

RE-CLASSIFYING GOVERNMENTAL PETITIONERS AS “PERSONS” IN AIA REVIEW PROCEEDINGS

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I. INTRODUCTION

Does a government agency qualify as a person who can petition for certain proceedings at the U.S. Patent and Trademark Office (PTO)? Although not a natural person, a government agency, like a corporation, acts as a single unit towards a specific purpose. Notably, corporations are considered persons in PTO review proceedings,¹ available under the Leahy-Smith American Invents Act (AIA), and for other purposes.² Perhaps government agencies should then also qualify as persons in these AIA review proceedings, considering the government’s participation in the patent system. “Government agencies can apply for and obtain patents; they can maintain patents; they can sue other parties for infringing their patents; they can be sued for infringing patents held by private parties; [and] they can invoke certain defenses to an infringement lawsuit on the same terms as private parties”³

Nevertheless, in *Return Mail v. United States Postal Service*, the Supreme Court held that a government agency is not a “person” who can initiate AIA review proceedings. In *Return Mail*, the U.S. Postal Service (USPS) initiated an AIA proceeding to invalidate Return Mail’s patent claims. After the claims were invalidated, Return Mail argued that the government should be unable to initiate AIA review proceedings, and the Court agreed. Under the AIA, only a “person” can petition for AIA review proceedings. The Court focused on 1 U.S.C. § 1 (from the Dictionary Act),⁴ which provides a rebuttable presumption that the term “person” includes “corporations, companies,

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1. *See e.g.*, *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1368 (2018) (explaining that Greene’s Energy, a corporation, successfully petitioned for inter partes review against Oil States). AIA review proceedings occur after a patent is issued. *See Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1860 (2019).

2. *See Citizens United v. Fed. Election Comm’n*, 558 U.S. 310, 365 (2010) (stating that “Government may not suppress political speech on the basis of the speaker’s corporate identity”).

3. *Id.* at 1871 (Breyer, J., dissenting).

4. *Id.* at 1862.

associations, firms, partnerships, societies, and joint stock companies, as well as individuals.”⁵ The Court concluded that government agencies are presumptively not persons because the Dictionary Act does not reference sovereigns.

The Court’s decision in *Return Mail* was incorrect. The PTO promulgated a rule allowing government agencies to petition for *ex parte* reexamination, the precursor to AIA review proceedings. Based on canons of statutory construction, the Court should have applied this administrative interpretation of reexamination to AIA review proceedings. After all, *ex parte* reexamination and AIA review proceedings share the same purposes (to increase patent quality and create an alternative to patent litigation), and government participation in AIA review proceedings furthers these purposes. Importantly, as this Note later discusses, counterarguments from the Court and Judge Newman of the Federal Circuit are not enough to justify upholding the decision in *Return Mail*.

Because the Court’s decision was incorrect, the PTO should rectify the Court’s mistake by promulgating a rule, which would state that government entities qualify as persons who can petition for AIA review proceedings. Under *National Cable & Telecommunications Association v. Brand X Internet Services*,⁶ an agency rule can overcome a prior court decision if the three steps of *Chevron* deference⁷ are satisfied. As this Note later explains, this proposed rule would meet all three steps.

This Note is structured as follows: Part II will explain the background of AIA review proceedings. Part III will then summarize the *Return Mail* decision. Part IV will discuss why the Court’s decision was incorrect and will rebut counterarguments that ostensibly support the Court’s decision. Part V will propose an agency-based solution using the Court’s decision in *Brand X*. The conclusion will summarize the arguments and the stakes of the decision.

II. PROCEEDINGS AT THE PATENT OFFICE

Originally, a third party could only use *ex parte* reexamination or *inter partes* reexamination to invalidate a patent. This changed in 2012 in response to criticism. The AIA created three additional PTO review proceedings that third

5. 1 U.S.C. § 1 (2018).

6. *See Nat’l Cable & Telecommunications Ass’n v. Brand X Internet Servs.*, 545 U.S. 967, 982, 986 (2005).

7. Under *Chevron* deference, if certain requirements are met, a Court must defer to an agency’s interpretation of a statute. *See United States v. Mead Corp.*, 533 U.S. 218, 227 (2001) (citing *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 844–45 (1984)).

parties could use to invalidate patents: (1) post-grant review (PGR),⁸ (2) inter partes review (IPR),⁹ and (3) covered business method review (CBM).¹⁰ These AIA proceedings directly descended from reexamination proceedings. As a result, reexamination and AIA review proceedings share the purposes of increasing patent quality and decreasing patent litigation.

A. REEXAMINATION

In 1980, Congress created *ex parte* reexamination, which still exists today.¹¹ The purposes of *ex parte* reexamination are (1) to increase patent quality¹² and (2) to create an alternative to expensive and lengthy district court litigation.¹³ During *ex parte* reexamination, the PTO reexamines the patentability of a patent's claims.¹⁴ To convince the Director to institute *ex parte* reexamination, a petitioner can point to "other patents or printed publications."¹⁵ When proceedings begin, third-party petitioners cannot participate.¹⁶ *Ex parte* reexamination proceedings resemble the PTO's initial examination procedures.¹⁷ To cancel patent claims, the PTO must find invalidity by a preponderance of the evidence.¹⁸ This differs from the higher standard for the invalidity defense in court, which requires clear and convincing evidence.¹⁹

Because *ex parte* reexamination received criticism,²⁰ Congress enacted *inter partes* reexamination in 1999.²¹ Congress noted that *ex parte* "reexamination has been used infrequently since a third party who requests reexamination cannot participate at all after initiating the proceedings."²² As a descendant to *ex parte* reexamination, *inter partes* reexamination shared the

8. 35 U.S.C. § 321 (2018).

9. 35 U.S.C. § 311 (2018).

10. Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-129, § 18, 125 Stat. 284, 329 (2011).

11. 35 U.S.C. § 302 (2018).

12. *See* H.R. REP. NO. 96-1307, pt. 1, at 2–4 (1980) (discussing "creating a system of administrative reexamination of doubtful patents" to "strengthen[] investor confidence in the certainty of patent rights" and "restore confidence in the effectiveness of our patent system.").

13. *See id.* at 3–4.

14. *See* 35 U.S.C. § 302.

15. 35 U.S.C. §§ 301, 302, 303(a), 304 (2018).

16. *Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1866 (2019) (citing 36 U.S.C. §§ 302, 303).

17. *See* 35 U.S.C. § 305 (2018).

18. MPEP § 2286 (9th ed. Rev. June 2020).

19. *See Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238, 2240, 2245 (2011) (citing 35 U.S.C. § 282 (2006)).

20. H.R. REP. NO. 112-98, at 46 (2011) (summarizing critiques of *ex parte* reexamination).

21. *Id.*

22. H.R. REP. NO. 106-464, at 133 (1999).

same goals of increasing patent quality²³ and decreasing patent infringement litigation.²⁴ To better effectuate these goals, Congress made improvements to inter partes reexamination.²⁵ Third parties could now participate by writing comments that addressed issues raised by the PTO or the patent owner's response.²⁶ Also, challengers could appeal unfavorable decisions.²⁷ However, because inter partes reexamination was barely used, inter partes review and other AIA review proceedings replaced it²⁸ on September 16, 2012.²⁹

B. AIA REVIEW PROCEEDINGS

The AIA created three review proceedings: PGR, IPR, and CBM.³⁰ Like their ancestors, they were intended to increase patent quality and create a viable alternative to district court litigation.³¹ Similar to inter partes reexamination, a third-party petitioner can participate in all AIA review proceedings.³² However, given that inter partes reexamination failed, Congress structured AIA review proceedings differently to effectuate the aforementioned purposes.³³ For instance, the Patent Trial and Appeal Board (PTAB) oversees AIA review proceedings,³⁴ which are more adjudicatory and adversarial.³⁵ Parties have access to limited discovery and short oral hearings,³⁶ and a party who is unsatisfied with the decision can appeal to the Federal Circuit.³⁷

The three AIA proceedings share important traits. Similar to reexamination, the standard of proof is a preponderance of the evidence.³⁸ In addition, statutory estoppel provisions preclude petitioners from making arguments, which they already raised during prior AIA review proceedings, in

23. H.R. REP. NO. 107-120, at 3 (2001) (stating that one of the original goals of ex parte reexamination was to “reinforce investor confidence in the certainty of patent rights by affording an opportunity to review patents of doubtful validity”).

24. See H.R. REP. NO. 106-464, at 133.

25. See H.R. REP. NO. 112-98, at 45–46 (2011).

26. 35 U.S.C. § 314(b)(2) (2000).

27. H.R. REP. NO. 112-98, at 46.

28. See *id.* at 46–47.

29. See AIA § 35 (2011).

30. 35 U.S.C. §§ 311, 321 (2018); AIA § 18.

31. See H.R. REP. NO. 112-98, at 40.

32. See *Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1866 (2019).

33. See H.R. REP. NO. 112-98, at 45–47.

34. See 35 U.S.C. §§ 316(c), 326(c) (2018).

35. See *Return Mail*, 139 S. Ct. at 1866.

36. See *Regents of the Univ. of Minnesota v. LSI Corp.*, 926 F.3d 1327, 1336 (Fed. Cir. 2019), *cert. denied*, No. 19-337, 2020 WL 129563 (U.S. Jan. 13, 2020); 37 CFR §§ 42.51, 42.70 (2019).

37. 35 U.S.C. § 141(c) (2018).

38. 35 U.S.C. §§ 316(e), 326(e) (2018).

subsequent district court or International Trade Commission (ITC) proceedings.³⁹ Furthermore, statutory estoppel applies to arguments that a petitioner “reasonably could have raised” in a prior PGR or IPR.⁴⁰

The first of the proceedings, PGR, permits any person, other than the patent owner, to petition for review of a patent’s validity based on any grounds a party can rely on in litigation.⁴¹ A petitioner can only initiate a PGR within nine months of the challenged patent’s issuance date.⁴²

IPR, another AIA proceeding, directly replaced *inter partes* reexamination.⁴³ Any person other than the patentee can initiate IPR.⁴⁴ A person can typically petition for IPR nine months after the patent’s issuance date.⁴⁵ IPR proceedings are limited to issues of novelty and nonobviousness, and petitioners can only rely on “prior art consisting of patents or printed publications.”⁴⁶ Notably, parties may initiate PGR and IPR without the constitutional standing⁴⁷ required for asserting an invalidity defense⁴⁸ or requesting a declaratory judgment of invalidity in court.⁴⁹

The AIA also created CBM, which expired on September 16, 2020⁵⁰ and only applied to covered business method patents.⁵¹ Unlike PGR and IPR, a person could not petition for CBM “unless the person or the person’s real party in interest or privity has been sued for infringement of the patent or has been charged with infringement under that patent.”⁵² Similar to PGR,

39. 35 U.S.C. §§ 315(e)(2), 325(e)(2) (2018); AIA § 18(a)(1)(D).

40. 35 U.S.C. §§ 315(a), 325(e) (2018).

41. 35 U.S.C. §§ 321(a)–(b) (2018).

42. *Id.* § 321(c).

43. H.R. REP. NO. 112-98 at 46–47.

44. 35 U.S.C. § 311(a).

45. *See id.* § 311(c)(1).

46. *Id.* § 311(b).

47. *See* *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2143–44 (2016); *see also* *Regents of the Univ. of Minnesota v. LSI Corp.*, 926 F.3d 1327, 1335 (Fed. Cir. 2019) (citing *Cuozzo*, 136 S. Ct. at 2143–44).

48. *See* 35 U.S.C. § 282(b)(2) (2018).

49. *See* Brief of Amicus Curiae Professor Tejas N. Narechania in Support of Respondents at 12–13, *Return Mail, Inc. v. United States Postal Service*, 139 S. Ct. 1853 (2019) (No. 17-1594) (citations omitted).

