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IP CASE OF THE WEEK

When is a Patent Challenge Undeliverable?

SCOTUS Says Federal Agencies are not "Persons" Capable of Instituting AIA Reviews

By: Adam Reis & Lisa Holubar | June 20, 2019

Although neither snow nor rain nor heat nor gloom of night prevents the United States Postal Service from the swift completion of its appointed rounds, the Supreme Court has prevented it from challenging patents. In R*eturn Mail, Inc. v. United States Postal Service et al*., 587 U. S. ____ (2019), the Supreme Court held that a federal agency is not a "person" within the meaning of the provisions in the America Invents Act ("AIA") regarding who can institute inter partes reviews, post-grant reviews, and covered-business-method ("CBM") reviews of a patent (together, "post-issuance reviews"). Thus, this opinion precludes the Government from instituting any form of post-issuance review.

The facts of the case are as follows. Return Mail, Inc. owns U.S. Patent No. 6,826,548 ("the '548 patent"), directed to a method for processing mail that is undeliverable. Return Mail sued the Postal Service for patent infringement. The Postal Service filed a petition for CBM review of the '548 patent. The Patent Trial and Appeal Board instituted review and found the claims of the '548 patent unpatentable. On appeal, the Court of Appeals for the Federal Circuit affirmed. A critical question was whether the Government is a "person" eligible to petition for AIA post-issuance review, which the Federal Circuit answered in the affirmative. The Supreme Court granted certiorari and reversed.

Pursuant to the AIA, only a "person" may file a petition seeking a post-issuance review. 35 U. S. C. §§311(a), 321(a), AIA §18(a)(1)(B). The Supreme Court started its analysis by noting that the Patent Act does not define the term "person." Thus, the Court applied a "longstanding interpretive presumption that 'person' does not include the sovereign," and therefore excludes federal agencies. The Court noted that this presumption reflects common usage of the term and is consistent with the Dictionary Act's definition of "person," which defines "person" to include corporations, companies, associations, etc. but omits the Government. 1 U.S.C. §1. According to the law of the Court, this presumption may only be overcome by an affirmative showing of intent to the contrary.

The Postal Service made three arguments to try and refute the presumption that "person" does not include the Government. First, the Postal Service argued that the text of the AIA made it clear that the term encompassed the Government. The Court rejected this argument on the basis that the AIA uses the term "person" in varying and conflicting ways, making it impossible to discern a clear intent that the presumption does not apply. Second, the Postal Service argued that the long history of the Government being allowed to request ex parte reexamination of a patent justified finding the Government could institute post-issuance reviews. The Court disagreed based on the fundamental difference between reexaminations and AIA post-issuance reviews—noting that the reexamination process is internal to the patent office, while post-issuance reviews are adversarial and adjudicatory. Third, the Postal Service argued that because the Government can be sued for patent infringement, and thus assert a defense of patent invalidity, it must be afforded the right to seek post-issuance review. The Court noted that recovery against the Government for patent infringement is limited to the patentee's "reasonable and entire compensation," and that a patentee cannot seek an injunction, demand a jury trial, or request punitive damages. Thus, the Government is afforded a degree of certainty about its potential liability for patent infringement, and the denial of the right to seek post-issuance review is not unreasonable.