

No. _____

IN THE
Supreme Court of the United States

RETURN MAIL, INC.,

Petitioner,

v.

UNITED STATES POSTAL SERVICE and UNITED STATES,
Respondents.

On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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May 14, 2018

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QUESTIONS PRESENTED

The government cannot be sued for patent infringement under the Patent Act, 35 U.S.C. §§ 1 *et seq.*, because it can take “a license to use the inventio[n]” by “exert[ing] the power of eminent domain.” *Crozier v. Fried. Krupp Aktiengesellschaft*, 224 U.S. 290, 305 (1912). Thus, a patent owner’s exclusive remedy for governmental use is to pursue a compensation action under 28 U.S.C. § 1498(a) at the U.S. Court of Federal Claims.

In 2011, Congress enacted the Leahy-Smith America Invents Act (AIA), which allows a “person” who has been sued for patent “infringement” to challenge the patent’s validity through a covered business method (CBM) review before the Patent Trial and Appeal Board. Respondent, the U.S. Postal Service, petitioned for CBM review of Petitioner’s patent after Petitioner filed suit under § 1498(a). The Board instituted the review, concluding that it has authority to adjudicate proceedings initiated by the government, and later issued a final decision invalidating Petitioner’s patent. The Federal Circuit affirmed, over a dissenting opinion. The questions presented are:

1. Whether the government is a “person” who may petition to institute review proceedings under the AIA.
2. Whether a § 1498(a) action for the eminent domain taking of a patent license by the government is a suit for patent “infringement” under the AIA.

**PARTIES TO THE PROCEEDING BELOW AND
RULE 29.6 STATEMENT**

Petitioner Return Mail, Inc. has no parent corporation, and no publicly held company holds 10% or more of its stock.

Respondents are the United States Postal Service and the United States.

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PETITION FOR A WRIT OF CERTIORARI

Petitioner Return Mail, Inc. (“Return Mail”) respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

OPINIONS BELOW

The Patent Trial and Appeal Board’s Decision to Institute Covered Business Method Review (Pet. App. 98a—139a), and that Board’s Final Written Decision (Pet. App. 57a–97a) are unreported. The Federal Circuit’s opinion (Pet. App. 1a–56a) is reported at 868 F.3d 1350 (Fed. Cir. 2017). Its order denying rehearing en banc (Pet. App. 140a–41a) is unreported.

JURISDICTION

The judgement of the court of appeals was entered on August 28, 2017. A timely petition for rehearing was denied on December 15, 2017. On February 28, 2018, The Chief Justice extended the time to file a petition for a writ of certiorari to and including May 14, 2018. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The pertinent statutory provisions are reproduced in the appendix to this petition. Pet. App. 142a–58a.

STATEMENT OF THE CASE

As even the Federal Circuit majority conceded, this case involves an “oddity”: whether the government may “enjoy the unique advantage of not being estopped” after challenging patents through AIA review proceedings. Pet. App. 28a–29a. Eschewing this Court’s precedent and generally applicable rules of statutory construction, the Federal Circuit held—over a vigorous dissent—that the government is a “person” who may petition for AIA review of issued patents *without* facing the estoppel consequences that apply to private parties. In reaching that anomalous result, the Federal Circuit once again blazed its own trail and violated the rule that “patent law is governed by the same . . . methods of statutory interpretation, and procedural rules as other areas of civil litigation.” *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*, 137 S. Ct. 954, 964 (2017) (alteration, citation, and punctuation omitted).

I. STATUTORY BACKGROUND

A. Post-Issuance Review Proceedings Under the AIA

In 2011, Congress enacted the AIA to facilitate the expeditious and economical resolution of patent validity disputes. The AIA authorizes the Board to review and invalidate issued patents through three separate classes of proceedings: inter partes reviews, post-grant reviews, and CBM reviews. See 35 U.S.C. §§ 311, *et seq.*; AIA § 18, Pub. L. 112-29, 125 Stat. 284 (2011). Over the last six years, more than eight thousand AIA review petitions have been filed, resulting

in nearly two thousand decisions invalidating at least one patent claim.

Although differences exist between the three classes of AIA review proceedings, each type of review “allows private parties to challenge previously issued patent claims in an adversarial process before the Patent Office that mimics civil litigation.” *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348, 1352 (2018). All AIA review proceedings are initiated in the same way: a “person” files a “petition” with the Board challenging one or more patent claims. 35 U.S.C. §§ 311(a), 321(a); AIA § 18(a)(1)(B). For example, the provision governing inter partes reviews states that “a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent.” 35 U.S.C. § 311(a).

If the Board institutes the requested review, “the Patent Office must ‘issue a final written decision with respect to the patentability of *any* patent claim challenged by the petitioner.’” *SAS Institute*, 138 S. Ct. at 1351 (emphasis in original) (quoting 35 U.S.C. § 318(a)); *see also* 35 U.S.C. § 328(a); AIA § 18(a)(1). Once the Board issues a final written decision, the petitioner is estopped in federal district court and the International Trade Commission (ITC) from challenging the same patent claims on any ground that the petitioner raised during the review proceeding. *See* 35 U.S.C. §§ 315(e)(2), 325(e)(2); AIA § 18(a)(1)(D).