50. AIA § 18(a)(3)(A).

51. *Id.* § 18(d)(1). A covered business method patent “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 . . .” *Id.*

52. *Id.* § 18(a)(1)(B).

petitioners in CBM could rely on any arguments related to invalidity and could base their arguments on more than just patents and printed publications.⁵³

III. THE *RETURN MAIL* DECISION

A. FACTS OF *RETURN MAIL*

Return Mail, a corporation, owned U.S. Patent No. 6,826,548 (the '548 Patent), which deals with the processing of undeliverable mail items.⁵⁴ In the Court of Federal Claims,⁵⁵ Return Mail alleged that USPS infringed its patent.⁵⁶ After USPS petitioned for CBM of the '548 patent's relevant claims,⁵⁷ Return Mail argued that USPS should have been unable to initiate CBM.⁵⁸ The PTAB disagreed and held that the patent claims were invalid.⁵⁹

B. FEDERAL CIRCUIT DECISION

Return Mail appealed. The Federal Circuit, affirming the PTAB, held that a government agency can petition for CBM.⁶⁰ Because a party must be sued for or charged with infringement to initiate CBM, the Federal Circuit discussed whether the government can be sued for infringement. When the government commits a taking of a patent license, the patentee can only sue the government in the Court of Federal Claims under 28 U.S.C. § 1498(a).⁶¹ The Federal Circuit held that section 1498 suits qualify as patent infringement actions, meaning that government agencies sued under section 1498 can petition for CBM.⁶²

Judge Newman dissented, arguing that the government is not a person who can initiate AIA review proceedings.⁶³ She looked to the Dictionary Act, which states that a "person" presumptively includes certain parties but does

53. MARK A. LEMLEY, PETER S. MENELL & ROBERT P. MERGES, *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE*: 2018 318, 323 (2018).

54. *Return Mail, Inc. v. U.S. Postal Serv.*, 868 F.3d 1350, 1354 (Fed. Cir. 2017), *rev'd*, 139 S. Ct. 1853 (2019).

55. The Court of Federal Claims is an Article I Court. *About the Court*, UNITED STATES COURT OF FEDERAL CLAIMS, <https://www.usfc.uscourts.gov/about-court> (last visited Feb. 5, 2020). It is the only venue by which a patentee can sue the government for patent infringement. 28 U.S.C. § 1498(a).

56. *Return Mail, Inc. v. United States*, No. 11-130 C, 2013 WL 5569433, at *1 (Fed. Cl. Oct. 4, 2013).

57. *See* *United States Postal Service and United States v. Return Mail, Inc.*, CBM2014-00116 1, 2 (2014).

58. *Return Mail*, 868 F.3d at 1355.

59. *Return Mail*, CBM2014-00116 at 3, 12.

60. *Return Mail*, 868 F.3d at 1365–67, 1371.

61. *Id.* at 1361–63; 28 U.S.C. § 1498(a) (2018).

62. *Return Mail*, 868 F.3d at 1362–63.

63. *Id.* at 1375 (Newman J., dissenting).

not include sovereigns (like the U.S. government) in its definition.⁶⁴ She also pointed to the statutory estoppel provisions of AIA review proceedings, which mentions district court litigation and ITC proceedings,⁶⁵ but does not mention section 1498 patent infringement suits.⁶⁶ According to Judge Newman, Congress did not include section 1498 suits because it did not intend for government agencies to be eligible petitioners.⁶⁷ Otherwise, government agencies would be able to relitigate arguments that failed in an AIA review proceeding.⁶⁸

The majority disagreed. It explained that the statutory purpose, “the context, the subject matter, legislative history, and executive interpretation”⁶⁹ can rebut the presumption against sovereigns. The majority contended that the presumption carried less weight because the statute conferred a “benefit or advantage” on the government.⁷⁰ It also noted that “[t]he AIA does not appear to use the term ‘person’ to exclude the government in other provisions.”⁷¹

Concerning the absence of section 1498 suits in the estoppel provisions, the majority rejected the dissent’s argument because the AIA’s legislative history did not directly address policy concerns of potential re-litigation of arguments.⁷² It then concluded that there was no reason to exclude the government from CBM when, “like a party sued in federal district court or the ITC, it has interests at stake with respect to the patent it has been accused of infringing.”⁷³

C. SUPREME COURT DECISION

The Supreme Court reversed and held that federal agencies cannot petition for AIA review proceedings.⁷⁴ Under the AIA, a “person” can petition for AIA review proceedings.⁷⁵ The Court construed the definition of “person” by applying the presumption from the Dictionary Act, which it interpreted to mean that a person does not include sovereigns.⁷⁶ Thus, the Court presumed

64. *Id.* at 1372 (Newman, J., dissenting) (citing 1 U.S.C. § 1).

65. *Id.* at 1373–74 (Newman, J., dissenting).

66. *See id.*

67. *See id.*

68. *Id.* at 1375 (Newman J., dissenting).

69. *Id.* at 1365 (quoting *Wilson v. Omaha Indian Tribe*, 442 U.S. 653, 667 (1979)).

70. *Id.* (quoting *Wilson*, 442 U.S. at 667).

71. *Id.*

72. *See id.* at 1366.

73. *Id.*

74. *Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1859 (2019).

75. 35 U.S.C. §§ 311(a), 321(a); AIA § 18(a)(1)(B).

76. *Return Mail*, 139 S. Ct. at 1861–62.

that government agencies cannot petition for AIA review proceedings.⁷⁷ The Court found that the legislative history, executive interpretation, purpose, subject matter, and context did not rebut the presumption.⁷⁸

The Court rejected USPS's attempts to rebut the presumption. USPS first argued that other usages of the word "person" in the Patent Act included the government.⁷⁹ For instance, 35 U.S.C. § 296(a) stated that any person, "including any governmental or nongovernmental entity," can sue a state in federal court for patent infringement.⁸⁰ The Court was unpersuaded, since other usages of "person" in that Act do not include the government. 35 U.S.C. § 6(a) states that administrative patent judges, who cannot include federal agencies, must be persons.⁸¹ USPS also pointed to a provision stating that federal agencies are "persons" who can obtain patents.⁸² The Court found that the matters of obtaining a patent and petitioning to invalidate a patent are unrelated.⁸³

USPS's second argument centered on the Manual of Patent Examining Procedure (MPEP),⁸⁴ which states that a governmental entity is a "person" who can petition for ex parte reexamination or cite prior art.⁸⁵ Although pre-AIA and AIA proceedings share the same goals,⁸⁶ the Court rejected USPS's argument. It reasoned that, while AIA review proceedings are adjudicative and adversarial, ex parte reexamination is internal and lacks third-party participation.⁸⁷ The Court noted that the government already enjoys unique benefits in a different adversarial proceeding involving patent validity.⁸⁸ Specifically, the government can only be sued in the Court of Federal Claims

77. *Id.* at 1863.

78. *See id.* at 1868 (Breyer, J., dissenting) (citing *Int'l Primate Prot. League v. Administrators of Tulane Educ. Fund*, 500 U.S. 72, 83 (1991)).

79. *Id.* at 1863.

80. *Id.* at 1863 n.3 (citing 35 U.S.C. § 296(a) (2018)).

81. *Id.* at 1863, 1863 n.4 (citing 35 U.S.C. § 6(a) (2018)).

82. *Id.* at 1864.

83. *Id.* at 1864.

84. According to the Foreword of the MPEP, the MPEP is a PTO manual that provides guidance for patent examination. MPEP (9th ed. Rev. June 2020).

85. *See Return Mail*, 139 S. Ct. at 1865 (citing MPEP §§ 2203, 2212 (4th ed. Rev. July 1981)). For purposes of citing prior art, "[a]ny person' may be a corporate or governmental entity as well as an individual." MPEP § 2203 (9th ed. Rev. June 2020). For ex parte reexamination, "Corporations and/or governmental entities are included within the scope of 'any person.'" MPEP § 2212 (9th ed. Rev. June 2020).

86. *See Return Mail*, 139 S. Ct. at 1865–66.

87. *Id.*

88. *Id.*

for infringement,⁸⁹ where trial by jury, injunctions, and punitive damages are unavailable.⁹⁰

The Court also rejected USPS's third argument—that the government's ability to assert an invalidity defense in litigation demonstrates that it should be able to petition for AIA review proceedings.⁹¹ According to the Court, Congress could have decided to only provide AIA review proceedings to nongovernmental actors. Unlike private actors, when the government asserts an invalidity defense, it enjoys the aforementioned benefits under 28 U.S.C. § 1498.⁹²

The Court concluded by expressing a concern that it would be “awkward” for a civilian patent owner to defend its patent in a proceeding that one government agency initiated and another agency (the PTO) oversaw.⁹³

Lastly, in a footnote, the Court addressed, but did not rely upon, Judge Newman's argument in her dissent⁹⁴ regarding statutory estoppel.⁹⁵ The Court recognized that common law estoppel could potentially remedy the situation, writing that “the practical effect of the estoppel provisions' potential inapplicability to the Government is uncertain given that this Court has not decided whether common-law estoppel applies in 28 U.S.C. § 1498 suits.”⁹⁶

IV. THE PROBLEMS WITH THE SUPREME COURT'S DECISION

This Part explains why the Court's holding was in error and addresses counterarguments from the Court and Judge Newman.

Because the PTO permitted government agencies to petition for *ex parte* reexamination, the Court should have similarly allowed government agencies to petition for AIA review proceedings. Under the prior construction canon, Congress presumably incorporates prior administrative interpretations of an existing statutory provision into a new statute that uses the same language. Given that the two types of proceedings share the same purposes and that

89. *Id.* at 1866–67.

90. *Id.*

91. *Id.* at 1866.

92. *Id.* at 1867 (discussing the lack of injunctive relief, jury trials, and punitive damages in the Court of Federal Claims).

93. *Id.*

94. *Return Mail, Inc. v. U.S. Postal Serv.*, 868 F.3d 1350, 1373–75 (Fed. Cir. 2017) (Newman, J., dissenting) (arguing that because statutory estoppel does not apply to section 1498 suits, if the government could petition for AIA review proceedings, it would have the ability to relitigate its arguments, from a failed AIA review proceeding, in court).

95. *Id.* at 1867 n.10.

96. *Id.*

allowing the government to initiate AIA review proceedings furthers those purposes, it makes sense to apply the prior construction canon here.

Furthermore, the counterarguments presented by the Court and Judge Newman are not persuasive. First, although Congress provided the government with unique treatment under 28 U.S.C. § 1498, this special treatment is justified by other legal doctrines, and allowing the government to initiate AIA review proceedings would not chill inventors from obtaining patents. Second, it is not awkward for a civilian to defend itself against a government agency before another government agency. This does not create a conflict between agencies that must be resolved by the President. Moreover, the PTO does not necessarily act with bias in favor of other agencies, and other proceedings exist that involve similar situations. Third, Congress could have meant to subject government agencies only to common law estoppel, instead of the broader statutory estoppel provisions of the AIA. The government has limited resources and thus is less likely to harass patentees, and a government agency's decision to initiate AIA review proceedings can implicate unique public policy concerns.

A. THE ADMINISTRATIVE INTERPRETATION OF A PERSON FOR REEXAMINATION APPLIES TO AIA REVIEW PROCEEDINGS

Although the MPEP (since 1981), in the context of *ex parte* reexamination and citation of prior art, explained that a person included government entities,⁹⁷ the Court in *Return Mail* was not convinced that the Dictionary Act's presumption was rebutted.⁹⁸ The Court reasoned that *ex parte* reexamination differs from AIA review proceedings, as the former is not adversarial.⁹⁹

The Court recognized the prior construction canon¹⁰⁰ that “[w]hen administrative and judicial interpretations have settled the meaning of an existing statutory provision, repetition of the same language in a new statute indicates as a general matter, the intent to incorporate its administrative and judicial interpretations as well.”¹⁰¹ However, it did not apply the canon because

97. MPEP §§ 2203, 2212 (4th ed. Rev. July 1981); MPEP §§ 2203, 2212 (9th ed. Rev. Jan. 2018).

98. *Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1865–66 (2019).

99. *Id.* at 1866.

100. The Supreme Court has recognized this canon. *Lightfoot v. Cendant Mortg. Corp.*, 137 S. Ct. 553, 563 (2017) (using the term “prior construction canon”).

101. *Return Mail*, 139 S. Ct. at 1866 (quoting *Bragdon v. Abbott*, 524 U.S. 624, 645 (1998)) (alteration in original); *see also* *Silver v. Pueblo Del Sol Water Co.*, 244 Ariz. 553, 560 (2018) (“According to that canon, “[i]f a statute uses words or phrases that have already received . . . uniform construction by . . . a responsible administrative agency, they are to be understood according to that construction.”) (quoting ANTONIN SCALIA & BRYAN A.

it claimed that “there is no ‘settled’ meaning of the term ‘person’ with respect to the newly established AIA review proceedings.”¹⁰² On the contrary, the Court should have applied the above canon and relied on the ex parte reexamination rule from MPEP § 2212. Section 2212 settled the meaning of a “person” who could petition for ex parte reexamination. Based on the prior construction canon, this settled meaning of “person” for ex parte reexamination should have applied to the “closely related”¹⁰³ AIA review proceedings.

