



ARE Patent Law Alert: SUPREME COURT HOLDS THAT THE U.S. GOVERNMENT IS NOT A “PERSON” CAPABLE OF PETITIONING FOR INSTITUTION OF AIA REVIEW PROCEEDINGS

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Messrs. Macedo and Goldberg represented amicus curiae New York Intellectual Property Law Association in this case at the Supreme Court. Messrs. Macedo and Goldberg represented amicus curiae New York Intellectual Property Law Association in this case at the Supreme Court. S. Supreme Court delivered an opinion in *Return Mail, Inc. v. United States Postal Service*, No. 17-1594, slip op. (U.S. June 10, 2019), addressing the question of whether the government is a “person” who may petition to institute review proceedings under the Leahy-Smith America Invents Act (“AIA”). In a 6-3 decision, the Court held that the U.S. Government is not a “person” capable of petitioning for institution of AIA review proceedings. Slip op. at 17-18.

In the proceedings below, the Patent Trial and Appeal Board (“PTAB”) issued a final written decision in a Covered Business Method patent review (“CBM”) proceeding brought by the U.S. Postal Service (“Postal Service”) as a petitioner, invalidating certain claims of a patent owned (and asserted in the U.S. Court of Federal Claims) by Return Mail, Inc. USPS is a “government entity” as recognized in *United States Postal Serv. v. Flamingo Indus. (USA) Ltd.*, 540 U.S. 736, 748 (2004). The U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) affirmed the PTAB’s holding that the Postal Service has standing to file a petition to institute a CBM proceeding. The U.S. Supreme Court then granted Return Mail’s petition for a writ of certiorari on the question of whether the government is a “person” who may petition to institute review proceedings under the AIA.

<https://www.arelaw.com/images/file/17-1594%20ac%20NY%20Intellectual%20Property%20Law%20Association.pdf>)).

Justice Sotomayor (joined by Chief Justice Roberts and Justices Alito, Gorsuch, and Kavanaugh) wrote the majority opinion of the Court. Justice Sotomayor’s opinion notes that the relevant patent statutes do not define the term “person,” thus weighing in favor of a long-standing presumption against including the sovereign within that term in a way that



reflects the term's common usage. Slip op. at 6-7. The opinion points out that courts have used the definition of "person" that is laid out by the Dictionary Act, unless the context indicates otherwise, and that the definition of "person" includes many entities but not the federal government. *Id.* at 7-9.

The majority also addressed the Postal Service's arguments that the context of the AIA itself indicates intent to include the government as a "person." The Postal Service argued that the AIA's reference to a "person" in the context of post-issuance review proceedings must include the government because other references to persons in the patent statutes appear to do so. *Id.* at 9-10. While the majority opinion noted that words used by Congress in one part of a statute often have the same meaning elsewhere in the same statute, there are at least 18 references to "person" throughout the Patent Act with no clear trend shown. Some of the references include the government, others exclude the government, and others could be read either way. *Id.* at 10.

The Postal Service cited to 35 U.S.C. § 207(a)(1), which authorizes federal agencies to obtain patents, as a sufficient contextual clue that "person" as is referred to within the statute governing the patent application process must include federal agencies. *Id.* at 10. However, Justice Sotomayor wrote that Section 207 "implies nothing about what a federal agency may or may not do following the issuance of someone else's patent." *Id.* at 11.

The Postal Service then pointed to the USPTO's Manual of Patent Examining Procedure (MPEP). *Id.* at 13. Specifically, the MPEP has considered federal agencies to be "persons" capable of requesting *ex parte* reexamination at USPTO since 1981. *Id.* However, the Court's majority held that this has no direct relevance on the case here because an *ex parte* reexamination, a proceeding handled internally within the USPTO, and AIA validity trials, which are adversarial, adjudicatory proceedings handled between parties, are meaningfully different. *Id.* at 14-15.

Finally, the Postal Service argued that it must be a "person" who may petition for AIA review proceedings because, like other potential infringers, it is subject to civil liability and can assert a defense of patent invalidity. *Id.* at 15-16. However, the Court noted that "the Postal Service overstates the asymmetry." *Id.* at 15. Non-governmental actors might face injunctions, a jury trial, or punitive damages for their infringement while government agencies only have to provide "reasonable and entire compensation." *Id.* at 16. The majority held that "[b]ecause federal agencies face lower risks, it is reasonable for Congress to have treated them differently." *Id.* Furthermore, excluding federal agencies from AIA review avoids the "awkward situation" that would follow if a civilian patent owner had to face a validity challenge from a federal agency in a proceeding overseen by a different federal agency. *Id.* at 17.

In a separate opinion, Justice Breyer (joined by Justices Ginsburg and Kagan) dissented the Court's majority opinion. *Return Mail, Inc. v. United States Postal Service*, No. 17-1594, slip op. (U.S. June 10, 2019) (Breyer, J., dissenting). The dissent argued that the factors regarding congressional intent on the definition of "person" weighed against the



Court's traditional presumption excluding the sovereign from that definition. Justice Breyer agreed with the Postal Service that Section 207(a)(1)'s authorization of federal agencies to obtain patents led to "no dispute" that the word "person" in the patent-eligibility provisions must include the government. *Id.* at 3.

We expect that related issues will likely arise soon, and will continue to monitor the PTAB, Federal Circuit, and Supreme Court for the latest developments in the interpretation of the AIA. In the meantime, should you have any questions, please feel free to contact one of our lawyers.

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