CBM reviews may be instituted only with respect to patents that claim “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.” AIA § 18(d)(1).¹ A petitioner in a CBM review proceeding may challenge the validity of a patent on a broader range of grounds than in inter partes review. *See* 35 U.S.C. §§ 311(b), 321(b); AIA § 18(a)(1). But not all “person[s]” may seek CBM review; instead, “the person or the person’s real party in interest or privy” must have “been *sued for infringement* of the [challenged] patent” or have “been *charged with infringement* under that patent.” AIA § 18(a)(1)(B) (emphases added). Thus, for the Board to have authority to institute CBM review, at least two requirements must be met: *first*, the petitioner must be a “person,” and *second*, the petitioner must have been “sued for” or “charged with” patent infringement.

These provisions reflect Congress’ deliberate creation of a balanced regime to encourage the expeditious and economical resolution of patent validity disputes through administrative proceedings. To achieve this goal, Congress balanced the scope of the Board’s authority to institute review proceedings against the scope of the estoppel provision. *See, e.g., Patent Reform Act of 2011*, 157 Cong. Rec. S936-02, S952 (statement of Sen. Grassley) (AIA’s estoppel provision “significantly reduce[s] the ability to use post-grant procedures for abusive serial challenges to patents”). Additionally, these provisions reflect Congress’ intent that “a final decision in a post-grant review process

¹ Although the AIA is generally codified in Title 35, the provision that governs CBM reviews, AIA § 18, is not codified. For purposes of conducting CBM review proceedings, § 18 is considered to be part of the broader chapter 32 provisions of Title 35, specifying the standards and procedures of post-grant review proceedings. *See* AIA § 18(a)(1).

will prevent the petitioner . . . from challenging any patent claim on a ground that was raised in the post-grant review process,” because Congress “recognize[d] the importance of quiet title to patent owners to ensure continued investment resources.” H.R. Rep. No. 112-98, pt. 1, at 48 (2011).

The government itself advocated for this statutory balance throughout debate on the AIA. In 2007, the Director of the U.S. Patent and Trademark Office (“Patent Office”) told Congress “the estoppel needs to be quite strong,” such that a petitioner is barred from relitigating issues raised before the Board and the administrative review serves as “a complete alternative to litigation.” *Patent Reform: The Future of American Innovation: Hearing Before the Senate Comm. on the Judiciary*, 110th Cong. 13 (2007) (statement of Patent Office Director Jon W. Dudas).

Thus, a common-sense balance underlies AIA review proceedings: if a petitioner challenges the validity of a patent before the Board, the petitioner is estopped from later asserting invalidity grounds raised in the petition and, as a *quid pro quo*, the patent owner is immunized from subsequent invalidity challenges by the petitioner on those same grounds.

B. Eminent Domain Actions Against the Government Under 28 U.S.C. § 1498(a)

As early as 1894, this Court held that the government had not waived sovereign immunity for the tort of patent infringement. *See Schillinger v. United States*, 155 U.S. 163, 167–69 (1894). In response to the perceived injustice of this rule, Congress created a cause of action for patent owners to obtain money

damages for the government’s misappropriation of patented inventions. See Act of June 25, 1910, Pub. L. No. 61-305, 36 Stat. 851–52 (1910) (“the 1910 Act”); *Crozier*, 224 U.S. at 304.

Shortly after its enactment, this Court confirmed that claims brought under the 1910 Act were separate and distinct from patent infringement claims. In *Crozier*, this Court explained that the 1910 Act sounds in “eminent domain” rather than tortious patent infringement, observing that the 1910 Act “provides for the appropriation of a license to use the inventions, . . . sanctioned by the means of compensation for which the statute provides.” 224 U.S. at 305, 306–307.²

The 1910 Act was subsequently codified, as amended, in 28 U.S.C. § 1498(a).³ Section 1498(a) provides in relevant part:

Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner’s remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and

² Congress amended the 1910 Act in 1918. See, e.g., *Richmond Screw Anchor Co. v. United States*, 275 U.S. 331, 342–44 (1928) (summarizing historical and legislative developments).

³ See Act of May 24, 1949, Pub. L. No. 81-72, § 87, 63 Stat. 89, 102 (1949); see also *Zoltek Corp. v. United States*, 672 F.3d 1309, 1317 (Fed. Cir. 2012) (en banc in part).

entire compensation for such use and manufacture.

Because of § 1498(a), patents cannot be enforced against the government in the same way they are enforced against private parties. Section 1498(a) performs four simultaneous functions: it waives sovereign immunity; assumes governmental liability for contractor activity; confers exclusive jurisdiction on the Court of Federal Claims; and establishes a measure of compensation for the eminent domain taking of a patent license. *See Advanced Software Design Co. v. Fed. Reserve Bank of St. Louis*, 583 F.3d 1371, 1375-76 (Fed. Cir. 2009). Whereas private parties may be sued for patent infringement in district courts or the ITC, patent owners cannot sue the government in those tribunals.