1. *The Settled Meaning of Eligible Petitioners for Ex Parte Reexamination*

To the extent that there is a question concerning the validity of the rules in the MPEP, MPEP § 2212 is entitled to deference.¹⁰⁴ As a result, MPEP § 2212 settled the meaning of eligible petitioners for ex parte reexamination.

Under 35 U.S.C. § 302 (2018), “[a]ny person at any time may file a request for reexamination by the Office . . .” MPEP § 2212, interpreting section 302, stated that “governmental entities are included within the scope of the term ‘any person.’” Although the “MPEP has no binding effect on [a] court,” “its provisions represent the PTO’s interpretation of the statutes and regulations, and an agency’s interpretation of statutes and regulations deserves some deference.”¹⁰⁵ Thus, the MPEP “is entitled to judicial notice as the agency’s official interpretation of statutes or regulations, provided that it is not in conflict with the statutes or regulations.”¹⁰⁶ For example, in *Bettcher Industries*,

GARNER, READING LAW: THE INTERPRETATION OF LEGAL TEXTS 322 (2012)) (alterations in original).

102. *Return Mail*, 139 S. Ct. at 1866.

103. *See SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1355 (2018) (finding that the PTO Director could not initiate IPR because the IPR statute, unlike the closely related ex parte reexamination statute, did not explicitly give the PTO Director that authority).

104. Administrative interpretations do not need to be entitled to *Chevron* deference to settle the meaning of statutory language. *Bragdon v. Abbott*, 524 U.S. 624, 642, 645 (1998) (finding that administrative interpretations were relevant to determining whether the meaning of a term was settled even without looking to the *Chevron* deference steps). Although interpretations entitled to *Skidmore* deference are sufficient, the *Bragdon* Court did not comment on whether being entitled to *Skidmore* deference is necessary. *Id.* *Skidmore* deference refers to the principle that “reasonable agency interpretations carry ‘at least some added persuasive force’ where *Chevron* is inapplicable.” *United States v. Mead Corp.*, 533 U.S. 218, 235 (2001) (quoting *Metro. Stevedore Co. v. Rambo*, 521 U.S. 121, 136 (1997)).

105. *Molins PLC v. Quigg*, 837 F.2d 1064, 1067 (Fed. Cir. 1988) (citations omitted).

106. *Refac Int’l, Ltd. v. Lotus Dev. Corp.*, 81 F.3d 1576, 1584 (Fed. Cir. 1996) (citations omitted); *see also Enzo Biochem, Inc. v. Gen-Probe Inc.*, 323 F.3d 956, 964 (Fed. Cir. 2002) (stating that the MPEP is “not binding on this court, but may be given judicial notice to the extent [it does] not conflict with the statute”) (citations omitted); *Airbus S.A.S. v. Firepass Corp.*, 793 F.3d 1376, 1380 (Fed. Cir. 2015) (quoting *Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1439 (Fed. Cir. 1984)) (“Although the MPEP does not have the force of law, it is

Inc. v. Bunzl USA, Inc., the Federal Circuit held that a MPEP rule clarifying the statutory language, “finally determined,” addressed a procedural issue and would have been “entitled to deference” if Congress’s intent was ambiguous.¹⁰⁷

Similarly, MPEP § 2212, interpreting “person” for a procedural matter, is entitled to deference. Because the Dictionary Act’s presumption against sovereigns is not a hard and fast rule of exclusion and is rebuttable by executive interpretation, the term “person” is ambiguous.¹⁰⁸ This was likely why, in *Return Mail*, the Court said it might have considered MPEP § 2212 if it was determining whether agencies could initiate *ex parte* reexamination.¹⁰⁹ Importantly, MPEP § 2212 is also a long-standing rule because it is one of the “original reexamination rules that were adopted to implement the reexamination statute”¹¹⁰ in July 1981. “As a contemporaneous agency construction of the statute, this interpretation is entitled to great weight.”¹¹¹

Also, MPEP § 2212 is not in conflict with the *ex parte* reexamination statute because it is consistent with Congress’s purposes behind it.¹¹² Specifically, the government, by using 35 U.S.C. §§ 301–302, can cite prior art to the PTO and petition for *ex parte* reexamination. By first introducing prior art in 35 U.S.C. § 301 and then explaining “the pertinency and manner of applying cited prior art to every claim for which reexamination is requested,”¹¹³ the government can test the patent’s quality and potentially lower the volume of district court litigation if the relevant patent claims are invalidated. In sum,

entitled to judicial notice ‘so far as it is an official interpretation of statutes or regulations with which it is not in conflict.’”).

107. *See Bettcher Indus., Inc. v. Bunzl USA, Inc.*, 661 F.3d 629, 644, 646 (Fed. Cir. 2011) (citing *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336 (Fed. Cir. 2008) for the proposition that the rule at issue was not a substantive rule and that it clarified “ambiguous statutory language”). *But see Non VirnetX Inc. v. Apple Inc.*, 931 F.3d 1363, 1377 n.11 (Fed. Cir. 2019) (explaining that the discussion of the MPEP in *Bettcher* was dicta).

108. For a more in-depth discussion of this, see *infra* Section V.B. Section V.B discusses AIA review proceedings, but the reasoning is also applicable to *ex parte* reexamination.

109. *See Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1865 (2019).

110. *In re Recreative Techs. Corp.*, 83 F.3d 1394, 1397 (Fed. Cir. 1996) (rejecting an MPEP rule and noting that it “was not among the original reexamination rules”).

111. *See Les v. Reilly*, 968 F.2d 985, 989 (9th Cir. 1992) (citing *Norwegian Nitrogen Products Co. v. United States*, 288 U.S. 294, 315, (1933)). The Supreme Court has, at times, cited “an agency interpretation’s longstanding pedigree without reference to any of the Supreme Court’s deference regimes or tests” when upholding the agency interpretation. Anita S. Krishnakumar, *Longstanding Agency Interpretations*, 83 FORDHAM L. REV. 1823, 1832 (2015) (citing numerous Supreme Court case examples, including *Smith v. City of Jackson*, 544 U.S. 228, 239–40 (2005); *W. Air Lines, Inc. v. Criswell*, 472 U.S. 400, 412 (1985); and *Tony & Susan Alamo Found. v. Sec’y of Labor*, 471 U.S. 290, 296–97 (1985)).

112. The reasoning in Section IV.A.2.b, which applies to AIA review proceedings, is also applicable to *ex parte* reexamination, since they share the same purposes.

113. 35 U.S.C. §§ 301–02 (2018).

MPEP § 2212's interpretation of eligible petitioners for ex parte reexamination is entitled to deference.

Importantly, even if MPEP § 2212 is found invalid in the future, that “does not affect the backdrop against which Congress legislated” the AIA in 2011.¹¹⁴ Thus, Congress could still have meant to incorporate MPEP § 2212 into the AIA, even if the rule's validity is later questioned in court.

2. *Incorporating the Settled Meaning of “Person” for Ex Parte Reexamination into AIA Review Proceedings*

The Court should have found that Congress had MPEP § 2212's settled meaning of “person” in mind when it created AIA review proceedings. After all, the ex parte reexamination statute is closely related to the AIA review proceedings statutes for two reasons: (a) reexamination and AIA review proceedings share the same purposes (to increase the quality of patents and provide a cost-effective alternative to litigation), and (b) permitting the government to petition for AIA review proceedings furthers these shared purposes.¹¹⁵ In other words, Congress repeated the term “person” in the AIA “against the background of . . . regulatory history”¹¹⁶

a) Shared Purposes

The shared purposes behind reexamination and AIA review proceedings demonstrate that a “person” for AIA review proceedings directly relates to a third-party “person” who could initiate ex parte reexamination. The Federal Circuit has also emphasized these shared goals and used the understandings of ex parte reexamination to inform discussions of AIA review proceedings.

First, inter partes reexamination and AIA review proceedings directly descended from ex parte reexamination, and all three proceedings share the

114. *See* *Johnson v. United States*, 529 U.S. 694, 710–11 n.11 (2000) (discussing statutes for parole following prison sentences and finding that an administrative interpretation of a statute for special parole was applicable to a related statute on supervised release, even though some courts had recently decided that the administrative interpretation was inconsistent with the original statute authorizing special parole); *see also id.* at 726 n.7 (Scalia, J. dissenting) (explaining that the Court was stretching the prior construction canon beyond its original boundaries).

115. The Supreme Court has found that an administrative interpretation of a prior similar statute, which arguably covered a different subject than the statute at issue, should be incorporated into the statute at issue. *See supra* note 114. The same logic of the *Johnson* majority is applicable to the closely related ex parte reexamination and AIA review proceedings.

116. *See* *Nat'l Cable & Telecommunications Ass'n v. Brand X Internet Servs.*, 545 U.S. 967, 992 (2005).

purpose of increasing patent quality and creating an efficient and effective alternative to long and expensive district court litigation.¹¹⁷

Congress enacted *ex parte* reexamination to “permit efficient resolution of questions about the validity of issued patents without recourse to expensive and lengthy infringement litigation”¹¹⁸ and to address potentially low quality patents and increase confidence in the patent system.¹¹⁹ However, Congress noted that third parties did not frequently initiate *ex parte* reexamination because they could not participate in the proceeding.¹²⁰ Due to “criticisms of the reexamination system,” Congress made “amendments to the process” by enacting *inter partes* reexamination.¹²¹

Congress similarly aimed to use *inter partes* reexamination to “reduce expensive patent litigation in U.S. district courts”¹²² and strike a better balance “toward the goal of improving patent quality and validity.”¹²³ With regard to improving patent quality, “[t]he participation by third parties is considered vital because in many circumstances they have the most relevant prior art available and incentive to seek to invalidate an allegedly defective patent.”¹²⁴ *Inter partes* reexamination was also “intended to reduce expensive patent litigation in U.S. district courts by giving third-party requesters, *in addition to the existing ex parte reexamination . . .*, the option of *inter partes* reexamination proceedings”¹²⁵ Thus, a third-party “person,” for purposes of *ex parte* reexamination, was the same third party who could petition for *inter partes* reexamination. In fact, the *inter partes* reexamination statute defined “third-party requestor” to mean “a person requesting *ex parte* reexamination under section 302 or *inter partes* reexamination under section 311 who is not the patent owner.”¹²⁶

However, since *inter partes* reexamination was rarely used,¹²⁷ Congress “convert[ed]” and “rename[d]” it to IPR¹²⁸ and created other AIA review proceedings.¹²⁹ Congress allowed “a person who is not the owner of a patent”

117. See H.R. REP. NO. 112-98, at 40 (2011).

118. H.R. REP. NO. 96-1307, pt.1, at 3 (1980).

119. See *id.* at 2, 4.

120. H.R. REP. NO. 106-464, at 133 (1999).

121. H.R. REP. NO. 112-98, at 46.

122. H.R. REP. NO. 106-464, at 133.

123. H.R. REP. NO. 107-120, at 4 (2001).

124. *Id.*

125. H.R. REP. NO. 106-464, at 133 (emphasis added).

126. PL 106-113, § 4603, 113 Stat. 1501, 1501A-567 (1999).

127. See H.R. REP. NO. 112-98, at 46 (2011).

128. *Id.* at 46–47.

129. *Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1860 (2019) (“In 2011, Congress . . . phased out *inter partes* reexamination. In its stead, the AIA tasked the Board with three new types of post-issuance review proceedings.”) (citations omitted).

to petition for IPR and PGR of “the patent,”¹³⁰ and it allowed a “person” who was sued for or charged with infringement of a patent to petition for CBM of that patent.¹³¹ Congress, once again, repeated its dual goals to “establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”¹³² For IPR, it referenced the goal of ex parte reexamination to “serve as an effective and efficient alternative to often costly and protracted district court litigation.”¹³³ It created PGR to “make the patent system more efficient and improve the quality of patents and the patent system,”¹³⁴ and designed CBM to address “the flood of poor quality business method patents”¹³⁵ Like with inter partes reexamination, third-party participation in AIA review proceedings was considered “vital”¹³⁶ for increasing patent quality, as AIA review “proceedings are designed to allow the USPTO to harness *third parties* for the agency to evaluate whether a prior grant of a public franchise was wrong”¹³⁷

Second, the Federal Circuit has looked to the shared purposes between ex parte reexamination and IPR, as well as the law surrounding ex parte reexamination, when deciding legal matters related to IPR. Three Federal Circuit cases demonstrate this comparison between ex parte reexamination and IPR.

