of litigation positions regarding

210. 878 F.3d 1364 (Fed. Cir. 2018) (en banc).

211. *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293, 1303 (2016) (Reyna, J., concurring).

212. See 35 U.S.C. § 315(b) (2012) (providing that “inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent”).

213. *Wi-Fi One*, 878 F.3d at 1367.

214. 803 F.3d 652 (Fed. Cir. 2015).

215. See *supra* note 115 and accompanying text.

216. *In re Cuozzo Speed Techs., LLC*, 778 F.3d 1271 (Fed. Cir. 2015).

217. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2146 (2016) (affirming the judgment of the Federal Circuit).

judicial unreviewability.²¹⁸ The impact of these positions was forcefully articulated in Judge Reyna's separate opinion in *Shaw Industries*²¹⁹ but arose in other contexts as well. For example, in *Knowles Electronics v. Matal*, the Federal Circuit panel ordered additional briefing on whether the Patent Office was required separately to show its own Article III standing to exercise its statutory power to intervene on appeal where one of the litigants was absent from the appeal (in fact, the litigant whose position the agency was espousing).²²⁰ In fact, there is good reason to think the Patent Office does have this obligation, especially in light of its strategic, policy-oriented pattern of deciding when to intervene.²²¹ The agency, however, again took a highly expansive view on each successive question in the supplemental briefing order: the Patent Office need not separately show its own Article III standing; if it did, such standing existed in the case at bar; and regardless, the agency is free to take any position on appeal that it wants.²²² Given this persistent pattern of agency self-aggrandizement, the strong and clear deceleratory outcome in *Wi-Fi One* is a welcome reversal.²²³

So, too, is the Supreme Court's consensus in *SAS Institute* that the question of partial institution is plainly reviewable notwithstanding *Cuozz*. The decision as a whole was split 5–4, with Justice Gorsuch writing for the majority²²⁴ and Justice Breyer writing the principal dissent for the remaining justices.²²⁵ The majority held that the text of the institution standard in § 314(a) was unambiguous and that the agency's argument for deference failed at *Chevron*

218. See generally Vishnubhakat, *supra* note 114 (arguing that the series of positions that the Patent Office has taken on judicial unreviewability under § 314(d) reflects systematic encroachments by the agency on judicial powers that the AIA left undisturbed, and that these encroachments have weakened the emergent court-agency border in patent law under the AIA).

219. See *supra* notes 101–102 and accompanying text.

220. See *Knowles Elecs., LLC v. Matal*, No. 16-1954 (Fed Cir. June 30, 2017) (per curiam) (order requesting supplemental briefing), <https://cdn.patentlyo.com/media/2017/06/KnowlesOrder.pdf> [<https://perma.cc/7VXQ-LHK2>].

221. See generally Saurabh Vishnubhakat, *When Can the Patent Office Intervene in Its Own Cases?*, 73 N.Y.U. ANN. SURV. AM. L. 201 (2018); see also Saurabh Vishnubhakat, *Mapping the Patent Office Intervenor Power*, PATENTLY-O (Feb. 5, 2018), www.patentlyo.com/patent/2018/02/mapping-patent-intervenor.html [<https://perma.cc/9288-DBX5>].

222. See Supplemental Brief for Intervenor, *Knowles Elecs., LLC v. Matal*, No. 16-1954 (Fed. Cir. July 31, 2017), 2017 WL 3399631, at *1–2.

223. See Vishnubhakat, *supra* note 114, at 1087–91 (discussing the jurisprudential effects of *Wi-Fi One*).

224. See *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1352 (2018).

225. See *id.* at 1360 (Breyer, J., dissenting). Justice Ginsburg wrote a brief dissent that the other dissenting justices also joined, but the detailed rejoinder to the majority was Justice Breyer's.

step one.²²⁶ Importantly, and apropos of the recursive deference inquiry, the majority also held that the antecedent question, even before *Chevron*, of whether partial institution is authorized by statute is not closely tied to the binary power of the PTAB over institutions.²²⁷

Meanwhile, Justice Breyer's dissent held that the institution standard of § 314(a) was, indeed, ambiguous and that the resolution of that ambiguity by a Patent Office rule intended to streamline administrative adjudication—by focusing the parameters of the dispute through partial institution—was reasonable.²²⁸ Even to reach the *Chevron* inquiry, however, Justice Breyer had to do the same thing the majority did: conclude that the issue was susceptible of judicial review. The majority saw no need to evaluate the agency's policy reasoning for reasonableness, and the dissent both made the evaluation and found it satisfactory. But the entire Court implicitly agreed that the *Chevron* inquiry itself was viable because the agency's underlying action was not insulated from judicial oversight altogether. Just as *Wi-Fi One* does, *SAS Institute* represents a significant limit on the reach of *Cuozz* and the ability of the Patent Office to rely on that precedent for broad claims to unchecked discretion.

The upshot of these judicial resolutions for the structure of the PTAB is that the early and expansive Patent Office position on rejecting redundant grounds without defense or even explanation is probably not tenable anymore. Still, a more modest reformulation of that practice remains possible, as do new claims of agency power.