The Federal Circuit and its predecessor court have consistently held that § 1498(a) is “an eminent domain statute.” *Irving Air Chute Co. v. United States*, 93 F. Supp. 633, 635 (Ct. Cl. 1950); *Motorola, Inc. v. United States*, 729 F.2d 765, 768 (Fed. Cir. 1984) (“Although a section 1498 action may be similar to a Title 35 action, it is . . . not identical.”); *id.* at 772 (because § 1498 is “an eminent domain taking,” the government “is not a putative infringer but is deemed a licensee”); *W.L. Gore & Assocs., Inc. v. Garlock, Inc.*, 842 F.2d 1275, 1283 (Fed. Cir. 1988) (in § 1498 the “government has graciously consented . . . to be sued . . . for what would be infringement if by a private person”). Indeed, the Federal Circuit, sitting en banc, recently held that “§ 1498(a) creates its own independent cause of action” because the “plain language” of the statute

indicates that it “operates independently from Title 35.” *Zoltek*, 672 F.3d at 1321.

II. FACTS AND PROCEDURAL HISTORY

Petitioner Return Mail, Inc. is a small technology company that developed an innovative system for processing returned mail after a failed delivery attempt. That system combines optical scanners, computer databases, and other mechanisms in a way that allows high-volume mailers—such as credit-card companies and bulk-mail advertisers—to handle returned mail in an efficient and cost-effective manner. Return Mail’s invention is protected by U.S. Patent No. 6,826,548 (“the ’548 Patent”). *See, e.g.*, Pet. App. 159a.

The Postal Service repeatedly expressed interest in Return Mail’s technology and met with Return Mail to discuss ways in which it could be used to automate the handling of returned and undeliverable mail. In January 2006, the parties discussed licensing options for the invention disclosed in the ’548 Patent as well as a proposed pilot program to demonstrate the use of Return Mail’s invention.

After the Postal Service and Return Mail had met to discuss the proposed pilot program, the Postal Service announced that it would offer its own system, called “OneCode ACS,” to process returned and undeliverable mail. Return Mail met with Postal Service executives upon learning of this development and explained that the OneCode ACS system is covered by the claims of the ’548 Patent.

Rather than license the '548 Patent, however, the Postal Service decided to challenge its validity by petitioning the Patent Office for *ex parte* reexamination of the patent in 2007. *See* 35 U.S.C. § 302. The Patent Office instituted the requested reexamination, but ultimately confirmed the validity of the '548 Patent. Thereafter, Return Mail filed suit under § 1498(a) seeking compensation for the Postal Service's unlicensed use of its invention. Pet. App. 159a. Return Mail's complaint, filed in the Court of Federal Claims, pled a single count alleging that the Postal Service "use[s] the method for processing returned mail described in and claimed by the '548 Patent . . . without a license . . . or lawful right to use the same." Pet. App. 166a.

While the § 1498(a) action was pending, the Postal Service initiated a second validity challenge at the Patent Office in the form of a petition for CBM review of the '548 Patent. Return Mail opposed the Postal Service's petition, explaining among other things that the Patent Trial and Appeal Board lacks statutory authority to adjudicate claims presented by the government.

The Board rejected Return Mail's argument and instituted the requested CBM review. Regarding its statutory authority, the Board—without any analysis of this Court's precedent—concluded that § 1498(a) actions against the government constitute suits for "patent infringement" under the AIA because such actions seek to hold "the United States . . . liable for its use or manufacture of a patented invention without license or lawful right, which falls within the definition of patent infringement under 35 U.S.C. § 271."

Pet. App. 116a. The Board then issued a final decision invalidating Return Mail’s ’548 Patent.⁴ *See* Pet. App. 57a.

A divided panel of the Federal Circuit affirmed the Board in a 2-1 decision. The panel majority acknowledged that Return Mail made “several cogent arguments why a § 1498(a) suit, in some sense, is not one for ‘infringement.’” Pet. App. 18a. Nevertheless, the majority held that “the Postal Service was ‘sued for infringement’ within the meaning of [AIA] § 18(a)(1)(B) when Return Mail filed the Claims Court suit against it under § 1498(a).” Pet. App. 33a. Although the majority “recognize[d] there are important differences between § 1498(a) suits against the government and suits for infringement against private parties, these differences ... are insufficient to compel a conclusion that Congress intended to exclude a government-related party sued under § 1498(a) from being able to petition for CBM review.” Pet. App. 18a.

The panel majority acknowledged that under its decision, and in light of the other provisions of the AIA governing CBM review, an “oddity” would occur: “the government would enjoy the unique advantage of not being estopped in the Claims Court from relitigating grounds raised during a CBM review proceeding.” Pet. App. 28a. Although the majority noted that its ruling “raises certain policy concerns,” the majority concluded that “Congress is better suited to address

⁴ The Board’s final decision invalidating the ’548 Patent incorporated the Board’s earlier conclusion that it has statutory authority to adjudicate petitions filed by the government. *See* Pet. App. 71a.

them by revising the estoppel provisions for CBM review should it see fit.” Pet. App. 29a.