In *MCM Portfolio LLC v. Hewlett-Packard Co.*, the Federal Circuit held that IPR does not contradict Article III of the Constitution.¹³⁸ The Federal Circuit compared the purposes of IPR and ex parte reexamination, which were to improve patent quality and provide an alternative to litigation.¹³⁹ It then looked to *Patlex Corp. v. Mossinghoff*,¹⁴⁰ in which the court held that ex parte reexamination did not contradict Article III.¹⁴¹ Seeing “no basis to distinguish the reexamination proceeding in *Patlex* from inter partes review,” the Federal Circuit held that IPR does not contradict Article III.

130. 35 §§ U.S.C. 311(a), 321(a).

131. See AIA § 18(a)(10)(B).

132. H.R. REP. NO. 112-98, at 40.

133. *Id.* at 46.

134. *Id.* at 48.

135. See 157 CONG. REC. S1363 (daily ed. Mar. 08, 2011) (statement of Senator Schumer).

136. See H.R. REP. NO. 107-120, at 4 (2001).

137. *Regents of the Univ. of Minnesota v. LSI Corp.*, 926 F.3d 1327, 1339 (Fed. Cir. 2019) (emphasis added).

138. *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284, 1291 (Fed. Cir. 2015).

139. *Id.* at 1291–92.

140. 771 F.2d 480 (Fed. Cir. 1985).

141. *Id.* at 1291.

Three years later, in *Saint Regis Mohawk Tribe v. Mylan Pharmaceuticals, Inc.*,¹⁴² the Federal Circuit held that tribal sovereign immunity did not apply in IPR.¹⁴³ The majority noted that “[t]he Tribe acknowledged that sovereign immunity would not apply in ex parte or inter partes reexamination proceedings because of their inquisitorial nature.”¹⁴⁴ In the Federal Circuit’s view, “the mere existence of more inquisitorial proceedings in which immunity does not apply does not mean that immunity applies in a different type of proceeding before the same agency.”¹⁴⁵ This reasoning contradicts the notion that ex parte reexamination and AIA review proceedings should be treated differently merely because one proceeding is adversarial and adjudicatory while the other is not.

Judge Dyk’s concurrence in *Saint Regis Mohawk Tribe* then engaged in a thorough analysis of the similarities between ex parte reexamination and IPR. Judge Dyk similarly focused on the Tribe’s admission that tribal sovereign immunity was inapplicable in reexamination.¹⁴⁶ As in *MCM-Portfolio*, Judge Dyk retold the history of ex parte reexamination, inter partes reexamination, and IPR.¹⁴⁷ After recounting Congress’s goals of increasing confidence in patent quality and creating an efficient alternative to district court litigation, he concluded that, “at its core, [IPR] retains the purpose and many of the procedures of its reexamination ancestors, to which everybody agrees sovereign immunity does not apply.”¹⁴⁸ Because, like ex parte and inter partes reexamination, an IPR proceeding is “fundamentally agency reconsideration, assisted by third parties, rather than agency adjudication of a private dispute,” Judge Dyk concluded that sovereign immunity did not apply in IPR.¹⁴⁹

In *Celgene v. Peter*,¹⁵⁰ the Federal Circuit once more considered the similarities between ex parte reexamination and IPR proceedings. In *Celgene*, the PTAB invalidated a patent’s claims in an IPR.¹⁵¹ The patent owner argued that, because the patent was issued before IPR existed, invalidating the patent’s claims through an IPR was a taking.¹⁵² The Federal Circuit dismissed this reasoning because, given the existence of ex parte reexamination, “[f]or forty

142. *Saint Regis Mohawk Tribe v. Mylan Pharm. Inc.*, 896 F.3d 1322, 1323 (Fed. Cir. 2018), *cert. denied*, 139 S. Ct. 1547 (2019).

143. *Id.* at 1329.

144. *Id.*

145. *Id.*

146. *Id.* at 1330 (Dyk, J., concurring).

147. *Id.* at 1330–34 (Dyk, J., concurring).

148. *Id.* at 1332, 1334–35 (Dyk, J., concurring).

149. *Id.* at 1329–30 (Dyk, J., concurring).

150. *Celgene Corp. v. Peter*, 931 F.3d 1342, 1349 (Fed. Cir. 2019).

151. *See id.*

152. *Id.* at 1358.

years, patents owners have also had the expectation that the PTO could reconsider the validity of issued patents on particular grounds, applying a preponderance of the evidence standard.”¹⁵³ The Federal Circuit also noted that, in *Patlex*, the Court found that no taking occurred, although the PTO, through an ex parte reexamination, cancelled the claims of a patent that was issued before ex parte reexamination existed.¹⁵⁴ The Federal Circuit then reasoned that, although the patentee “identifie[d] a number of differences between reexaminations and IPRs, including that IPRs are adjudicative . . . these differences are not sufficiently substantive or significant to constitute a taking.”¹⁵⁵ The Federal Circuit additionally considered that “IPRs serve essentially the same purpose as their reexamination predecessors,”¹⁵⁶ such as “correcting prior agency error of issuing patents that should not have issued in the first place”¹⁵⁷

Given the shared goals of ex parte reexamination and AIA review proceedings, the Supreme Court in *Return Mail* should have treated them similarly.

b) Furthering the Shared Purposes

Next, it would have made sense for Congress to incorporate MPEP § 2212’s interpretation of persons in ex parte reexamination into the language for AIA review proceedings. Permitting the government to initiate AIA review proceedings furthers the goals behind reexamination and AIA review proceedings.

Involvement from federal agencies would bolster the first purpose, to improve patent quality and confidence in the patent system. AIA review “proceedings are designed to allow the USPTO to harness third parties for the agency to evaluate whether a prior grant of a public franchise was wrong”¹⁵⁸ “Because federal agencies have extensive experience in the patent system, and often have engaged in substantial research and development efforts, they are as well-positioned as private parties to assist the USPTO’s review by bringing to bear relevant information and expertise.”¹⁵⁹ In certain cases, “government agencies often possess . . . the precise prior art, that

153. *Id.* at 1362–63.

154. *Id.* at 1358 n.13.

155. *Id.* at 1360.

156. *Id.*

157. *Id.* at 1361.

158. *Regents of the Univ. of Minnesota v. LSI Corp.*, 926 F.3d 1327, 1339 (Fed. Cir. 2019).

159. Brief for the Respondents at 31, *Return Mail, Inc. v. United States Postal Service*, 139 S. Ct. 1853 (2019).

can help inform the Patent Office's 'second look' at an application."¹⁶⁰ By providing unique prior art and expertise, a government agency can effectively test a patent's validity and potentially remove patent claims that are of low quality.¹⁶¹

The following examples demonstrate that a government agency's expertise can be relevant to an AIA review proceeding, as patented inventions might be necessary to comply with the law. In one example, the Federal Communications Commission (FCC) issued "the E 911 mandate, requiring a specific percentage of wireless phone handsets to have the capability to be located within a certain range of accuracy."¹⁶² The mandate implicated a patent owned by Zoltar, who sued LG and other parties for infringement.¹⁶³ One provider of E911 services claimed it was being sued for patent infringement merely because it was "in compliance with the Commission's E911 regulations"¹⁶⁴ Since the FCC promulgated the E911 mandate, it would likely have possessed expertise concerning such patented technology. Thus, if the FCC participated in an AIA review proceeding against patentees like Zoltar, the FCC could have presented unique arguments that tested the quality of their patents.

As another example, "Section 308 of the Clean Air Act . . . explicitly authorizes the grant of a compulsory license for patents deemed necessary to comply with an EPA standard."¹⁶⁵ Even if the EPA ordered a compulsory license for such a patent, it might still challenge the patent, as some parties that the regulation affects might not be able to afford the compulsory license. Given the EPA's expertise in the matters of the Clean Air Act and related

160. Brief of Amicus Curiae Professor Tejas N. Narechania, *supra* note 49, at 13 (citing *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365, 1374 (2018)).

161. Although the government could litigate the validity of a low quality patent in the Court of Federal Claims, in contrast to a court, the "USPTO is a particularly appropriate venue for making validity determinations in a cost-effective and technically sophisticated environment." Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II of II*, 21 FED. CIRCUIT B. J. 539, 601 (2012) (citation omitted). Moreover, parties who do not have judicial standing to litigate patent validity in court can still petition for IPR and PGR. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2143–44 (2016).

162. *Zoltar Satellite Sys., Inc. v. LG Elecs. Mobile Comm'ns Co.*, 402 F. Supp. 2d 731, 734 n.2 (E.D. Tex. 2005).

163. *See id.* at 733–34, 734 n.2; Tejas N. Narechania, *Patent Conflicts*, 103 GEO. L.J. 1483, 1498–99, 1499 n.80 (2015) (citations omitted).

164. Public Safety and Homeland Security Bureau Seeks Comment on Petition for Declaratory Ruling and/or Rulemaking Filed by Telecommunication Systems, Inc., 28 FCC Rcd. 1435 (2013) (citations omitted).

165. Narechania, *supra* note 163, at 1501.

regulations, it would be able to effectively argue for the invalidation of the patent's relevant claims.

The Department of Justice's (DOJ) decision to initiate an IPR proceeding is yet another example of when a patent might be necessary for legal compliance.¹⁶⁶ Before the IPR, IRIS Corporation Berhad (IRIS), an owner of a patent "covering a method of manufacturing an electronic passport," filed suit against the United States.¹⁶⁷ IRIS alleged that compliance with the Visa Waiver Program and the Enhanced Border Security Act equated to patent infringement.¹⁶⁸ The Secretary of Homeland Security and the Secretary of State were authorized to implement the Visa Waiver Program,¹⁶⁹ and the Department of Homeland Security (DHS) and Department of the Treasury were authorized to implement the Enhanced Border Security Act.¹⁷⁰ After receiving the complaint, the DOJ petitioned for IPR against IRIS's patents.¹⁷¹ Here, multiple agencies possessed expertise relating to the patent since they were responsible for implementing regulations related to the statutes at issue. Therefore, they probably possessed unique prior art and expertise that could have helped the DOJ, which would have helped the PTO better reevaluate the patent's claims.

Allowing the government to initiate AIA review proceedings also furthers the second goal of reducing district court patent litigation. If the government invalidates a patent claim in an AIA review proceeding, district court litigation for that claim generally would disappear.¹⁷² This would allow private parties,

166. *IRIS Corp. v. Japan Airlines Corp.*, 769 F.3d 1359, 1362 (Fed. Cir. 2014) ("JAL cannot comply with its legal obligations without engaging in the allegedly infringing activities.") However, this proceeding was eventually terminated due to a time bar from 35 U.S.C. § 315 (b). *Department of Justice v. IRIS Corporation Berhad*, IPR2016-00497 1, 2 (2017).

167. *Id.* at 1.

168. *See IRIS*, 769 F.3d at 1361.

169. *See* 8 U.S.C. § 1187(a) (2018).

170. 19 C.F.R. § 122.75a(d) implemented the Enhanced Border Security Act. Complaint at 2, *IRIS Corporation Berhad v. United States*, No. 15-175C (Fed. Cl. 2015). This regulation, which can be found in an official copy of the 2017 version of the Code of Federal Regulations, falls under Title 19 Chapter I, which is titled "U.S. Customs and Border Protection, Department of Homeland Security; Department of the Treasury."

171. *IRIS*, IPR2016-00497 at 1.

172. *See Using the US Patent and Trademark Office to Neutralize Invalid Patents*, COOLEYGO, <https://www.cooleygo.com/us-patent-and-trademark-office-neutralize-invalid-patents-ptab-digest/> (last visited Mar. 3, 2020) ("If the USPTO finds the patent to be invalid, then the threat of a patent infringement lawsuit may diminish or even disappear altogether."); *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1340 (Fed. Cir. 2013) ("[I]n general, when a claim is cancelled, the patentee loses any cause of action based on that claim, and any pending litigation in which the claims are asserted becomes moot."). If the PTAB finds that the patent claim is

who are being sued or who might be later sued for alleged infringement of those specific claims, to avoid “costly and protracted district court litigation.”¹⁷³

The ’548 patent in *Return Mail* shows that private parties have the potential to use the same patented inventions that the government allegedly uses. In *Return Mail*, Return Mail alleged that USPS infringed the ’548 patent.¹⁷⁴ In 2005, Dantom Systems, a private party, requested a declaratory judgment of invalidity for the ’548 patent, to protect its system for processing undeliverable mail.¹⁷⁵ Thus, it is possible that Return Mail might later assert its patent against other private parties. If the Supreme Court had upheld the government-initiated CBM’s holding, that the relevant claims of the ’548 patent were invalid,¹⁷⁶ it could have ended potential district court litigation for these patent claims.

