



# Archetype IP<sup>SM</sup>

## Federal Circuit Friday

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When the US Supreme Court hands down a patent law decision, Federal Circuit Friday temporarily becomes "Supreme Court Friday."

On June 10, the Supreme Court decided *Return Mail, Inc. v. United States Postal Service*, determining that federal agencies, like the United States Postal Service, are not entitled to seek any of the post-grant reviews of issued patents provided by the America Invents Act ("AIA") – i.e., post-grant review, *inter partes* review, and covered business method review. Although the AIA provides that "any person" may seek those reviews, the Supreme Court found that federal agencies are not "persons" within the meaning of that word in the statute.

Return Mail won this case based on general legal principles – rules of statutory interpretation – rather than based on a substantive or procedural issue specific to patent law. This case highlights the advantages of patent attorneys developing and maintaining broad and well-rounded legal knowledge.

### **The Issue: Language of the statutes.**

The statutory provision for each of the AIA post-issuance review proceedings permits "a person" to petition for the review.<sup>1</sup>

After trying, unsuccessfully, to license a patent to the United States Postal Service ("Postal Service"), Return Mail sued the Postal Service for infringement. The Postal Service filed a petition for Covered Business Method ("CBM") review of Return Mail's patent. The Patent Trial & Appeal Board found that the Postal Service was entitled to petition for CBM review and determined that all challenged claims of Return Mail's patent were invalid as drawn to ineligible subject matter. Return Mail appealed, claiming among other things that the Postal Service lacked standing to petition for CBM review.

The Supreme Court took up the case to address whether the word "person" in the post-issuance review statutes includes federal agencies such as the Postal Service.

### **Statutory Interpretation: Presumption that "person" does not include the sovereign.**

Because the patent statute does not expressly define the word "person," the Supreme Court applied "a longstanding interpretative presumption that 'person' does not include the sovereign, and thus excludes a federal agency like the Postal Service." This longstanding interpretative presumption is found in Supreme Court cases dating back to 1877<sup>2</sup> and is "also an express directive from Congress" via The Dictionary Act, which defines "person" in the context of determining the meaning of federal statutes as including a variety of entities (e.g., individuals, corporations, companies, partnerships) but not the Federal Government.

Because of this presumption, the burden was placed on the Postal Service to make an "affirmative showing of statutory intent" to include the Federal Government within the scope of "person" as used in the AIA post-

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<sup>1</sup> 35 USC §§ 311 (*inter partes* review) & 321 (post-grant review) – "a person who is not the owner of the patent may file ... a petition." Covered Business Method reviews follow the procedure of post-grant review, including the petition provision of § 321. AIA § 18(a)(1).

<sup>2</sup> The earliest case cited by the Supreme Court is *United States v. Fox*, 94 U. S. 315, 321 (1877), which held that the "term 'person' as here used [in the statute at issue] applies to natural persons and also to artificial persons -- bodies politic, deriving their existence and powers from legislation -- but cannot be so extended as to include within its meaning the Federal government. It would require an express definition to that effect to give it a sense thus extended."

issuance review provisions.<sup>3</sup> The Court clarified that "the Postal Service need not cite to an express contrary definition [but] it must point to some indication in the text or context of the statute that affirmatively shows Congress intended to include the Government."<sup>4</sup>

**Statutory Interpretation: Overcoming the presumption by "affirmative showing" of statutory intent that the sovereign be included.**

In its attempt to make an affirmative showing the Postal Service made three arguments, none of which persuaded the Court.

1. *Other references to "person" in the Patent Act include the Federal Government.*

This is a "consistency" argument. Per the Postal Service, because various provisions of the Patent Act expressly or necessarily include the Federal Government within the scope of the generic term "person," the same term in the AIA post-issuance review statutes must also include the Federal Government.