The Federal Circuit also resolved the question whether the government is a “person” eligible to initiate AIA review proceedings.⁵ Specifically, the majority held that the government is a “person” under the AIA, such that the Board had statutory authority to adjudicate the Postal Service’s petition for CBM review. Pet. App. 30a–31a. After briefly acknowledging this Court’s framework for analyzing the meaning of the term “person,” the majority concluded that “[t]he AIA does not appear to use the term ‘person’ to exclude the government.” Pet. App. 31a.

Judge Newman dissented, reasoning that “[a]n important threshold issue before the court is whether the United States and its agency the United States Postal Service are within the definition of ‘person’ in § 18(a)(1)(B) of the America Invents Act, and thus entitled to proceed under that Act.” Pet. App. 44a.

Judge Newman explained that “[t]he general statutory definition is that a ‘person’ does not include the United States and its agencies unless expressly provided.” Pet. App. 47a. Although Judge Newman recognized that “exceptions may arise,” she reasoned that “such exceptions warrant considered analysis, not presumptive waiver by silence.” Pet. App. 49a.

⁵ The Federal Circuit raised the “person” issue *sua sponte* and resolved it without the benefit of adversarial briefing. The issue is properly before this Court because the Federal Circuit “passed upon” its merits. *United States v. Williams*, 504 U.S. 36, 41 (1992); *see also* Pet. App. 30a.

Regarding the meaning of “person” in the context of AIA review, Judge Newman criticized the majority for ignoring the statutory structure, “constru[ing] the statutory provision in isolation, [and] declining to consider the purpose and intent of the legislature in exclusion of the Government from the estoppel provisions.” Pet. App. 53a. She explained that the majority “would grant the United States the benefit of post-grant challenge in the PTO, but would omit the statute’s estoppel against raising the same challenge in court,” in violation of “the extensive backdrop of law and history on which the AIA was enacted.” Pet. App. 53a. Specifically, Judge Newman explained that “[t]his statutory balance, of administrative challenge in exchange for finality, is the foundation of the America Invents Act.” Pet. App. 52a–53a. Further, “[t]he estoppel provision is the backbone of the AIA, for it is through estoppel that the AIA achieves its purpose of expeditious and economical resolution of patent disputes without resort to the courts,” Pet. App. 51a, and thus, the estoppel provision “informs any analysis of the statutory plan,” Pet. App. 54a (citing *United States v. Morton*, 467 U.S. 822, 828 (1984)).

Applying this Court’s analytical framework, Judge Newman observed that “[t]he panel majority errs in stating that the proper inference is that the government is a ‘person’ under this statute, for the vast weight of statute and precedent requires the opposite inference.” Pet. App. 54a. In particular, Judge Newman reasoned that:

The theory that the United States was accidentally omitted as a “person” subject to the AIA is contrary to the vast body of precedent.

When the government is excluded on the face of a statute, the presumption that the legislature intended to exclude the government may only be overcome by strong evidence of intent to include. Such evidence is conspicuously lacking here.

Indeed, inclusion of the government as a “person,” assumed by the majority, requires the assumption that legislators intended to grant the government access to post-grant proceedings in the PTAB while also intending to remove the government from the estoppel provision, thereby giving the government “two bites at the apple,” in the majority’s words. Such an irregular assumption, with no hint of support in the statute or legislative history cannot be countenanced.

Pet. App. 54a–55a. Judge Newman thus concluded that she would “vacate the decision of the Board,” which exceeded “the Board’s statutory authority” because “[t]he government is not a ‘person’ to whom the post-grant procedures of the AIA are available.” Pet. App. 56a.

Return Mail timely petitioned for rehearing en banc, addressing the “person” and “infringement” issues passed upon by the Federal Circuit. However, the court denied Return Mail’s petition on December 15, 2017.

REASONS FOR GRANTING THE PETITION

This case presents recurring issues regarding the scope of the Board’s authority to adjudicate AIA review proceedings initiated by other government agencies. These issues are of exceptional importance to patent owners, as well as the government and its contractors. AIA review proceedings at the Board have become a central feature of the U.S. patent system—and the government has become a repeat participant in such proceedings in recent years.

Without this Court’s guidance, patent owners will be bound by a Federal Circuit decision that conflicts with this Court’s precedent, the AIA’s carefully balanced structure, and general canons of statutory interpretation. Indeed, the Federal Circuit majority acknowledged that its decision creates an “oddity” by providing the government with a “unique advantage” over all other parties: the ability to challenge patents through AIA review proceedings *without* being estopped from relitigating the same challenges in subsequent cases. Pet. App. 28a–29a. That anomalous ruling stems from the same error this Court has repeatedly addressed in recent years: the Federal Circuit’s failure to heed the rule that “patent law is governed by the same . . . methods of statutory interpretation, and procedural rules as other areas of civil litigation.” *SCA Hygiene Products*, 137 S. Ct. at 964. This Court should grant certiorari to the Federal Circuit and reverse that court’s erroneous judgment.