C. CONTRACTION OF REDUNDANT-GROUNDS ANALYSIS

The tide of the non-doctrine of redundancy appears now to be ebbing. Since the practice of rejecting otherwise meritorious grounds piecemeal for being redundant first arose, primarily in covered business method reviews, it has been deployed in over 700 institution decisions on petitions for inter partes review from March 2013, when the first institution decisions began to issue, through July 2017.²²⁹ As Figure 1 shows, the monthly volume of institution decisions that relied on redundancy-based filtering rose quickly through 2013 and reached a high-water mark in 2014, receding thereafter to relatively modest monthly levels from late 2015 onward.

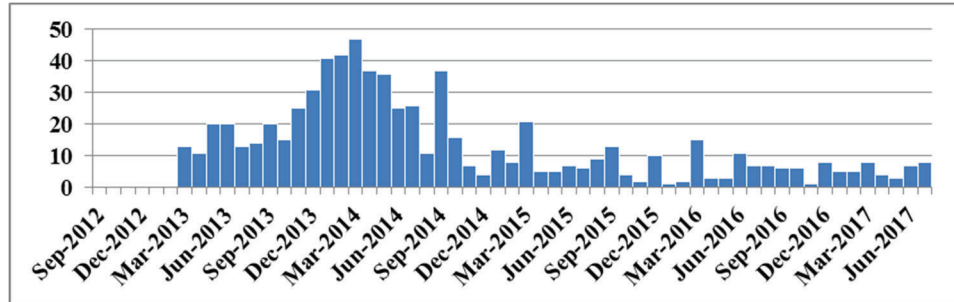
226. *See id.* at 1358–59 (majority opinion).

227. *See id.* at 1359.

228. *See id.* at 1364 (Breyer, J., dissenting).

229. Data on institution and rejections of redundant grounds is from the Docket Navigator service. *See* DOCKET NAVIGATOR, *supra* note 27.

Figure 1: Institution Decisions in Inter Partes Review Rejecting Redundant Grounds



It is ambiguous, however, what the source of this ebb actually is. One plausible explanation is that the agency itself has responded to the raft of criticism about the ill effects of its redundancy-based rejections, such as prejudice from estoppel,²³⁰ and the skepticism about the agency's authority to engage in the practice at all. For all that the Patent Office has done since the AIA to enlarge its autonomy relative to the supervisory power of the Federal Circuit, it remains an institution that is, politically speaking, impressively sensitive to input from its various public constituencies.²³¹

Also plausible, however, is that the decline in rejections of redundant grounds simply reflects a decline in the assertion by petitioners of grounds that the PTAB would find redundant. In other words, the agency may not be staying its hand at all. Litigants may simply be learning. Descriptive statistics, meanwhile, are not enough to disentangle cause and effect in this regard.

Ultimately, however, both accounts are problematic for the same reason. If the agency is exercising restraint today, it may reverse course tomorrow, and if litigants are learning today, their lessons are always at the mercy of the agency's self-styled discretion. Mechanisms do exist for the Patent Office to create credible and durable checks on its own ability to change course in this regard, as in others, but thus far it has not done so.

The most straightforward way would be to identify an institution decision of the PTAB that articulates a coherent—and, ideally, judicially ratified—view of redundant grounds and designate that PTAB opinion precedential.²³² In the

230. See, e.g., Bob High, Comment, *Redundant Prior Art References and Their Prejudicial Effects on Post-Issuance Review Petitioners*, 65 EMORY L.J. 581 (2015) (arguing that petitioners would be prejudiced by being “forced to assert a ground of unpatentability that turns out to be weaker than grounds declared redundant” while estoppel would attach as to both grounds).

231. See generally Saurabh Vishnubhakat, *Disguised Patent Policymaking*, 104 IOWA L. REV. (forthcoming 2019) (discussing the political valence of Patent Office decision making under the AIA, which has been relatively obscured by the dominant narrative of the agency's technical expertise).

232. See generally Saurabh Vishnubhakat, *Precedent and Process in the Patent Trial and Appeal*

hierarchy of PTAB designations, “representative opinions are a descriptive curation of routine opinions. Informative opinions go beyond merely surveying an issue and synthesize some further normative guidance. Precedential opinions go further still and make the synthesis binding.”²³³ Departure from an opinion designated precedential would require supersession by binding authority, such as a Federal Circuit decision or a contrary redesignation,²³⁴ akin to reversing the policy of agency rulemaking either by judicial invalidation or by expending the political and material cost of a second rulemaking.