The Supreme Court was not persuaded because although "it is often true that when Congress uses a word to mean one thing in one part of the statute, it will mean the same thing elsewhere in the statute," that principle "readily yields to context," especially "where Congress uses the same word in a statute in multiple conflicting ways."<sup>5</sup> Specifically, the "Patent Act and the AIA refer to 'person[s]' in at least 18 different places, and there is no clear trend: Sometimes 'person' plainly includes the Government, sometimes it plainly excludes the Government, and sometimes—as here—it might be read either way."<sup>6</sup> The Court concluded that "[i]n the face of such inconsistency, the mere existence of some Government-inclusive references cannot make the 'affirmative showing.'"<sup>7</sup>

2. *The Federal Government has a longstanding involvement with the patent system, including ex parte reexaminations.*

This is a "tradition" argument. Per the Postal Service, because the Federal Government has long been able to apply for patents and has long been treated as a "person" for purposes of citing prior art in others' prosecutions and obtaining *ex parte* reexamination of others' patents, Congress must have intended to allow it to petition for AIA post-issuance reviews.

The Supreme Court was not persuaded because the Patent Office's interpretation of the prior art citation and *ex parte* reexamination statutes<sup>8</sup> is not relevant to the AIA post-issuance proceedings – the former being "internal" Patent Office proceedings in which "the challenger is not permitted to participate" and the latter being "adversarial, adjudicatory proceedings."<sup>9</sup> The Court explained that "there are good reasons Congress might have authorized the Government to initiate a hands-off *ex parte* reexamination

<sup>3</sup> "[A]lthough the presumption is not a 'hard and fast rule of exclusion,' it may be disregarded only upon some affirmative showing of statutory intent to the contrary." Slip Op. at 7 (citations omitted).

<sup>4</sup> Slip Op. at 9.

<sup>5</sup> *Id.* at 9-10, 12.

<sup>6</sup> *Id.* at 10 (citing to 35 USC §§ 2(b)(11), 6(a), 100(h), 257(e), and 296(a) as examples).

<sup>7</sup> *Id.* at 12.

<sup>8</sup> 35 USC §§ 301 & 302.

<sup>9</sup> Slip Op. at 14.

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but not to become a party to a full-blown adversarial proceeding before the Patent Office and any subsequent appeal."<sup>10</sup>

Moreover, whatever long-standing practices there may be regarding applying for patents, citing prior art, or reexaminations, "there is no "'settled' meaning of the term 'person' with respect to the newly established AIA review proceedings."<sup>11</sup>

### 3. *If Federal Government can be sued for infringement, it can petition for post-issuance reviews.*

This is a "fairness" argument. Per the Postal Service "it is anomalous to deny it a benefit afforded to other infringers – the ability to challenge a patent *de novo* before the Patent Office, rather than only as an infringement defense that must be proved by clear and convincing evidence."

The Supreme Court was not persuaded because non-governmental defendants having the right to challenge a patent *de novo* before the Patent Office also face greater risks relating to infringement. For example, unlike non-governmental defendants the federal government is liable only for money damages and is not subject to either preliminary or permanent injunctions.<sup>12</sup> The Court concluded that "[b]ecause federal agencies face lower risks, it is reasonable for Congress to have treated them differently" and thus the Postal Service had not put on the requisite affirmative showing.<sup>13</sup>

### **Closing Thoughts.**

Return Mail won this case because its attorneys were familiar with, understood, and recognized relevant general legal issues (*i.e.*, rules of statutory interpretation) that directly affected substantive and procedural patent rights. A similar issue arose and won the day in the *Promega v. Life Technologies* Supreme Court case with which I was intimately involved at the trial court and Supreme Court. Other non-patent specific legal areas and concepts that have made a difference in patent cases include administrative procedure, admissions, agency, burdens of proof, contracts/UCC, corroboration, hearsay, estoppel (of various kinds), expectant interests, FRE 11 and pre-suit investigation, jurisdiction, *Kessler* doctrine, law of the case, presumptions, privilege, *res judicata*, sovereign immunity, standards of review, and standing.

Being a well-rounded lawyer can make the difference between winning and losing a case, but it also means accepting that one's days of broadening and deepening legal knowledge do not end with law school and the bar exam.

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<sup>10</sup> *Id.* at 14-15.

<sup>11</sup> *Id.* at 15.

<sup>12</sup> 28 USC § 1498.

<sup>13</sup> Slip Op. at 16.