I. THE FEDERAL CIRCUIT'S DECISION CONFLICTS WITH CONTROLLING PRECEDENT AND IMPROPERLY EX- PANDS THE SCOPE OF AIA REVIEWS

This Court's review is warranted because the Federal Circuit's decision conflicts not only with this Court's precedent, but also with the Federal Circuit's own rulings. As the dissent correctly observed, the Patent Trial and Appeal Board lacks authority to adjudicate petitions filed by the government because the government is not a "person" as that term is ordinarily used, and there is no evidence that Congress intended to depart from the default rule in the AIA. Even if the government were a "person" under the AIA, more than a century of precedent precludes the government from initiating CBM reviews because the government cannot be sued for patent "infringement." These fundamental divisions—between the Federal Circuit's decision and this Court's precedent, between the Federal Circuit's decision and that court's own prior rulings, and between the Federal Circuit majority and dissent—implicate this Court's interest in maintaining the uniformity of federal law.

A. The Federal Circuit's Interpretation of "Person" Conflicts with this Court's Precedent

The Board has authority to adjudicate an AIA review only if the petitioner is a "person." That threshold requirement applies to all three types of AIA review proceedings. Specifically, a "*person* may not file a petition [for CBM review] unless the *person* or the *person's* real party in interest or privy has been

sued for” or “charged with” patent infringement. AIA § 18(a)(1)(B) (emphasis added). The AIA likewise provides that “a *person* who is not the owner of a patent may file . . . a petition to institute an inter partes review of the patent,” 35 U.S.C. § 311(a) (emphasis added), and that only a “person” may petition for post-grant review, 35 U.S.C. § 321(a).

The AIA does not define the term “person” and the Patent Office has not done so through rulemaking. Nor is there any indication in the AIA’s legislative history that Congress intended to depart from the ordinary meaning of “person.” *See* Pet. App. 47a–48a, 53a–54a.

Although the Federal Circuit majority acknowledged this “absence of Congressional guidance” and the “lack of a record or any indication” of Congress’s intent, the majority nevertheless held that the government is a “person” for purposes of the AIA’s review provisions. Pet. App. 31a–33a. The majority based that ruling on a view that “[t]he AIA does not appear to use the term ‘person’ to exclude the government in other provisions,” and that “[t]here does not appear to be any reason . . . to curtail the ability of the government to initiate a CBM proceeding when . . . it has interests at stake with respect to the patent it has been accused of infringing.” Pet. App. 31a–33a. In other words, the majority held that the government is a “person” because it saw no evidence that Congress intended to *restrict* the government’s participation in AIA review proceedings.

That approach turns this Court’s precedent on its head. The law is clear that when a statute uses the

term “person,” it is presumed that Congress intended to *exclude* the government. *Vt. Agency of Nat. Res. v. United States ex rel. Stevens*, 529 U.S. 765, 780–81 (2000) (applying “longstanding interpretive presumption” that the word “‘person’ does not include the sovereign”). As this Court has explained, “[i]n common usage” the term “person ... does not include the sovereign, and statutes employing it will ordinarily not be construed to do so.” *United States v. United Mine Workers of Am.*, 330 U.S. 258, 275 (1947). Congress “made express provision” in the Dictionary Act, 1 U.S.C. § 1, for the term “person” to encompass “partnerships and corporations,” and “[t]he absence of any comparable provision extending the term to sovereign governments implies that Congress did not desire the term to extend to them,” *Mine Workers*, 330 U.S. at 275; *see also* Pet. App. 48a (dissent’s observation that the government is “conspicuously absent” from the Dictionary Act’s definition of “person”).

The “longstanding interpretive presumption” against reading “person” to include the government “may be disregarded only upon some affirmative showing of statutory intent to the contrary.” *Vermont Agency*, 529 U.S. at 780–81. Thus, absent strong evidence that Congress intended to “broade[n]” the term beyond its ordinary meaning, the government is not included. *Id.* at 782.

The Federal Circuit majority neither acknowledged nor applied *Vermont Agency*’s “affirmative showing” requirement. Although the majority noted the presumption that “person” does not include the government, Pet. App. 30a, it did not cite *Vermont Agency*, let alone identify an “affirmative showing”

that Congress intended the government to be a “person” eligible to petition for AIA reviews. Instead, the majority applied the *opposite* rule by searching for evidence “that Congress intended to *exclude* the government from filing petitions” or “to *curtail* the ability of the government to initiate CBM proceeding[s].” Pet. App. 32a–33a (emphases added). Thus, the Federal Circuit inverted the interpretive presumption created by Congress and this Court in reaching its conclusion.