Instead, the PTAB points to only one opinion as having any guidance value at all on redundant grounds: *Liberty Mutual v. Progressive Casualty*, a 2012 institution decision that came well before either the systemic effects of redundancy-based screening came to the fore or the agency’s troubled quest for judicially unreviewable discretion unfolded.²³⁵ Presently, *Liberty Mutual* holds the least authoritative PTAB designation, that of “Other Representative Orders and Decisions.”²³⁶

Instead of this equivocal contraction by the agency, the greater check on agency practice with respect to redundant grounds seems to have been imposed externally, by the Federal Circuit. In *CRFD Research v. Matal*, the PTAB declined to institute review on an argument by petitioner Hulu that patent owner CRFD’s patent was obvious under 35 U.S.C. § 103 in view of a prior art patent issued to inventor Bates.²³⁷ Hulu argued that CRFD’s patent was obvious not only in light of Bates alone but also in light of the combination of Bates with other patents.²³⁸ The PTAB granted review on the latter argument but rejected as redundant the argument of obviousness in light of Bates alone.²³⁹

However, rather than deferring to agency discretion as it had done in *Shaw Industries* and other cases, the Federal Circuit in *CRFD Research* held that the

Board, PATENTLY-O (May 10, 2016), <https://patentlyo.com/patent/2016/05/precedent-process-patent.html> [<https://perma.cc/KV7M-S7VN>] (describing Patent Office Standard Operating Procedure No. 2 for designating opinions as “representative,” “informative,” or “precedential”).

233. *Id.*

234. See U.S. PATENT & TRADEMARK OFFICE, PATENT TRIAL AND APPEAL BOARD STANDARD OPERATING PROCEDURE NO. 2 3, (Rev. 9, Sept. 22, 2014).

235. *Liberty Mut. Ins. Co. v. Progressive Cas. Co.*, No. CBM2012-0003, at 2 (P.T.A.B. Oct. 25, 2012).

236. *Representative Orders, Decisions, and Notices*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/patents-application-process/appealing-patent-decisions/decisions-and-opinions/representative-orders> [<https://perma.cc/Z2P7-TADE>].

237. See *CRFD Research, Inc. v. Matal*, 876 F.3d 1330, 1349 (Fed. Cir. 2017).

238. See *id.* at 1346.

239. See *id.*

PTAB erred and that its redundancy-based rejection was both reviewable and, in the case at bar, improper.²⁴⁰ The court explained:

To bar Hulu from pressing an argument it raised in a ground the Board found “redundant” and that it expressly incorporated into other proposed grounds of unpatentability on which the Board instituted would not only unfairly prejudice Hulu, but would also raise questions about the propriety of the Board’s redundancy decision.²⁴¹

Like the recent judicial guidance on partial institution and judicial review,²⁴² this concern for unfair prejudice against the petitioner and interrogation of the propriety of rejecting grounds as redundant is new in the PTAB’s experience and a welcome reversal of past leniencies.

V. CONCLUSION

The trajectory of the Patent Office experiment with attempting to manage its docket by rejecting grounds for redundancy is a stark case study in the sensitivity of administrative adjudication to early structural choices and persistent enlargements of agency power. The agency’s diversely applied but coherently revealed preference for claiming broad discretion under the nonappealability provisions of §§ 314(d) and 324(e) was built on a number of analytical premises. One was that the agency could sweep more and more of its adjudication-related actions, which are susceptible to ordinary judicial review, into the ambit of its screening-related actions, which are immune from review. This was plausible, at least initially, because the standard for screening overlapped significantly with merits adjudication itself by inquiring into the likelihood of eventual success in the case. This view was ultimately vindicated in *Cuozz* and did much of the doctrinal work for Patent Office claims of discretion.

Another premise was that the PTAB could properly create for itself by regulation the authority to make partial institutions. This, too, was initially plausible because the institution statute could be read as ambiguous and thus within the purview of *Chevron* deference. This view ultimately failed in *SAS Institute*, which also laid down an important limit on the logic and reach of *Cuozz*.

In the end, however, the glue that held the syllogism together for so long was the Patent Office’s reliance on the recursive relationship between judicial deference to its interpretation of the institution statute and the antecedent

240. *See id.*

241. *Id.*

242. *See supra* Sections IV.A–IV.B.

availability of judicial review of actions related, whether closely or distantly, to institution. The positions of the Patent Office reflected, quite early in the history of the AIA, a recognition that even if *Chevron* deference could not be had, the *Chenery* obligation of reason-giving at step two of *Chevron* presupposed reviewability. If that reviewability could be argued away, the end result would be the same: autonomy for the agency, free from oversight by the Federal Circuit.

This last insight has only just begun to see daylight in the Federal Circuit's case law. The rejection in *CRFD Research* of a redundant-grounds approach suggests that the court may be willing to look beyond its initial approbations of the PTAB's discretion and hold the PTAB more accountable for its obligations of reasoned decision making and transparency, virtues that are often tempting to compromise in the pursuit of efficiency and the lure of technocratic expertise. The agency's own drawdown of rejecting redundant grounds is encouraging but ambiguous and easily reversible. Latent potential remains for the problem to return and for new claims of agency power to arise in the same vein. In this setting of disequilibrium between the courts and the Patent Office, as the system of AIA proceedings continues to mature, the work of the judiciary in disciplining agency excess is not yet complete.