No. 17-1594

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**

AMICUS CURIAE BRIEF OF KENNETH O. SIMON IN SUPPORT OF PETITIONER

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INTEREST OF AMICUS CURIAE[1]

Amicus Kenneth O. Simon is an attorney and jurist with more than 30 years' experience as a judge and litigator. Amicus served as a Special Assistant to Attorney General William French Smith and later as an Assistant Director and Branch Chief of the U.S. Securities and Exchange Commission's Division of Enforcement in Washington, D.C., where he supervised investigations of possible violations of the federal securities laws.

Thereafter, Amicus served as a trial court judge in Jefferson County, Alabama, the state's largest judicial district. Amicus later returned to private practice as a litigator, mediator/arbitrator, and advisor to public agencies. He has mediated and arbitrated a wide variety of cases including securities, business torts, consumer litigation, class actions, products liability, employment litigation, environmental litigation, personal injury, and shareholder disputes.

Amicus has a strong interest in ensuring the proper and adequate protection of property rights, in the proper scope of the administrative state, and in the proper application of the rule of law. This case

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[1] No counsel for a party authored this brief in whole or in part, and no such counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person, other than amicus curiae, or his counsel, made a monetary contribution that was intended to fund preparing or submitting this brief. All parties have received timely notice of amicus curiae's intent to file, or waived delayed notice, and consented to the filing of this brief.

implicates those interests in an important way. Precedent from this Court and others has routinely held that the term "person" does not include the sovereign. When it enacted the Leahy-Smith America Invents Act (AIA), Congress necessarily legislated against that backdrop of uniform precedent including this Court's decision in *United States Postal Service v. Flamingo Industries (USA) Ltd.*, 540 U.S. 736 (2004), a case which held that the Postal Service, an "independent establishment of the executive branch of the Government of the United States," is not a "person" under the Sherman Antitrust Act. Yet despite that precedent, a divided panel of the Federal Circuit below held in this case that the term "person" does include the United States, and its agencies, including the Postal Service. That ruling cannot be squared with this Court's precedent or with the canons of statutory construction. Equally important, that ruling fails to provide for the adequate protection of property rights, fails to address the proper scope of the administrative state, and fails to properly address and follow the rule of law.

The issue presented in this case of statutory intention involves a significant question of general impact, and thus it is particularly appropriate for Supreme Court review.

INTRODUCTION AND SUMMARY OF ARGUMENT

The general rule is that the term "person" does not include the sovereign. In *United States Postal Service v. Flamingo Industries (USA) Ltd.*, 540 U.S. 736 (2004) this court applied that rule to the Postal Service, holding that it is not a person for purposes of the Sherman Antitrust Act.

The same conclusion applies here for the same reasons: there is no evidence that Congress intended to allow the United States to initiate AIA review proceedings and serious, unintended consequences would flow from that rule as Judge Newman's dissent demonstrates.

ARGUMENT IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

A Writ of Certiorari is warranted to correct the Federal Circuit's divided opinion that the United States is a "person" eligible to seek AIA review under 35 U.S.C. § 321(a) which states:

> (a) In General –
>
> Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute a post-grant review of the patent. . . .

and under § 18(a)(1)(B) of the AIA which states:

> (B) A person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person or his real party in interest has been sued for infringement of the patent or has been charged with infringement under that patent.

Although the sovereign government is not mentioned at all in the AIA, the majority in the Federal Circuit panel below nevertheless held that the government is a "person," but yet provided little reason or discussion thereon. In sharp contrast to the panel majority's lack of concrete reference to longstanding precedent or to Congressional intent to support their conclusion, the well reasoned, scholarly, and lengthy dissent by Judge Newman in the case *instanter* methodically demonstrates that "the vast weight of statute and precedent requires the opposite inference." See *Return Mail, Inc. v. United States Postal Service*, 868 F.3d 1350, 1371-1376 (Fed. Cir. 2017). Judge Newman painstakingly reviewed the applicable precedent and the legislative history of the AIA to neutralize any notion whatsoever that the term "person" was meant by Congress to include the sovereign, and among her conclusions she stated that an agency is but a creature of statute, any and all authority pursuant to which an agency may act ultimately must be grounded in an express grant from Congress. Judge Newman further explained that any authority delegated or granted to an administrative agency is necessarily limited to the terms of the delegating statute, that the general rule

is that statutes employing the usage "person" are ordinarily construed to exclude the government, and that the legislative history of the AIA does not suggest that the standard rule of exclusion of the United States from the definition of "person" was simply legislative inadvertence as the majority below held. See Dissenting Opinion of Judge Newman, *Return Mail, Inc.*, 868 F.3d at 1371-1373.

Further, in enacting the AIA, Congress created new rights and remedies that are available only to those on whom they are conferred by the AIA. As the Court stated in *United States v. Cooper Corp.*, 312 U.S. 600 (1941), "[t]he precise question for decision, therefore, is whether, by the use of the phrase 'any person,' Congress intended to confer upon the United States the right to maintain an action. . . ." This Court's unanimous decision in *United States Postal Service v. Flamingo Industries (USA) Ltd.*, 540 U.S. 736 (2004), sheds considerable light on just how that question should be answered. Indeed, proper analysis of the AIA can leave but one conclusion: that the Congress did not accidentally omit the government as a "person" in the AIA.