The Federal Circuit’s decision also conflicts with this Court’s rule that courts should be “especially reluctant to read ‘person’ to mean the sovereign where . . . such a reading is ‘decidedly awkward.’” *Int’l Primate Prot. League v. Adm’rs of Tulane Educ. Fund*, 500 U.S. 72, 83 (1991). The Federal Circuit majority conceded that its interpretation would create an “imbalance” and foster “potential inequity” by allowing the government to “circumvent” the estoppel provisions applicable to all other parties. Pet. App. 32a; *see also* Pet. App. 29a (acknowledging that treating the government as a person produces an “oddity”). But rather than factoring that awkwardness into the analysis, as *Primate Protection League* requires, the Federal Circuit dismissed the consequences of its ruling, concluding that it “is for Congress to ‘correct’ this imbalance should it see fit.” Pet. App. 32a.

In addition to disregarding this Court’s interpretive framework, the Federal Circuit’s decision is clearly incorrect. As noted, and as the Federal Circuit majority itself acknowledged, there is no suggestion—in either the AIA or in its legislative history—that

Congress intended to depart from the ordinary meaning of “person.” Pet. App. 32a. That silence is dispositive for three principal reasons.

First, the presumption against including the government in the term “person” was “longstanding” when Congress enacted the AIA in 2011. *Vermont Agency*, 529 U.S. at 781. Congress is presumed to “understan[d] the state of existing law when it legislates,” *Bowen v. Massachusetts*, 487 U.S. 879, 896 (1988), yet Congress did nothing to disturb the ordinary meaning of “person” when it adopted the AIA.

Second, contrary to the Federal Circuit majority’s assertion that “[t]he AIA does not appear to use the term ‘person’ to exclude the government in other provisions,” Pet. App. 31a, the AIA’s text and structure do just that. Congress distinguished a government agency from a “person,” stating that settlement agreements in AIA proceedings “shall . . . be made available only to *Federal Government agencies* on written request, or to any *person* on a showing of good cause.” 35 U.S.C. § 317(b) (emphasis added); *see also id.* § 327(b); *Vermont Agency*, 529 U.S. at 783-84 (relying on a similar statutory distinction in holding that the States are not “persons” under the False Claims Act). The panel majority did not address these provisions. Further, Congress excluded the government from the class of “person[s]” eligible to petition for AIA reviews by omitting any mention of § 1498(a) compensation actions in the AIA’s estoppel provisions, which only bar relitigation in federal district courts and the ITC.

See 35 U.S.C. §§ 315(e)(2), 325(e)(2); AIA § 18(a)(1)(D); *see also* Pet. App. 51a.⁶

Third, and finally, Congress had no reason to allow government agencies generally to challenge the validity of issued patents because the Patent Act *already* gives a specific government agency—the Patent Office—the authority and responsibility for doing so. The Patent Act permits “[a]ny person” to “file a request for” ex parte reexamination of an issued patent, 35 U.S.C. § 302, but also *separately* provides that the Director of the Patent Office may, “[o]n his own initiative, and any time” institute such a reexamination proceeding, *id.* § 303(a). This parallel structure indicates not only that the government is not a “person” (for if it were, there would be no need to separately authorize the Patent Office Director to act), but also that Congress has channeled the government’s duty to review issued patents to a particular agency in a particular fashion. *See Primate Prot. League*, 500 U.S. at 83 (considering statute’s “context” in determining whether presumptive meaning of “person” is overcome); *cf. Thunder Basin Coal Co. v. Reich*, 510 U.S. 200, 212, 216 (1994).

⁶ It also bears mention that this Court has described AIA reviews as “allow[ing] *private parties* to challenge previously issued patent claims,” *SAS Institute*, 138 S. Ct. at 1350-51 (emphasis added), and as permitting “a *private party* [to] fil[e] the petition for review,” *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1378 n.5 (2018) (emphasis added). Although these observations are not binding, they illustrate the common understanding that the word “person” does not include the government.

B. The Federal Circuit’s Interpretation of “Infringement” Conflicts with this Court’s Precedent and the Federal Circuit’s Own Prior Rulings

The Board may institute a CBM review only if the petitioner has been “sued for” or “charged with” patent “infringement.” AIA § 18(a)(1)(B).

Although the Federal Circuit majority conceded that there are “several cogent arguments why a § 1498(a) suit . . . is not one for “infringement,” and although it “recognize[d] there are important differences” between the two actions, the majority ultimately held that the two actions are one in the same. In doing so, the Federal Circuit disregarded this Court’s longstanding precedent and failed to grasp the significant differences between claims for compensation sounding in eminent domain and tort-based actions for “infringement.”

By equating a compensation action under § 1498(a) with a suit for “infringement,” the Federal Circuit summarily disregarded a century’s worth of precedent from this Court that clearly distinguishes the two actions. This Court has spoken on the issue of governmental liability under § 1498(a) (or its predecessor statute) on multiple occasions. *See Crozier*, 224 U.S. at 306–07; *William Cramp & Sons Ship & Engine Bldg. Co., v. Int’l Curtis Marine Turbine Co.*, 246 U.S. 28, 44–45 (1918); *Richmond Screw*, 275 U.S. at 342.

