

***The USPTO as Prime Mover:
Possibilities and Limitations for a Growing Agency*¹**

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Abstract

From a relatively modest Jacksonian agency, the U.S. Patent and Trademark Office (USPTO) has emerged as an adjudicatory forum that is increasingly competitive with the courts. Through a proliferation of post-issuance proceedings, the constitution of a new Patent Trial and Appeal Board, and new statutory provisions on court stays and estoppel, the agency has obtained an expanded capacity to have both the first and last word on important questions of patentability and patent validity, including the somewhat controversial capacity effectively to void outstanding district court judgments by canceling underlying patent claims. On the other hand, Article III courts have so far retained their traditional roles as primary fora for patent-infringement disputes and as primary expositors of substantive patent law. Contrary to some commentators' suggestions, this paper contends that congressional authorization for new post-issuance proceedings has not included an implicit delegation of interpretive authority warranting high-level *Chevron* deference for the USPTO's interpretations of substantive patent law. But the USPTO can accomplish much with lower-level *Skidmore* deference and should actively exploit its position as patent law's first mover to help steer the development of substantive patent law and the processes of determining patent scope toward a more stable and pragmatically balanced future.

Introduction

From a relatively modest Jacksonian agency,³ the U.S. Patent and Trademark Office (USPTO) has emerged as an adjudicatory forum that is increasingly competitive with the courts.⁴ Through a proliferation of post-issuance proceedings, the constitution of a new Patent Trial and Appeal Board, and new statutory provisions on court stays and estoppel,⁵ the agency has obtained an expanded capacity to have both the first and last word on important questions of patentability

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³ John F. Duffy, *The FCC and the Patent System: Progressive Ideals, Jacksonian Realism, and the Technology of Regulation*, 71 U. COLO. L. REV. 1071, 1134 (2000) (noting that, under the 1836 Patent Act, "the Patent Office was given no power to issue substantive regulations—a limitation that continues to have significant legal implications").

⁴ See Sarah Tran, *Patent Powers*, 25 HARV. J.L. & TECH. 595, 631 (2012) ("Supported by financial reforms, the America Invents Act drastically expands the USPTO's set of tools for reviewing the validity of patents.").

⁵ See *infra* text accompanying notes __.

and patent validity,⁶ including the somewhat controversial capacity effectively to void outstanding district court judgments by canceling underlying patent claims.⁷ Article III courts have so far retained their traditional roles as primary fora for patent-infringement disputes and as primary expositors of substantive patent law. But the USPTO can and should exploit its position as patent law's first mover to help steer the development of substantive patent law and the processes of determining patent scope toward a more stable and pragmatically balanced future.⁸

I. Not the 1970s' USPTO

The past four decades have featured a rate of change and growth in patent law institutions that appears to have little precedent outside U.S. patent law's first half century. These most recent decades have witnessed a number of dramatic institutional developments, including (1) the emergence of the U.S. Court of Appeals for the Federal Circuit as the primary, day-to-day judicial expositor of patent law;⁹ (2) the U.S. Supreme Court's temporary withdrawal from and subsequent return to being a substantial player in substantive patent law;¹⁰ and (3) the rise of jurisdictions such

⁶ Rochelle Cooper Dreyfuss, *Giving the Federal Circuit a Run for its Money: Challenging Patents in the PTAB*, NOTRE DAME L. REV. (forthcoming), available at <http://ssrn.com/abstract=2572647>.

⁷ See *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1332 (2013) (holding that cancellation of asserted patent claims in USPTO reexamination eliminated the patentee's cause of action in an infringement suit that "remain[ed] pending" on appeal despite the fact that the district court and U.S. Court of Appeals for the Federal Circuit had already upheld the asserted claims against challenges of invalidity), *pet'n for reh'g en banc denied*, 733 F.3d 1369 (Fed. Cir. 2013) (en banc); *id.* at 1347 (Newman, J., dissenting) (contending that the Federal Circuit majority's holding enables the USPTO "to override and void the final judgment of a federal Article III Court of Appeals" and thereby "violates the constitutional plan"); see also *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 733 F.3d 1369, 1373 (Fed. Cir. 2013) (en banc) (O'Malley, J., dissenting) (contending that, where no court "could disturb [the patentee's adjudicated] entitlement to damages for infringement," "[u]nder no reasonable application of the law, ... could the PTO's actions eradicate that judgment"); Shashank Upadhye & Adam Sussman, *A Real Separation of Powers or Separation of Law: Can an Article I Administrative Agency Nullify an Article III Federal Court Judgment?*, 25 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1, 17 (2014) (noting the "tone of offense ... in the Fresenius dissent" at "the concept that ... when the PTO nullified the patent, the PTO said the court should do so too").