In *Flamingo*, the Court addressed the issue of whether the Postal Service, a governmental agency and instrumentality of the United States, is a "person" subject to liability under federal antitrust laws. Although Amicus does not opine that the holding in *Flamingo* conclusively establishes that the Postal Service is not a "person" in the case at bar, Amicus does opine that the reasoning and analysis used by the Court in

Flamingo was not followed below. *Flamingo* concerned a private corporation (Flamingo Industries) that had been making mail sacks for the Postal Service, but then the contract was terminated. Flamingo Industries sued the Postal Service in District Court claiming that the Postal Service had sought to suppress competition and create a monopoly in mail sack production. The District Court dismissed the antitrust claims, concluding that the Postal Service is not liable under federal antitrust law. The Court of Appeals reversed. This Court granted certiorari, as it should here, to consider the question whether the Postal Service is a "person" amenable to suit under the controlling antitrust statute.

Justice Kennedy's opinion for a unanimous Court addressed the history of the Postal Service, including the major changes that came with the Postal Reorganization Act of 1970 (PRA), 39 U.S.C. §§ 101 *et seq*. and the statute's waiver of immunity of the Postal Service from suit by giving it the power "to sue and be sued in its official name."

The Court then analyzed whether the Sherman Antitrust Act, which imposes liability on any "person," applies to the Postal Service. Because the Sherman Antitrust Act defined "person" to include "corporations and associations existing under or authorized by the laws of either the United States [or of States or foreign government]," 15 U.S.C. § 7, the Court concluded that: "[I]t follows then, that corporate or governmental status in most instances is not a bar to the imposition of liability on an entity as a 'person' under the Act." *Id*. at 744-745.

Recognizing and then applying the precedent and the methodology of *United States v. Cooper Corp.*, *supra*, in reaching its decision that the government, vis-a-vis the Postal Service, is not a "person" under the Sherman Antitrust Act, the *Flamingo* Court held:

> "[I]mportant to the present case is an explicit reason given by the *Cooper* Court for reaching its decision. The Court observed that if the definition of 'person' included the United States, then the Government would be exposed to liability as an antitrust defendant, a result Congress could not have intended." *Cooper* at 607, 609.

Flamingo, 540 U.S. at 745.

Quite importantly here, nowhere at all in the AIA or its legislative history is there found even the slightest scintilla of evidence that Congress wanted or intended the United States Government to be exposed to actions brought against it under the AIA when, as often, it is the owner of a patent, or to be exposed to a preclusion of rights such as binding estoppel. Relevant to that anomaly and its impact under *United States v. Cooper Corp.*, *supra*, and *United States Postal Service v. Flamingo Industries (USA) Ltd., supra*, Judge Newman observed that:

> " . . . [I]nclusion of the government as a 'person' . . . 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. . . ."

868 F.3d at 1375.

> "The CBM statute does not mention infringement litigation in the Court of Federal Claims, while reciting the analogous actions in the district courts and the International Trade Commission. . . . The estoppel provision, however, is the *quid pro quo* that underlay enactment of the AIA.
>
> The 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."

Return Mail, Inc., 868 F.3d at 1373, 1374.

Concerning the legislative history of the AIA, during the debate before passage of the AIA, the then-Director of the PTO Dudas told the Congress:

> [T]he estoppel needs to be quite strong . . . any issue that you raised or could have raised . . . you can bring up no place else. That second window, from the administration's position is intended to allow nothing – 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 Director Jon Dudas).

When the final version of the legislation was enacted, successor-Director Kappos reiterated the importance of the estoppel provision:

> If I can say that in my own words also, that I believe there are significant advantages for patentees who successfully go through the post-grant system – in this case inter partes review – because of those estoppel provisions. Those estoppel provisions mean that your patent is largely unchallengeable by the same party.

America Invents Act: Hearing on H.R. 1249 Before the House Comm. on the Judiciary, 112th Cong. 52-53 (2011) (statement of Director David Kappos).

Under *Cooper*, *supra*, "[t]here is no hard and fast rule of exclusion. The purpose, the subject matter, the context, the legislative history, and the executive interpretation of the statute are aids to the construction which may indicate an intent, by the use of the term, to bring state or nation within the scope of the law." *Cooper* at 605. Careful analysis of the AIA as above should end the inquiry just as did, respectively, the *Cooper* and *Flamingo* Courts, viz. that the government is not a "person" under the AIA.

CONCLUSION

A divided panel of the Federal Circuit below held in this case that the term "person" does include the United States and the Postal Service. That ruling fails to provide for the adequate protection of important property rights, fails to address the proper scope of the

administrative state, and fails to properly address and follow the rule of law.

Respectfully submitted,

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