The Federal Circuit failed to heed two key principles from this Court’s cases. *First*, as this Court held

in *Schillinger*, the government cannot be sued for patent infringement because “patent infringement was a tort for which the Government had not waived sovereign immunity.” 155 U.S. at 167–69. *Second*, as this Court explained in *Crozier*, where the government uses or manufactures the patented invention of another, it does not “infringe”—rather, it has “exercit[ed] the power of eminent domain” and “appropriat[ed] . . . a license to use the inventions” covered by the patent. 224 U.S. at 304. The Federal Circuit’s holding cannot be squared with these principles.

To reach its conclusion, the Federal Circuit also sidestepped its own precedent holding that § 1498(a) suits are distinct from infringement actions. *See, e.g., Zoltek*, 672 F.3d at 1321 (en banc in part) (holding that “§ 1498(a) creates its own independent cause of action” because the “plain language” of the statute indicates that it “operates independently from Title 35”); *Motorola, Inc.*, 729 F.2d at 768 (“Although a section 1498 action may be similar to a Title 35 action, it is . . . not identical.”). The Federal Circuit’s predecessor court likewise consistently held that § 1498(a) actions do not involve claims for patent infringement. *See, e.g., Decca Ltd. v. United States*, 640 F.2d 1156, 1166 (Ct. Cl. 1980) (“Section 1498 . . . authorizes the Government to take, through the exercise of its power of eminent domain, a license in any United States patent.”); *Irving Air Chute Co. v. United States*, 93 F. Supp. 633, 635 (Ct. Cl. 1950) (Section 1498 “is, in effect, an eminent domain statute.”); *Calhoun v. United States*, 453 F.2d 1385, 1391 (Ct. Cl. 1972). Moreover, the Federal Circuit also disregarded its own prior observation that there are “numerous examples of where

the patent statutes are inapplicable in an eminent domain context.” *Motorola, Inc.*, 729 F.2d at 768 n.3 (highlighting differences in the availability of increased damages, attorneys’ fees, injunctive relief, and the scope of liability); *see also Zoltek*, 672 F.3d at 1323.

Rather than follow this Court’s or its own precedent, the Federal Circuit majority instead relied on dictionary definitions to support its expansive interpretation of the term “infringement.” Pet. App. 24a–25a (citing BLACK’S LAW DICTIONARY (9th ed. 2009)). But that definitional analysis is equally inconsistent with the Federal Circuit’s prior rulings. As the en banc Federal Circuit recently held, 35 U.S.C. § 271 provides the “defini[tion] [of] patent infringement” in the Patent Act. *Suprema, Inc. v. Int’l Trade Comm’n*, 796 F.3d 1338, 1346 (Fed. Cir. 2015) (en banc). The panel was therefore bound by that definition, which does not include unauthorized government use within the scope of patent “infringement.” The split approaches of the Federal Circuit in *Suprema* and the panel majority here reinforce the need for this Court’s review.

More broadly, this case is but the latest example of patent-law exceptionalism by the Federal Circuit. In recent years, this Court has repeatedly reversed the Federal Circuit’s rulings for failure to heed the rule that “patent law is governed by the same common-law principles, methods of statutory interpretation, and procedural rules as other areas of civil litigation.” *SCA Hygiene Products*, 137 S. Ct. at 964; *see also, e.g., Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1934 (2016); *Highmark Inc. v. Allcare Health Mgmt.*

Sys., Inc., 134 S. Ct. 1744, 1748 (2014); *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1758 (2014); *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398, 415–16 (2007); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 393–94 (2006). But despite this Court’s clear instruction, the Federal Circuit’s decision eschews this Court’s precedent on multiple issues of statutory construction. Review is warranted to once again correct the Federal Circuit’s wayward approach.

C. The Federal Circuit’s Decision Undermines the AIA’s Balanced Framework, Thereby Giving the Government a “Unique Advantage” Compared to All Other Petitioners

By authorizing the Board to adjudicate petitions filed by the government, the Federal Circuit’s decision undermines the AIA’s carefully balanced scheme. The Federal Circuit’s holding effectively eliminates the estoppel provisions that form “the backbone of the AIA” for an entire class of putative petitioners: the government, its agencies and departments, and many privately owned contractors working on the government’s behalf. Pet. App. 51a. While acknowledging the “oddity of this result,” the Federal Circuit’s decision leaves it to Congress to sort out the “soundness of exempting the government from the estoppel provision.” Pet. App. 29a. The Federal Circuit’s analysis is deeply flawed.

Congress’s intent is clear that CBM review petitioners—along with petitioners in inter partes and post-grant review proceedings—are estopped from re-

litigating issues raised before the Board. *See, e.g.*, AIA § 18(a)(1)(D); 35 U.S.C. §§ 315(e)(2), 325(e)(2). As Congress noted, no petitioner may “later assert invalidity before . . . a *Federal court* on a ground that was considered and resulted in a written decision by the agency.” H.R. Rep. No. 112-98, at 80 (emphasis added).