⁸ Cf. Sarah Tran, *Policy Tailors and the Patent Office*, 46 U.C. DAVIS L. REV. 487, 495 (2012) (contending that "giving the USPTO more opportunities to engage in policymaking could enable the USPTO to produce economies of scale for the patent system and help create better tailored innovation policy").

⁹ See, e.g., Rochelle Cooper Dreyfuss, *In Search of Institutional Identity: The Federal Circuit Comes of Age*, 23 BERKELEY TECH. L.J. 787, 788-89 (2008) (discussing the Federal Circuit's performance during its first quarter century); Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 4 (1989) (examining the Federal Circuit's performance during the first several years of its existence).

¹⁰ See, e.g., John F. Duffy, *The Festo Decision and the Return of the Supreme Court to the Bar of Patents*, 2002 SUP. CT. REV. 273, 283 (2002) (noting that, starting in "the mid-1990s," the Supreme "Court began exercising its certiorari power more frequently in Federal Circuit patent cases"); John M. Golden, *The Supreme Court as "Prime Percolator": A Prescription for Appellate Review of Questions in Patent Law*, 56 UCLA L. REV. 657 (2009) (observing that "the Supreme Court ha[d], in the past six years, asserted its dominion over patent law with frequency and force"); Mark D. Janis, *Patent Law in the Age of the Invisible*

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as the Eastern District of Texas and District of Delaware as favorite fora for patent disputes.¹¹ But the growth of the USPTO into an agency with a multi-billion-dollar annual budget,¹² over 10,000 employees,¹³ and a raft of post-issuance proceedings¹⁴ has been at least as remarkable and might set the stage for a significant rebalancing of power between the USPTO and Article III courts.¹⁵

At this point, the USPTO's Patent Trial and Appeal Board (PTAB) appears likely to be at the center of any immediate rebalancing of power between the agency and the courts. Filings for inter partes post-issuance proceedings before the PTAB have been arriving at a rate of about 150 per month since mid-2014,¹⁶ a fact putting this single administrative body's new case flow within about a factor of three of the flow of patent cases into all of the U.S. district courts.¹⁷ Moreover, the PTAB also faces a massive backlog of about 25,000 ex parte appeals from original examinations or reexaminations.¹⁸ Perhaps unsurprisingly therefore, the number of judges on the PTAB has been rapidly growing to try to meet the onslaught of requested proceedings. The PTAB's predecessor, the Board of Patent Appeals and Interferences, had only about 70

Supreme Court, 2001 U. ILL. L. REV. 387, 387 (“The Supreme Court has rendered itself well nigh invisible in modern substantive patent law.”).

¹¹ See, e.g., J. Jonas Anderson, *Court Competition for Patent Cases*, 163 U. PA. L. REV. 631, 631 (2015) (“There are ninety-four federal district courts in the United States, but nearly half of the six thousand patent cases filed in 2013 were filed in just two of those courts: the District of Delaware and the Eastern District of Texas.”); Daniel Klerman & Greg Reilly, *Forum Selling*, USC Gould School of Law Legal Studies Research Paper No. 14-44, at 32 (Feb. 19, 2015) (observing that “Delaware is the only district that approaches east Texas in its share of patent litigation and the only other district whose share has increased significantly in recent years”), available at <http://ssrn.com/abstract=2538857>; Matthew Sag, *IP Litigation in United States District Courts: 1994 to 2014*, IOWA L. REV. (forthcoming) (commenting that “[t]he Eastern District of Texas has gone to great lengths to bend almost every procedural aspect of patent litigation in favor of plaintiffs” and that “[t]he District of Delaware has gone down the same path, but not quite as far”) (2015), available at <http://ssrn.com/abstract=2570803>.

¹² John M. Golden, *The USPTO's Soft Power: Who Needs Chevron Deference?*, 66 SMUL. REV. 541, 541 (2013) (reporting that, in fiscal year 2012, the USPTO “had about \$2.3 billion in program costs”).