The aforementioned scenario, in which usage of a patented invention might be necessary to comply with the law, directly implicates the second purpose behind AIA review proceedings as well. When a patented invention is potentially required for legal compliance, the government may be in a unique position to best argue against the validity of that patent’s claims. To encourage compliance, the government may attempt to invalidate the relevant claims in an AIA review proceeding. As explained previously, if these patent claims were invalidated in an AIA review proceeding, pending and subsequent district court litigation for those claims generally would disappear.

To further elaborate, if a private party carries out an allegedly infringing activity that is merely helpful for compliance with the law, the patentee can likely sue the private party in district court.¹⁷⁷ When the allegedly infringing

not invalid, then the patent would have withstood scrutiny, thus ensuring its quality and increasing confidence in the patent system.

Although an invalidity defense or request for declaratory judgement in court might also further the second purpose, PGR and IPR allow parties to initiate review proceedings even if they do not have constitutional standing to litigate patent validity in court. *See* *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2143–44 (2016). In addition, a patent’s claims will more likely be invalidated in an AIA review proceeding than in court because of the lower preponderance of the evidence standard. *See* 35 U.S.C. §§ 316(e), 326(e) (2018).

173. *See* H.R. REP. NO. 112-98, at 45 (2011).

174. *Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1866 (2019).

175. *See* Complaint at 2–3, *Dantom Systems, Inc. v. Return Mail, Inc.*, No. 05-CV-70956 (E.D.M.I. 2005).

176. *See* *United States Postal Service and United States v. Return Mail, Inc.*, CBM2014-00116 1, 3 (2014).

177. To explain, one requirement for a private party to be immunized from a patent infringement suit under 28 U.S.C. § 1498 is that the government provides authorization and consent to carry out the allegedly infringing activity. *IRIS Corp. v. Japan Airlines Corp.*, 769 F.3d 1359, 1361–62 (Fed. Cir. 2014). The government does not provide authorization and

activity is required for legal compliance, as long as the activity was not performed “for the benefit of the government,”¹⁷⁸ then the patent owners can also potentially sue the private parties who are complying with the law in district court.¹⁷⁹

In sum, the prior construction canon dictates that Congress intended to incorporate MPEP § 2212 into the statutory language governing AIA review proceedings. Still, the Court’s other main arguments must be addressed.

B. IMPROPERLY PENALIZING THE GOVERNMENT FOR ITS SPECIAL STATUS UNDER 28 U.S.C. § 1498

The Court seemed especially concerned with how the government can only be sued for patent infringement in the Court of Federal Claims, where there is no jury trial, and that the government does not face a threat of injunction or punitive damages. According to the Court, Congress could have intended to foreclose the government from petitioning for AIA review proceedings because the government already received special treatment under 35 U.S.C. § 1498.¹⁸⁰ But this view is problematic for two reasons: (1) section 1498 is justified under sovereign immunity, eminent domain, and national security concerns, and (2) permitting government agencies to petition for AIA review proceedings would not chill inventors from obtaining patents.

1. *Theories That Justify 28 U.S.C. § 1498*

The Court appeared to be concerned about fairness when it stated that, “because federal agencies face lower risks, it is reasonable for Congress to have treated them differently.”¹⁸¹ But the government is entitled to special treatment under 28 U.S.C. § 1498 based on sovereign immunity, eminent domain, and national security concerns.

consent, expressly or impliedly, when the allegedly infringing activity is not necessary for compliance with the government’s requirements. *See* Severson Envtl. Servs., Inc. v. Shaw Envtl., Inc., 477 F.3d 1361, 1366–67 (Fed. Cir. 2007); *Madey v. Duke Univ.*, 413 F. Supp. 2d 601, 609 (M.D.N.C. 2006) (citations omitted). *But see* TVI Energy Corp. v. Blane, 806 F.2d 1057, 1060 (Fed. Cir. 1986) (explaining that the “mere fact that the Government specifications . . . did not absolutely require [infringement] does not extinguish the Government’s consent”).

178. *IRIS Corp. v. Japan Airlines Corp.*, 769 F.3d 1359, 1362 (Fed. Cir. 2014) (quoting *Advanced Software Design Corp. v. Fed. Reserve Bank of St. Louis*, 583 F.3d 1371, 1378 (Fed. Cir. 2009)). If the parties engaged in the allegedly infringing activity for the benefit of the government, then 28 U.S.C. § 1498(a) would dictate that the parties were immune from the suit, and only the government would be able to be sued for patent infringement. *Id.*

179. *See id.* at 1361–62 (citations omitted).

180. *Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1867 (2019).

181. *Id.*

Notably, “[s]ection 1498 waives the United States’ sovereign immunity from suit.”¹⁸² Without a formal waiver of sovereign immunity, claiming patent infringement against the government would be difficult, as the relevant law prior to the formal waiver was filled with inconsistencies and inequities.¹⁸³ Before Congress created section 1498’s precursor¹⁸⁴ in the Act of 1910,¹⁸⁵ the only method to deal with governmental patent infringement was congressional reference or implied-in-fact contract actions in court.¹⁸⁶ Generally, “the Court of Claims possessed no jurisdiction over patent infringement actions before the statutory authorization of such jurisdiction.”¹⁸⁷

Furthermore, section 1498 is founded on an eminent domain theory and is thus consistent with the Fifth Amendment.¹⁸⁸ As the Federal Circuit has acknowledged, “[s]ection 1498(a) ‘is an eminent domain statute,’ wherein the government ‘has consented thereunder only to be sued for its taking of a patent license.’”¹⁸⁹ Thus, under the theory of eminent domain, the government should still be allowed to use property, as long as it pays, since private property “shall [not] be taken for public use, without just compensation.”¹⁹⁰ The idea makes sense practically, as the government may need the patent for important reasons like preserving national security.

Indeed, if the government or its contractors faced the threat of injunction, then the government would be unable to provide for national security effectively in the case that a patented invention was necessary to further that goal. As an example, the Act of 1910, an ancestor of section 1498, stated that the government could only be sued in the Court of Claims for patent infringement.¹⁹¹ The Supreme Court held that this did not cover contractors for the government, some of which were “in the course of producing warships

182. *Zoltek Corp. v. U.S.*, 672 F.3d 1309, 1318 (Fed. Cir. 2012).

183. Lionel M. Lavenue, *Patent Infringement Against the United States and Government Contractors Under 28 U.S.C. § 1498 in the United States Court of Federal Claims*, 2 GA. LAW REV. 389, 411 (1995).

184. *Zoltek*, 672 F.3d at 1315.

185. Lavenue, *supra* note 183, at 411.

186. *Id.* at 408.

187. *Id.* at 411 (citing Louis H. Le Mieux, *Patent Jurisdiction of the Court of Claims*, 41 J. PAT. OFF. SOC’Y 112, 114 (1959)).

188. *Return Mail, Inc. v. United States Postal Serv.*, 868 F.3d 1350, 1361 (Fed. Cir. 2017), (“It is settled that recovery of reasonable compensation under § 1498 is premised on a theory of an eminent domain taking under the Fifth Amendment.”) (quoting *Tektronix, Inc. v. United States*, 552 F.2d 343, 346 (Ct. Cl. 1977)).

189. *Id.* (quoting *Decca Ltd. v. United States*, 640 F.2d 1156, 1167 (Ct. Cl. 1980)).

190. U.S. CONST. amend. V.

191. *Zoltek Corp. v. United States*, 672 F.3d 1309, 1315 (Fed. Cir. 2012).

during World War I.”¹⁹² This was problematic because contractors were “exposed to expensive litigation, involving the *possibilities of prohibitive injunction* [sic] payment of royalties, rendering of accounts, and payment of punitive damages, and they [were] reluctant to take contracts that may bring such severe consequences.”¹⁹³ As a result, Congress amended the statute so that government manufacturers and contractors could be immunized from patent infringement suits.¹⁹⁴ In this way, the government was not deprived of a necessary patented invention, and the public ultimately benefited from this.

Because the government’s special status is justified, it should not be penalized for its treatment under section 1498.

2. *Allaying Potential Chilling Effect Concerns*

The Court could also have been concerned that by providing the government with multiple advantageous avenues, it might chill innovators from creating inventions that would mostly be used by the government. After all, not only would the government have the advantages that come with being sued in the Court of Federal Claims, but it also would have access to AIA review proceedings that do not involve a presumption of validity and use the lower preponderance of the evidence standard.¹⁹⁵

But a chilling effect already exists for such inventors. Since the government cannot be forced to pay punitive damages or be enjoined from using a patented invention under section 1498, these inventors might already be discouraged from innovation. Also, the existence of secrecy orders, which qualifying defense agencies can request on patent applications,¹⁹⁶ adds to the potential effect of chilling innovation, and yet they are allowed for purposes of national security. Indeed, some patent applications have been placed under a secrecy order long enough to diminish their value,¹⁹⁷ and obtaining compensation is not an easy task.¹⁹⁸ Like secrecy orders, which are permitted for national security reasons, the government should also be permitted to initiate AIA

192. *Id.* (citing *William Cramp & Sons Ship & Engine Bldg. Co. v. Int’l Curtis Marine Turbine Co.*, 246 U.S. 28 (1918)).

193. *Id.* at 1316 (quoting *Wood v. Atl. Gulf & Pac. Co.*, 296 F. 718, 720–21 (S.D. Ala. 1924)) (emphasis added).

194. *Id.*

195. *See* 35 U.S.C. §§ 316(e), 326(e). Innovators that create products that the government *and* others will use would not cause a chilling effect. The innovator could still enforce injunctions against and obtain punitive damages from those nongovernmental users.

196. 35 U.S.C. § 181 (2018).

197. G.W. Schulz, *Government Secrecy Orders on Patents Have Stifled More Than 5,000 Inventions*, WIRED (April 16, 2013), <https://www.wired.com/2013/04/gov-secrecy-orders-on-patents/>.

198. *See* Sabling H. Lee, *Protecting the Private Inventor Under the Peacetime Provisions of the Invention Secrecy Act*, 12 BERKELEY TECH. L.J. 345, 375 (1997).

review proceedings, since providing the government with that ability specifically furthers the purposes of the AIA.¹⁹⁹

Furthermore, government agencies would suffer the most from a lack of innovation if they contributed to the chilling effect. An overwhelming chilling effect would prevent inventors from innovating products that would benefit the government, which would not want to lose access to necessary inventions.²⁰⁰ Therefore, it is likely that the government would only petition for AIA review proceedings at a reasonable rate. Indeed, the government has only petitioned for AIA review proceedings about twenty times.²⁰¹

C. PERMITTING GOVERNMENTAL PETITIONS IS NOT AWKWARD

In *Return Mail*, the Court was also concerned that it would be awkward for a civilian patent owner to defend its patent in a proceeding initiated by one government agency and overseen by another government agency.²⁰² The Court's underlying concerns amount to the following: (1) the President should be resolving disputes between governmental agencies, and (2) there is a danger that the PTO will be biased towards a fellow government agency. Neither of these arguments withstand scrutiny, especially because similar “awkward” situations occur in other agency proceedings.

1. *Nonexistent Executive Agency Conflicts*

The first argument (made in an amicus brief), that the President should be resolving conflicts between executive agencies,²⁰³ is not persuasive. This argument assumes that permitting government agencies to initiate AIA review proceedings would lead to a dispute between two government agencies—the PTO and the government agency petitioner. But conflict would only exist between either the government agency and the civilian patent owner, or between the PTO and the patentee. Regarding the former, the patent owner

199. *See supra* Section IV.A.2.b. The government's ability to petition for AIA review proceedings also plays a similar role in preserving national security. *Infra* Section IV.D.2.

200. During the hearings for amending 28 U.S.C. § 1498, the following was stated: “This bill . . . ultimately serves the interests of the U.S. Government. Without this bill, companies have little incentive to spend their intellectual resources to help the Government solve its technical problems. As a member of the National Security Committee, I am well aware of some of the circumstances where companies can help us solve technical problems and thus add to our military capabilities, and this bill will be of great help in that regard.” 141 CONG. REC. H14319 (daily ed. Dec. 12, 1995) (statement of Senator Schroeder) (emphasis added).