The policy underlying the estoppel provision is straightforward. *See supra* pp. 2–5. As explained in Judge Newman’s dissent, “[t]he estoppel provision is the backbone of the AIA, for it is through estoppel that the AIA achieves its purpose of expeditious and economical resolution of patent disputes without resort to the courts.” Pet. App. 51a. Congress also provided for a strong estoppel provision because it “recognize[d] the importance of quiet title to patent owners to ensure continued investment resources.” H.R. Rep. No. 112-98, at 48.

The structure of the AIA’s estoppel provisions further undermine the Federal Circuit’s analysis. Those provisions estop petitioners in AIA review proceedings from raising the same invalidity claims in subsequent “civil action[s]” in federal district court and “proceeding[s]” before the International Trade Commission.” AIA § 18(a)(1)(D); *see also* 35 U.S.C. §§ 315(e)(2), 325(e)(2). Critically, however, the provisions are silent about estoppel applying in § 1498(a) actions at the Court of Federal Claims. That differential treatment signals that Congress did not envision that government agencies would be petitioners before the Board. *See* Pet. App. 51a.

The upshot of the Federal Circuit’s ruling is that the government is exempt from the rule that petitioners are estopped from relitigating issues raised during AIA reviews. That regime allows the government two bites at the invalidity apple, *see* Pet. App. 55a—thereby undermining Congress’ goal of streamlining patent litigation. Indeed, the Federal Circuit’s decision deprives patent owners of quiet title when their inventions are used “by or for the United States,” 28 U.S.C. § 1498(a), because the government and its contractors will be able file repeated invalidity challenges—the precise outcome that Congress sought to avoid. *Patent Reform Act of 2011*, 157 Cong. Rec. S936-02, S952 (statement of Sen. Grassley) (AIA includes “a strengthened estoppel standard to . . . significantly reduce the ability to use post-grant procedures for *abusive serial challenges to patents*” (emphasis added)).

II. THE QUESTIONS PRESENTED ARE IMPORTANT AND WARRANT REVIEW BY THIS COURT

The Federal Circuit’s decision warrants this Court’s review for three additional reasons.

First, the questions presented by this case are recurring. Since the enactment of the AIA, the government has been sued nearly sixty times under 28 U.S.C. § 1498(a) in the Court of Federal Claims. In parallel, the government and contractors acting on the government’s behalf have become increasingly involved in AIA review proceedings in recent years. Although CBM reviews are available only through September 2020, *see* AIA § 18(a)(3)(A), the questions

presented—and in particular the meaning of “person” under the AIA—concern *all* forms of AIA review, including inter partes review and post-grant review.

Second, the questions presented implicate the principle that courts must “tak[e] seriously, and appl[y] rigorously, in all cases, statutory limits on agencies’ authority.” *City of Arlington v. FCC*, 569 U.S. 290, 307 (2013). The Federal Circuit’s ruling expands the Board’s authority to invalidate issued patents—property protected by the Due Process and Takings Clauses, *see Oil States*, 138 S. Ct. at 1378–79—and thus further jeopardizes billions of dollars in investments in every sector of the economy. *See, e.g., Joseph A. DiMasi et al., Innovation in the Pharmaceutical Industry: New Estimates of R&D Costs*, 47 J. HEALTH ECON. 20, 31 (2016) (showing that patented drugs require, on average, \$2.6 billion to bring to market). Although the question whether a government agency may *decide* patent challenges is settled, *see Oil States*, 138 S. Ct. at 1379, the question whether government agencies may *initiate* those challenges is not, as the Federal Circuit’s divided ruling demonstrates. That question is “important,” the dissent explained, because it concerns the scope of the Board’s delegated authority and the structure of administrative-review mechanisms that have become a central feature of the U.S. patent system. *See* Pet. App. 44a, 46a–47a, 51a–54a.

Third, and finally, the circumstances involved in this case are remarkable and exemplify the type of repeat patent challenges that Congress sought to restrict when it enacted the AIA. Since the day the ’548 Patent issued, Return Mail—a small business—

has been forced to defend its patent rights against serial challenges by the government. Rather than license the '548 Patent, the Postal Service misappropriated Return Mail's invention and unsuccessfully attempted to invalidate the '548 Patent by *ex parte* reexamination before the Patent Office. Once the Patent Office confirmed the validity of the '548 Patent, Return Mail filed suit at the Court of Federal Claims—an Article I court. Faced with the prospect of accounting for its unauthorized use in that court, the Postal Service initiated a *second* administrative review proceeding, this time before the Board. Now, nearly fifteen years after the '548 Patent was issued, Return Mail's final opportunity to receive compensation from the government is through review by this Court. This series of events is not consistent with Congress' intent in enacting the AIA, nor is it consistent with the policy underlying the U.S. patent system or the government's procurement and development of technology.

CONCLUSION

This case squarely presents two pure questions of law, both of which bear on the proper functioning of the patent system: whether the government is a “person” for purposes of the AIA’s review provisions, and whether § 1498(a) actions seek to hold the government liable for patent “infringement.” The Court should grant the petition and resolve those important questions.

Respectfully submitted,

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May 14, 2018

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