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Return Mail v. Postal Service: The Supreme Court Rules the Federal Government May Not Petition for Institution of Post-Issuance Patent Reviews

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In a 6-3 opinion authored by Justice Sotomayor, the Supreme Court held that the Federal Government is not a “person” capable of petitioning the Patent Trial and Appeal Board (“PTAB”) to institute patent review proceedings under the Leahy-Smith America Invents Act (“AIA”).

In 2004, the Petitioner, Return Mail, Inc. (“Return Mail”), received a patent for a system and method for processing undeliverable mail (U.S. Patent No. 6,826,548). Although negotiations with the Respondent were ongoing, the United States Postal Service (“Postal Service”) declined to enter into a license and instead requested an *ex parte* reexamination of the patent. The reexamination resulted in a confirmation of validity.

Return Mail then filed a suit against the United States in the Court of Federal Claims under 28 U.S.C. § 1498(a) on February 28, 2011, seeking compensation for unlawful governmental use of the invention. While that suit was pending, the Postal Service petitioned the PTAB for a covered-business-method review (“CBM”), challenging the patent’s invalidity pursuant to 35 U.S.C. §§ 101, 102, and 103. The Board instituted the requested CBM review and concluded that “because the United States has been sued for patent infringement, the United States has standing under Section 18 of the AIA to seek a covered business method review of the ‘548 Patent.” Ultimately, the PTAB found that the claims of ‘548 Patent were invalid pursuant to 35 U.S.C. § 101 and the related *Alice Corp. v. CLS Bank International*, 573 U.S. 208 (2014).

On appeal, the Federal Circuit affirmed holding that the government is a “person” authorized to petition for CBM review under the Section 18(a)(1)(B) of the AIA. See 35 USC § 312(a). The Federal Circuit stated that statutes using the term “person” ordinarily are construed not to include the government, but also acknowledged that there is no “hard and fast rule of exclusion.”¹ The Court looked to the structure and policies underlying the patent statutes and held that the term “person” should be read to include federal agencies.² Judge Newman authored a dissent stating that the relationship between the advantage of the AIA post-issuance proceedings and the estoppel that arises from such proceedings—which would not apply in a Court of Federal Claims case—meant that the Federal Government should not be deemed a “person” eligible to bring a post-issuance proceeding.

On June 10, 2019, the Supreme Court reversed the Federal Circuit. First, because of the absence of an express definition of the term “person” in the patent statutes, the majority applied the “longstanding interpretive presumption that ‘person’ does not include the sovereign.”³ The Supreme Court then held that the Postal Service did not overcome this presumption. First, despite the fact that the patent statutes reference “person[s]” elsewhere to include federal agencies, the AIA does not contain the same type of language. The Supreme Court also dismissed the Postal Service’s argument that the Federal Government, like other “persons,” may apply for patents in the name of the United States and be subject to civil liability for infringement. However, the majority distinguished the Federal Government by noting that it does not face the threat of preliminary injunctive relief and enjoys a degree of certainty regarding liability. Since the majority reached the decision that the Federal Government is not a person, they did not address the estoppel issue.

Justice Breyer dissents (Justice Ginsburg and Justice Kagan joining) by arguing that the language in the other

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patent provisions strongly suggests that the term “person” includes the Federal Government. Justice Breyer goes on to state that a holding in favor of the Postal Service would also reinforce the legislative intent of the post-issuance review processes; namely, to improve patent quality.

This ruling will undoubtedly benefit technology companies and patent holders that may find themselves in a lawsuit against the Federal Government. In addition, although the underlying case concerned CBMs, the holding extends to all post-issuance review proceedings, including IPRs and PGRs.

[Read the full opinion.](#)

¹ *Return Mail, Inc. v. U.S. Postal Serv.*, 868 F.3d 1350, 1365 (Fed. Cir. 2017).

² *Id.* at 1353.

³ No. 17-1594, 2019 WL 2412904 at *5 (U.S. June 10, 2019).

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