201. *See* Transcript of Oral Argument at 61, *Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853 (2019) (No. 17-1594) [hereinafter Transcript of Oral Argument, *Return Mail*].

202. *See Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1867 (2019).

203. *See* Brief for Amicus Curiae Pharmaceutical Research and Manufacturers of America in Support of Petitioner at 13–14, *Return Mail, Inc. v. United States Postal Service*, 139 S. Ct. 1853 (2019) (No. 17-1594).

would be defending its patent from the government agency petitioner.²⁰⁴ Consistent with precedent, one could also describe the proceeding as taking place between the PTO and the patent owner.²⁰⁵ Either way, no conflict exists between the PTO and the government agency petitioner.

There is the counterargument that, if the PTAB rules against the government agency, the PTAB has created a conflict or dispute. Even assuming this is true, as of now, government agencies that own patents can still be forced into AIA review proceedings.²⁰⁶ When a private party petitions for an AIA review proceeding against the government, and the PTAB holds that the government's patent claims are invalid, a conflict between the two agencies would also arguably exist (at least using the above logic). In order to remain consistent, the Court would need to prevent civilian patent owners from petitioning for AIA review proceedings against the government as well.

2. *Bias Does Not Necessarily Exist*

The second potential argument, that one government agency may be inclined to give more deference to a fellow government agency, also fails. The PTO has demonstrated that it will not offer an agency special treatment merely because it belongs to the same branch of government.

For instance, the PTO and the Federal Trade Commission (FTC) disagreed about whether a patentee had “permission to use her patent to engage in anticompetitive behavior, so long as such behavior is within the patent’s scope.”²⁰⁷ The PTO believed that “‘suspicion’ of patent rights by ‘competition regulators’ would ‘interfer[e] with these market-based incentives to innovation.’”²⁰⁸ By contrast, the FTC thought the PTO would “‘benefit from much greater consideration and incorporation of economic insights’ in their attempts ‘to find the proper balance between patent and competition law.’”²⁰⁹ Notably, the agencies did not come to a consensus; it was the Court’s decision in *Federal Trade Commission v. Actavis, Inc.* that put this matter to rest.²¹⁰

204. This argument might be more persuasive if the Supreme Court held that government agencies could not petition for AIA review proceedings against one another.

205. *See Regents of the Univ. of Minnesota v. LSI Corp.*, 926 F.3d 1327, 1340, 1340 n.19 (Fed. Cir. 2019) (quoting *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1373 (2018)) (explaining that “IPR is a proceeding between the United States and the patent owner, rather than adjudication between two private parties”).

206. *Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1871–72 (2019) (Breyer, J., dissenting).

207. Narechania, *supra* note 163, at 1489–90.

208. *Id.* at 1493 (alteration in original) (citations omitted).

209. *Id.* (citations omitted).

210. *Id.* at 1495–96.

The National Institute of Health (NIH) and the PTO also disagreed about the patentability of expressed sequence tags (ESTs), a type of gene fragments.²¹¹ The NIH was concerned that patenting ESTs would stifle innovation by tying up a significant portion of upstream genomic research.²¹² The PTO disagreed and, instead, lowered the utility threshold for patent applications involving ESTs.²¹³ Although the PTO eventually amended its policy after dialogue with the NIH, the PTO refused to fully concede to the NIH's requests.²¹⁴

3. *Similar Proceedings*

Finally, it is not uncommon to have one agency adjudicate a proceeding that another government agency initiates against a civilian.²¹⁵ For example, in immigration courts, the DHS initiates removal proceedings against a person by filing a notice to appear.²¹⁶ The DOJ, through its Executive Office for Immigration Review, oversees the proceeding.²¹⁷

Congress has permitted similar adversarial proceedings in the patent system. Under 35 U.S.C. § 181, at the request of a qualifying defense agency, the Commissioner of Patents can place a secrecy order on a patent application and seal it from public disclosure.²¹⁸ When a secrecy order is imposed, an application owner can petition to rescind the secrecy order.²¹⁹ If the petition is denied, the application owner can then appeal the decision to maintain the secrecy order.²²⁰ In the appeal, the Secretary of Commerce, who is the head of the Department of Commerce, oversees an adversarial-like proceeding

211. *See id.* at 1503.

212. *Id.*

213. *See id.*

214. *See id.*

215. Brief of Amicus Curiae Professor Tejas N. Narechania, *supra* note 49, at 21.

216. *See* 5 CHARLES GORDON, STANLEY MAILMAN, STEPHEN YALE-LOEHR & RONALD Y. WADA, IMMIGRATION LAW AND PROCEDURE § 64.02 (2019).

217. *See Immigration Benefits in EOIR Removal Proceedings*, U.S. CITIZENSHIP AND IMMIGRATION SERVICES (Dec. 6, 2019), <https://www.uscis.gov/laws/immigration-benefits-eoir-removal-proceedings>.

218. 35 U.S.C. § 181 (2018). Under 35 U.S.C. § 181, for patent applications that the government does not have a property interest in, if the Commissioner of Patents believes the invention might implicate national security, the Commissioner “shall” notify a potentially interested defense agency about the patent. If the head of the defense agency believes that the public disclosure of the application could be detrimental to national interests, the Commissioner of Patents “shall” place a secrecy order on the application. *Id.*

219. *Id.*; 37 C.F.R. §§ 5.4(a)–(c) (2019).

220. 35 U.S.C. § 181; 37 C.F.R. § 5.4(d) (2019).

involving the application owner and the defense agency that requested the secrecy order.²²¹

Proceedings at the ITC raise even more questions about the reasoning in *Return Mail*.²²² The ITC oversees arguments brought by three parties; like AIA review proceedings, two parties are in an adversarial relationship.²²³ But there is also a third party that is represented by an Investigative Attorney, who belongs to the ITC's Office of Unfair Import Investigation and represents the public interest.²²⁴ The opposing parties usually attempt to convince the Investigative Attorney to support their positions.²²⁵ Here, one government agency oversees a proceeding in which the same government agency represents one of the three parties. This creates a greater risk of bias and awkwardness than in *Return Mail*, as the ITC might find it difficult not to defer to its Investigative Attorney, at least based on the Court's reasoning. To be consistent, the Court would need to hold that the above situations are just as awkward, if not even more so, than the situation in *Return Mail*.

D. DELIBERATELY OMITTING ACTIONS IN THE COURT OF FEDERAL CLAIMS FROM STATUTORY ESTOPPEL

Judge Newman's dissent at the Federal Circuit argued that, because Congress did not mention 28 U.S.C. § 1498 in the statutory estoppel provisions for AIA review proceedings, Congress never intended for government entities to be able to petition for AIA review proceedings.²²⁶ Court of Federal Claims actions from 28 U.S.C. § 1498 are the only method a party can use to sue the government for patent infringement. But the statutory estoppel provisions only mentioned actions that occur in district court and before the ITC.²²⁷ Judge Newman's position is admittedly more persuasive than the Court's reasoning, but it still fails for two reasons: (1) common law estoppel would likely still

221. See 37 C.F.R. § 5.4(d) (2019).

222. The ITC can oversee certain patent infringement issues under 19 U.S.C. § 1337 (a)(1)(B) (2018).

223. William P. Atkins & Justin A. Pan, *An Updated Primer on Procedures and Rules in 337 Investigations at the U.S. International Trade Commission*, 18 U. BALT. INTEL. PROP. L.J. 105, 112 (2010) (explaining that ITC proceedings are "typically based on a complaint filed by a private party" and "resemble[] private litigation").

224. *Id.* at 116.

225. *An Introduction to Section 337 Proceedings at the ITC*, MORRISON & FOERSTER 1, 2 n.4, <https://mofoatitc.mofo.com/wp-content/uploads/2015/08/Intro337ProceedingsITC.pdf> (last visited Mar. 3, 2020).

226. See *Return Mail, Inc. v. U.S. Postal Serv.*, 868 F.3d 1350, 1373–74 (Fed. Cir. 2017) (Newman, J., dissenting). The Supreme Court did not embrace Judge Newman's argument. *Return Mail, Inc. v. United States Postal Service*, 139 S. Ct. 1853, 1876 n.10 (2019).

227. 35 U.S.C. §§ 315(a), 325(e) (2018); AIA § 18(a)(1)(D).

apply in section 1498 suits, and (2) Congress had good reason to subject the government only to common law estoppel.

As a reminder, the statutory estoppel provisions for IPR and PGR preclude a petitioner from raising grounds in district court or ITC proceedings that it “raised or reasonably could have raised” in a prior IPR or PGR.²²⁸ The provision for CBM only precluded raising arguments that were raised in a CBM, as opposed to arguments that reasonably could have been raised.²²⁹

1. *Common Law Estoppel Is Applicable to the Government*

As the Court pointed out in *Return Mail*, common law estoppel in the form of mutual collateral estoppel could apply in section 1498 suits after an AIA review proceeding.²³⁰ Mutual collateral estoppel, or issue preclusion, prevents a party from relitigating issues “[w]hen an issue of fact or law is *actually litigated and determined* by a valid and final judgment, and the determination is essential to the judgment”²³¹ Under mutual collateral estoppel, even “the government may be estopped under certain circumstances from relitigating a question when the parties to the two lawsuits are the same.”²³²

For arguments litigated and decided in administrative proceedings, precedent requires that courts presume Congress intended collateral estoppel to preclude those arguments from being made again in litigation. In *Astoria Federal Savings & Loan Association v. Solimino*, the Supreme Court stated that “[w]e have long favored application of the common-law doctrines of collateral estoppel (as to issues) . . . to those determinations of administrative bodies that have attained finality.”²³³ Thus, a presumption exists that “Congress has legislated with an expectation that the principle will apply except ‘when a statutory purpose to the contrary is evident.’”²³⁴

For the situation in *Return Mail*, no evidence exists that the purposes of increasing patent quality and creating an effective and efficient alternative to litigation contradict applying collateral estoppel to government agencies in the Court of Federal Claims, subsequent to an AIA review proceeding. Indeed, applying collateral estoppel would be consistent with creating a “streamlined”

228. *Id.* §§ 315(a), 325(e).

229. AIA § 18(a)(1)(D).

230. *See Return Mail*, 139 S. Ct. at 1867 n.10 (noting that “this Court has not decided whether common-law estoppel applies in § 1498 suits”).

231. *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1303 (2015) (quoting Restatement (Second) of Judgments § 27, p. 250 (1980)) (emphasis added).

232. *United States v. Mendoza*, 464 U.S. 154, 163 (1984) (citations omitted); *see also* Brief for the Respondents, *Return Mail*, *supra* note 159, at 41 (quoting *Mendoza*, 464 U.S. at 163).

233. *Astoria Fed. Sav. & Loan Ass’n v. Solimino*, 501 U.S. 104, 107 (1991).

234. *Id.* at 108 (1991) (quoting *Isbrandtsen Co. v. Johnson*, 343 U.S. 779, 783 (1952)).

patent system.²³⁵ Moreover, the elements of issue preclusion would be met for arguments made in AIA proceedings. AIA proceedings result in “final written decision[s]” that determine issues of validity that were actually litigated and essential to the decision.²³⁶ Thus, the collateral estoppel presumption, if applied in *Return Mail*, would have likely withstood rebuttal.

In fact, the Supreme Court, when deciding the relation of estoppel to another proceeding at the PTO that lacked statutory estoppel provisions, applied this presumption.²³⁷ In *B & B Hardware, Inc. v. Hargis Industries Inc.*, the Court held that, for PTO trademark proceedings overseen by the Trademark Trial and Appeal Board (TTAB), “a court should give preclusive effect to TTAB decisions if the ordinary elements of issue preclusion are met.”²³⁸

If collateral estoppel applied in the Court of Federal Claims, it would likely apply only to invalidity doctrines that were litigated and determined.²³⁹ For instance, if the petitioner in an AIA review proceeding argued that there was invalidity based on obviousness²⁴⁰ but did not raise any other invalidity contentions (such as novelty) in that proceeding, the petitioner would be able to assert the unraised invalidity contentions in subsequent litigation.

There still remains the question of why Congress would want the government to only be subject to the more lenient mutual collateral estoppel instead of the AIA’s stricter statutory estoppel provisions.

2. *Good Reasons for Excluding the Government from Statutory Estoppel*

The statutory estoppel provisions are stricter than collateral estoppel.²⁴¹ Unlike statutory estoppel for IPR and PGR, which applies to “grounds” that

235. See H.R. REP. NO. 112-98, at 40.

236. 35 U.S.C. §§ 318(a), 328(a) (2018), AIA § 18(D).

237. See Brief for the Respondents, *Return Mail*, *supra* note 159, at 41 (citing *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293 (2015)) (explaining that “decisions of the USPTO’s Trademark Trial and Appellate Board have such preclusive effect”).

238. *B & B Hardware*, 135 S. Ct. at 1299.

239. See *What’s Next for Issue Preclusion and Patent Invalidity*, KIRKLAND & ELLIS (June 28, 2018), <https://www.kirkland.com/publications/article/2018/06/whats-next-for-issue-preclusion-and-patent-invalid> (“[I]nvalidity is not a single ‘issue’ for purposes of collateral estoppel. Under the court’s rationale, a § 101 theory is at least distinct from a § 102 theory or a § 112 theory (for example).”).

240. Collateral estoppel likely would not preclude obviousness arguments based on prior art that had not been previously raised in an AIA review proceeding. See *id.* (arguing that collateral estoppel should only apply to obviousness or novelty arguments in relation to the specific prior art that was brought up in the prior proceeding).

241. See Reply Brief for Petitioner at 21, *Return Mail, Inc. v. United States Postal Service*, 139 S. Ct. 1853 (2019) (stating that collateral estoppel is “a different substantive standard” than the standards in the AIA’s statutory estoppel provisions).

were or could reasonably have been raised in the previous proceedings,²⁴² collateral estoppel only prevents relitigating issues that were “actually litigated and determined” in a previous decision.²⁴³ The statutory estoppel provision for CBM, which only applied to grounds that were “raised,” is also a stricter standard than “actually litigated and determined.” For instance, “[a]n issue that [is] raised but abandoned [is] not actually litigated for purposes of issue preclusion” and can thus be brought up in a later proceeding.²⁴⁴ Nevertheless, Congress had good reasons for intending *only* mutual collateral estoppel to apply to the government. Two points demonstrate this.

First, Congress probably did not believe the government would use proceedings and suits to harass patentees. Congress enacted statutory estoppel so that AIA review proceedings would not “be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent.”²⁴⁵ However, the government differs from private parties, who may be more prone to abusing proceedings and suits.²⁴⁶ The government has especially “limited resources” devoted to suits and similar proceedings, and it spends them on issues “frequently involving legal questions of substantial importance.”²⁴⁷ “It is not open to serious dispute that the Government is a party to a far greater number of cases on a nationwide basis than even the most litigious private entity”²⁴⁸ With its limited resources, much of which the government spends on important public policy issues, Congress could have reasonably concluded that the government “did not require additional deterrence to avoid wasting resources on duplicative validity proceedings.”²⁴⁹ Indeed, the government has only petitioned for AIA review proceedings about twenty times.²⁵⁰

242. See 35 U.S.C. §§ 315(e)(2), 325(e)(2).

243. Brief for the Respondents, *Return Mail*, 139 S. Ct. 1853, at 42 (quoting Restatement (Second) of Judgments Section 27 (1982)).

244. 18 JAMES WILLIAM MOORE, MOORE’S FEDERAL PRACTICE—CIVIL § 132.03(2)(e) (2019) (alteration in original, except for the first alteration).

245. H.R. REP. NO. 112-98, at 48 (2011); see also Motion for Leave to File Brief of Amicus Curiae Electronic Frontier Foundation and Brief of Amicus Curiae in Support of Respondent at 13, *Return Mail*, 139 S. Ct. 1853 (No. 17-1594); Brief of the R Street Institute as Amicus Curiae in Support of Respondents at 9, *Return Mail*, 139 S. Ct. 1853 (No. 17-1594).

246. See Motion for Leave to File Brief of Amicus Curiae Electronic Frontier Foundation, *supra* note 245, at 13 (discussing “potential harassment of patent owners by *private* litigants”) (emphasis added).

247. See *United States v. Mendoza*, 464 U.S. 154, 155 (1984).

248. *Id.* at 159.

249. Motion for Leave to File Brief of Amicus Curiae Electronic Frontier Foundation, *supra* note 245, at 13.

250. See Transcript of Oral Argument, *Return Mail*, *supra* note 201, at 61.

Second, Congress had good reasons to subject the government to less restrictive estoppel, as patents can implicate national security. One patent, which had some of its claims cancelled in an IPR proceeding initiated by the DHS,²⁵¹ “describes detector units housed within ‘products’ to ‘prevent[] terrorist activity’ ”²⁵² In addition, the patent in *IRIS* implicated border concerns, as *IRIS* alleged that using electronic passports equated to patent infringement.²⁵³

With these types of patents in mind, Congress might have imagined that the following undesirable scenario could occur if statutory estoppel applied to the government. In this hypothetical, patent claims that implicate national security should have been invalidated in an AIA review proceeding, but they still exist because the government inadvertently omitted the best arguments in a prior AIA review proceeding. The Court of Federal Claims subsequently holds that the government infringed the patent and forces the government to pay license fees for a problematic patent. In this case, the government would find it more difficult to preserve national security, as it would need to pay license fees for patent claims that should have been invalidated.²⁵⁴

Furthermore, treating the government differently in the patent system due to national security concerns is not novel. Section IV.B.2 discussed Congress’s decision to allow government agencies to request secrecy orders on patents that implicate national security. Section IV.B.1 also explained how Congress immunized government contractors from patent infringement suits; in this way, the government had access to warships during WWI.

In sum, Judge Newman’s argument is problematic. There could be multiple explanations for why the statutory estoppel provisions did not mention the Court of Federal Claims. Judge Newman’s explanation is that Congress did not intend for government agencies to petition for AIA review proceedings. But it is also plausible that Congress intentionally omitted the government from the statutory estoppel provisions, or that Congress merely omitted the government in its provision through an inadvertent drafting error. One possible explanation should not overcome Congress’s intent to

251. *See* United States Department of Homeland Security v. Larry Golden, IPR2014-00714 1, 2–3 (2015).

252. Petition for Inter Partes Review of U.S. Patent No. RE43,990 at 4, United States Department of Homeland Security v. Larry Golden, IPR2014-00714 (2015) (citing the ’990 patent col. 3 l. 17–22, col. 4 l. 32–38).

253. *IRIS Corp. v. Japan Airlines Corp.*, 769 F.3d 1359, 1361–62 (Fed. Cir. 2014).

254. A similar hypothetical could apply to explain the difference between the “raised” standard for CBM and the “actually litigated and determined” standard for mutual collateral estoppel. The CBM hypothetical would replace the government’s inadvertent omission with a decision to abandon an argument that, at the time, might not have seemed to be helpful.

incorporate MPEP § 2212's interpretation of "person" for ex parte reexamination into the meaning of "person" for AIA review proceedings.

V. SOLUTION

The holding in *Return Mail* requires change because the Court's decision was incorrect and conflicts with the AIA's goals. Through its procedural rulemaking authority, the PTO can and should create a rule stating that a government agency qualifies as a "person" who can petition for AIA review proceedings. Specifically, the PTO could adopt the following language: "governmental entities are included within the scope of the term '[a] person.'" ²⁵⁵

If the PTO promulgates this rule, it will likely be challenged in light of *Return Mail*. However, under *Brand X*, the PTO's interpretation could become controlling, as an agency interpretation can trump a court's statutory construction. ²⁵⁶ Courts look to the *Chevron* framework when applying *Brand X*. ²⁵⁷ *Chevron* step zero asks whether Congress intended to give the agency the relevant rulemaking authority and whether the agency properly promulgated the rule. ²⁵⁸ If step zero is met, *Chevron* step one then asks "whether Congress has directly spoken to the precise question at issue. If the intent of Congress is clear, that is the end of the matter; for the court, as well as the agency, must give effect to the unambiguously expressed intent of Congress." ²⁵⁹ If Congress's intent is ambiguous, *Chevron* step two then asks "whether the agency's answer is based on a permissible construction of the statute." ²⁶⁰ Here, the proposed rule would likely satisfy the *Chevron* framework.

A. DELEGATED RULEMAKING AUTHORITY

Chevron deference is applicable when "Congress delegated authority to the agency generally to make rules carrying the force of law, and . . . the agency interpretation claiming deference was promulgated in the exercise of that authority." ²⁶¹ The proposed rule would likely meet both requirements.

255. See MPEP § 2212 (9th ed. Rev. June 2020).

256. *Nat'l Cable & Telecommunications Ass'n v. Brand X Internet Servs.*, 545 U.S. 967, 982 (2005).

257. *Id.* at 980, 982 ("This principle follows from *Chevron* itself.")

258. See *United States v. Mead Corp.*, 533 U.S. 218, 226–27 (2001).

259. *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 842–43 (1984).

260. *Id.* at 843.

261. *United States v. Mead Corp.*, 533 U.S. 218, 226–27 (2001).

1. *Procedural Rulemaking Authority*

Congress delegated to the PTO the requisite rulemaking authority to promulgate the proposed rule. Under 35 U.S.C. § 2(2)(A)(2018), the PTO “may establish regulations, not inconsistent with law, which shall govern the conduct of proceedings in the Office.” The Federal Circuit held that this provides the PTO with procedural rulemaking authority for its proceedings,²⁶² as long as it is also interpretative, or “a prospective clarification of ambiguous statutory language regarding a matter of procedure.”²⁶³ Importantly, the Federal Circuit has applied *Chevron* deference to procedural rules from the PTO that clarify ambiguous statutory language.²⁶⁴ The Supreme Court also found that the AIA provides additional rulemaking authority to the PTO for IPR under 35 U.S.C. § 316(a)(4) (2018),²⁶⁵ which states that “the Director shall prescribe regulations establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title.”²⁶⁶

The proposed rule, which would state that federal agencies can petition for AIA review proceedings, qualifies as a procedural rule that clarifies ambiguous statutory language. In *Tafas v. Doll*,²⁶⁷ the Federal Circuit looked to a D.C.

262. *See* *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1335 (Fed. Cir. 2008) (“To comply with section 2(b)(2)(A), a Patent Office rule must be ‘procedural’—i.e., it must ‘govern the conduct of proceedings in the Office.’”) (quoting 35 U.S.C. § 2(b)(2)(A) (2006)); Michaels, Andrew, *How Much Deference Courts Owe to USPTO Guidance* (June 20, 2019), Law 360, <https://www.law360.com/articles/1171217/how-much-deference-courts-owe-to-uspto-guidance> (writing that “the USPTO has been delegated the authority to speak with the force of law (and thus does qualify for *Chevron* deference) on certain procedural matters before the office”).

263. *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336 (Fed. Cir. 2008).

264. *Id.* at 1337 (“[B]ecause the Patent Office is specifically charged with administering statutory provisions relating to ‘the conduct of proceedings in the Office,’ we give *Chevron* deference to its interpretations of those provisions.”)(quoting 35 U.S.C. § 2(a)(2)(A)). The Federal Circuit reaffirmed this when explaining that it “review[s] the PTO’s regulations and statutory interpretation pursuant to *Chevron*” *Aqua Prod., Inc. v. Matal*, 872 F.3d 1290, 1302 (Fed. Cir. 2017) (plurality opinion).

265. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142 (2016). A similar provision exists for PGR: “The Director shall prescribe regulations establishing and governing a post-grant review under this chapter and the relationship of such review to other proceedings under this title.” 35 U.S.C. § 326(a)(4) (2018).

266. The Supreme Court has hinted that the AIA’s additional grant of authority gives the PTO rulemaking authority that extends beyond promulgating procedural rules, at least for AIA review proceedings. *See* *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2135 (2016).

267. *Tafas v. Doll*, 559 F.3d 1345 (Fed. Cir. 2009), *vacated*, 328 F. App’x 658 (Fed. Cir. 2009). This appeal was vacated. Before the rehearing occurred, the PTO resolved the case by removing the rules at issue. Sarah Tran, *Administrative Law, Patents, and Distorted Rules*, 80 GEO. WASH. L. REV. 831, 854 (2012) (citing *Tafas v. Kappos*, 586 F.3d 1369, 1371 (Fed. Cir. 2009) (en banc)). Still, the case is at least persuasive authority.

Circuit case, *JEM Broadcasting Co. v. FCC*, to distinguish between procedural and substantive rules.²⁶⁸ In *JEM*, the D.C. Circuit held that certain rules were procedural because they did not “change the *substantive standards* by which the FCC evaluates license applications.”²⁶⁹ As an example of a procedural matter, in *Fund Democracy, LLC v. S.E.C.*, the D.C. Circuit held that providing a person with the ability to request a hearing before the SEC was a “grant of a procedural right”²⁷⁰

Here, like in *JEM*, participation in AIA review proceedings only affects procedural matters and does not affect the proceedings’ substantive standards, such as preponderance of the evidence. Based on the reasoning in *Fund Democracy*, the ability to initiate PTO AIA review proceedings is a procedural right and thus falls under the PTO’s rulemaking authority. Moreover, the proposed rule would clarify the ambiguity surrounding the statutory language of “person,”²⁷¹ just as the procedural interpretative rule in *Cooper* clarified the ambiguity surrounding the term “original application.”²⁷²

2. *Promulgating the Rule*

To promulgate the rule properly, the PTO should subject the proposed rule to notice-and-comment²⁷³ and publish it in the Code of Federal Regulations.²⁷⁴ With Chevron step zero satisfied, the next step is to apply step one.

268. *See Tafas*, 559 F.3d at 1355.

269. *JEM Broad. Co. v. F.C.C.*, 22 F.3d 320, 327 (D.C. Cir. 1994) (emphasis in original).

270. *Fund Democracy, LLC v. S.E.C.*, 278 F.3d 21, 28 (D.C. Cir. 2002).

271. *See infra* Section V.B.

272. *See Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336 (Fed. Cir. 2008).

273. The notice-and-comment requirements are set out in 5 U.S.C. § 553 (2018). The PTO already promulgates some procedural rules through notice-and-comment. *See, e.g.*, 77 Fed. Reg. 48710 (Aug. 14, 2012); 77 Fed. Reg. 56080 (Sep. 11, 2012). A deviation from this practice might raise concerns, as the proposed rule will contradict a Supreme Court decision. Furthermore, the process of notice-and-comment would demonstrate a detailed and well-reasoned analysis that could be useful for Chevron step two. *See infra* Section V.C.

274. Publishing proposed rules in the Federal Register is one requirement under notice-and-comment. 5 U.S.C. § 553(b). The Code of Federal Regulations then codifies these rules. *About the Code of Federal Regulations*, GOVINFO, <https://www.govinfo.gov/help/cfr> (last visited Feb. 5, 2020). The Federal Circuit has discussed whether a rule that is not published in the Code of Federal Regulations can be entitled to deference. *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1337 (Fed. Cir. 2008). That the Federal Circuit addressed this means it was a point of concern that should be avoided.

Even though these steps are not required under 5 U.S.C. § 553(b)(3)(A) for rules that are procedural and interpretative, this Note recommends following them. *See Cooper*, 536 F.3d at 1336–37. Indeed, according to the Federal Circuit, when Congress only grants an agency with the authority to establish regulations, the agency should follow the proper procedures for

B. AMBIGUOUS STATUTORY TERMS

The proposed rule would likely satisfy *Chevron* step one. “Only a judicial precedent holding that the statute unambiguously forecloses the agency’s interpretation, and therefore contains no gap for the agency to fill, displaces a conflicting agency construction.”²⁷⁵ The Supreme Court did not hold that the statutes in *Return Mail* unambiguously required the Court’s construction. Indeed, when discussing usages of “person” throughout the Patent Act and the AIA, the Court stated that “[s]ometimes ‘person’ plainly includes the Government, sometimes it plainly excludes the Government, and sometimes—as *here*—it might be read *either way*.”²⁷⁶ The nature of the Dictionary Act’s presumption also demonstrates that the word “person” “does not unambiguously require [the] result” that sovereigns are excluded,²⁷⁷ as the presumption is “no hard and fast rule of exclusion”²⁷⁸ and can be rebutted by the purpose, subject matter, context, legislative history, or executive interpretation.²⁷⁹

Moreover, although the Court held that no directly relevant executive interpretation currently exists, the Court did not foreclose the possibility of considering a future executive interpretation. The Court’s decision in *Brand X* illustrates this point. In *Brand X*, the Court held that the FCC’s interpretation of a statute controlled, despite a prior conflicting Ninth Circuit decision.²⁸⁰ In the conflicting Ninth Circuit opinion, the Ninth Circuit “noted that it was ‘not presented with a case involving potential deference to an administrative agency’s statutory construction pursuant to the *Chevron* doctrine’ ”²⁸¹ and that the relevant agency “declined . . . to address the issue before us.”²⁸² Therefore, because the Ninth Circuit explicitly recognized that an agency interpretation (which did not yet exist) might have been relevant, the Supreme Court in *Brand*

promulgating regulations in order to receive *Chevron* deference. See *Facebook, Inc. v. Windy City Innovations, LLC*, 973 F.3d 1321, 1349–50, 1353 (Fed. Cir. 2020) (Additional Views).

275. *Nat’l Cable & Telecommunications Ass’n v. Brand X Internet Servs.*, 545 U.S. 967, 982 (2005).

276. *Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1863 (2019) (emphases added).

277. *Brand X*, 545 U.S. at 989.

278. *Return Mail*, 139 S. Ct. at 1868 (Breyer, J., dissenting) (quoting *United States v. Cooper Corp.*, 312 U.S. 600, 604–05 (1941)).

279. *Id.* (citing *Int’l Primate Prot. League v. Administrators of Tulane Educ. Fund*, 500 U.S. 72, 83 (1991)).

280. *Brand X*, 545 U.S. at 974, 984.

281. *Id.* at 985 (2005) (quoting *AT&T Corp. v. City of Portland*, 216 F.3d 871, 876 (9th Cir. 2000)).

282. *AT&T*, 216 F.3d at 876.

X concluded that the Ninth Circuit did not hold that the statute unambiguously required the Ninth Circuit's construction.²⁸³

In a similar manner, the Supreme Court in *Return Mail* implied that it might have deferred to the PTO's interpretation of a "person" who could initiate AIA review proceedings if the PTO had promulgated a directly relevant rule in the MPEP. In MPEP § 2212, the PTO stated that governmental entities qualified as persons who could petition for ex parte reexamination. With this in mind, the Court reasoned the following:

We might take account of this "executive interpretation" [from MPEP § 2212] if we were determining whether Congress meant to include the Government as a "person" for purposes of the ex parte reexamination procedures themselves. Here, however, the Patent Office's statement in the 1981 MPEP has no direct relevance.²⁸⁴

Thus, in *Return Mail*, it was specifically because an explicit agency interpretation was absent (among other things) that the Court held that a "person" did not include sovereigns. After the Court's holding, if the PTO promulgated the proposed rule stating that a person includes federal agencies, then the reasoning behind the Court's opinion—that a directly relevant agency interpretation was lacking—would fall apart.

In addition, the Court left open the question of whether common law estoppel applied to section 1498 suits,²⁸⁵ thus further supporting that the Court believed the term "person" was ambiguous. Multiple potential interpretations of the statutory estoppel provisions exist. One is that Congress omitted section 1498 claims from the provision because it never meant for the government to petition for AIA review proceedings. Congress could also have made a drafting error. Or, as argued in Section IV.D, Congress intentionally omitted section 1498 suits and was satisfied that mutual collateral estoppel would apply to 1498 suits instead.

As a result, the meaning of the term "person" is still in flux; as long as the PTO's later executive interpretation fulfills the other steps of *Chevron* deference, it should be sufficient to trump the Supreme Court's interpretation.

C. PERMISSIBLE CONSTRUCTION

The proposed rule would also fulfill *Chevron* step two. A court is "obliged 'to accept the agency's construction of the statute, even if the agency's reading

283. See *Brand X*, 545 U.S. at 985.

284. *Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1865 (2019) (citing *United States v. Cerecedo Hermanos y Compania*, 209 U.S. 337, 339 (1908)).

285. *Id.* at 1867 n.10.

differs from what the court believes is the best statutory interpretation,’²⁸⁶ so long as the construction is “a reasonable interpretation.”²⁸⁷ An agency can demonstrate that its interpretation is reasonable by “consider[ing] the matter in a detailed and reasoned fashion”²⁸⁸ and by showing that the interpretation furthers “the primary aim of the statute.”²⁸⁹

The proposed rule would further the AIA’s purposes. Section IV.A.2.b demonstrated that permitting government agencies to initiate AIA review proceedings can increase patent quality and decrease the volume of, or shorten the length of, district court litigation. Also, as argued in Section IV.A.2.a, under the prior construction canon, eligible petitioners of ex parte reexamination, including governmental entities, should be eligible to initiate AIA review proceedings. After all, the two types of proceedings share the same purposes. Parts III.B–III.D also rebutted relevant counterarguments from the Supreme Court and Judge Newman. If the PTO publishes the proposed rule in the Federal Register and explains these points thoroughly, it would demonstrate a well-reasoned analysis.²⁹⁰

VI. CONCLUSION

Government agencies should be permitted to initiate AIA review proceedings. MPEP § 2212 interpreted “person,” for purposes of ex parte reexamination, to include governmental entities. Under the prior construction canon, MPEP § 2212, which is entitled to deference, should have applied to AIA review proceedings. Like ex parte reexamination, AIA review proceedings were meant to increase patent quality and decrease patent litigation, and permitting agencies to initiate AIA review proceedings furthers these purposes.

The Court and Judge Newman’s counterarguments are not persuasive. Even though 28 U.S.C. § 1498 provides the government with special treatment, it is not unfair—it is justified by sovereign immunity, eminent domain, and national security concerns. Moreover, letting agencies initiate AIA

286. *Alabama Educ. Ass’n v. Chao*, 455 F.3d 386, 396 (D.C. Cir. 2006) (quoting *Nat’l Cable & Telecommunications Ass’n v. Brand X Internet Servs.*, 545 U.S. 967, 980 (2005)).

287. *Nat’l Mining Ass’n v. Kempthorne*, 512 F.3d 702, 709 (D.C. Cir. 2008).

288. *Id.* at 709–10 (quoting *Kennecott Utah Copper Corp. v. U.S. Dep’t of Interior*, 88 F.3d 1191, 1206 (D.C. Cir. 1996)) (alteration in original); *see also* *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 865 (1984).

289. *Kempthorne*, 512 F.3d at 710.

290. *See* *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1342 (considering the PTO’s remarks in the Federal Register and holding that the procedural rule satisfied *Chevron* step two).

review proceedings would not chill inventors from making governmentally beneficial inventions, as such a chilling effect would also hurt the government.

Next, it is not awkward for government agencies to petition for AIA review proceedings. Allowing governmental petitioners does not create a conflict between executive agencies that the President should resolve. It could only create conflicts between the governmental petitioner and the patentee, or the PTO and the patentee. The concern that the PTO would be deferential to a fellow agency is also unsupported given that the PTO has disagreed with other agencies. Most importantly, proceedings already exist, even in the patent system, that permit an agency to exist in an adversarial relationship with a civilian while another government agency oversees the proceeding.

Furthermore, although the AIA statutory estoppel provisions do not mention 28 U.S.C. § 1498, Congress could still have meant to include the government as a “person.” A presumption exists that collateral estoppel prevents relitigating issues that were actually litigated and determined in administrative proceedings. Congress had good reasons to subject the government to less stringent estoppel requirements based on national security concerns and the belief that the government would less likely harass patentees.

These issues are not confined to *Return Mail*. The Federal Reserve banks, in *Bozeman Financial LLC v. Federal Reserve Bank of Atlanta et al.*,²⁹¹ successfully argued before the Federal Circuit that they should be able to initiate AIA review proceedings because they are more like corporations, not government agencies.²⁹² Whether or not this is correct, the PTO can resolve such issues by using its procedural rulemaking authority to promulgate a rule allowing governmental entities to initiate AIA review proceedings. The Court implied in *Return Mail* that an executive interpretation could have affected its decision, and the rule would further the goals of increasing patent quality and decreasing patent litigation. It is, therefore, up to the PTO to fix the Court’s mistake and to prevent more cases from being litigated based on erroneous reasoning.

291. 955 F.3d 971, 974, 974-76 (Fed. Cir. 2020), *cert. denied*, 141 S. Ct. 1053 (2021).

292. Britain Eakin, *Justices Won't Consider If Fed Banks Can Challenge Patents*, LAW360 (Jan. 11, 2021), <https://www.law360.com/articles/1343388/justices-won-t-consider-if-fed-banks-can-challenge-patents>; Tiffany Hu, *Fed Banks Have No Place At PTAB*, *Fed. Circ. Told*, LAW360 (Aug. 7, 2019), <https://www.law360.com/articles/1185999/fed-banks-have-no-place-at-ptab-fed-circ-told>.