¹³ *Id.* (reporting that, in fiscal year 2012, “the USPTO employed over 11,000 people, including nearly 8,000 patent examiners”).

¹⁴ Gregory Dolin, *Dubious Patent Reform*, 56 B.C. L. REV. (forthcoming 2015) (chronicling the emergence of multiple mechanisms “for post-issuance review of U.S. patents” since 1980), available at <http://ssrn.com/abstract=2488220>.

¹⁵ Tran, *supra* note 4, at 613 (contending that “a number of the USPTO's new powers conflict irreconcilably with the Federal Circuit's traditional view of USPTO authority”).

¹⁶ U.S. Patent & Trademark Office, *AIA Progress Statistics—Graphical View and Subsets* (Mar. 26, 2015), http://www.uspto.gov/sites/default/files/documents/032615_aia_stat_graph.pdf.

¹⁷ See Lex Machina, *Cases Filed by Year*, <https://lexmachina.com> (Mar. 28, 2015) (listing figures indicating that an average of about 460 patent cases were filed per month in U.S. district courts from 2012 through 2014).

¹⁸ U.S. Patent & Trademark Office, *February 2015 Patent Trial and Appeal Board (PTAB) Data*, <http://www.uspto.gov/dashboards/patenttrialandappealboard/main.dashxml> (Mar. 28, 2015) (listing 24,814 “Ex Parte Appeals” and 45 “Ex Parte Reexamination” appeals as pending before the PTAB).

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administrative patent judges in 2011,¹⁹ the year that the America Invents Act was enacted and the mandate for the new PTAB was put in place.²⁰ The PTAB had 214 members by August 14, 2014, and was looking to add 20 additional judges by October of that year.²¹

The PTAB has been notable not only for its work volume and numerical growth but also for the outcomes it has delivered. The results of the PTAB's first eighty written decisions on the merits in inter partes review were eye opening, with Gregory Dolin reporting that all claims at issue were canceled in fifty-two of the decisions and more than 70% of claims at issue were stricken overall.²² Such early results caught the attention of members of the patent community, apparently leading then Chief Judge Rader of the Federal Circuit to describe the PTAB panels as "death squads killing property rights" at an annual meeting of the American Intellectual Property Law Association.²³ The PTAB has also garnered attention by generally rejecting motions to amend claims,²⁴ thus sharply distinguishing the new post-issuance proceedings in which it acts as trial court from more traditional ex parte reexamination proceedings in which narrowing claim amendments have been readily available.²⁵

The PTAB's rates of claim cancellation have apparently cooled with time, but the Board's record in winnowing patent claims remains impressive. As of January 15, 2015, the PTAB had found unpatentable 36% of the claims at issue in 173 inter partes reviews and a further 15% of claims at issue in those proceedings had been otherwise canceled or disclaimed.²⁶ In short, PTAB

¹⁹ Scott A. McKeown, *PTAB Triples in Size Since 2011*, PATENTS POST-GRANT (Aug. 18, 2014) (reporting that "the Board was comprised of 70 judges, total, in 2011"), available at <http://www.patentspostgrant.com/ptab-updates-public-on-workflow>.

²⁰ U.S. PATENT & TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE L-9 (May 2014) (noting that the new provisions for the Patent Trial and Appeal Board as a replacement for the Board of Patent Appeals and Interferences became effective on September 16, 2012); see also Aashish Kapadia, *Inter Partes Review: A New Paradigm in Patent Litigation*, 23 TEX. INTELL. PROP. L.J. 113, 114 (2015) (noting that, under the America Invents Act, "the Patent Trial and Appeal Board (PTAB) succeeded the previous Board of Patent Appeals and Interferences (BPAI)").

²¹ U.S. Patent & Trademark Office, Patent Public Advisory Committee Quarterly Meeting: Patent Trial and Appeal Board Update, http://www.uspto.gov/sites/default/files/about/advisory/ppac/20140814_PPAC_PTABUpdate.pdf (Aug. 14, 2014) [hereinafter USPTO PPAC Report].

²² Dolin, *supra* note 14, at 58.

²³ Rob Sterne & Gene Quinn, *PTAB Death Squads: Are All Commercially Viable Patents Invalid?*, IPWATCHDOG, <http://www.ipwatchdog.com/2014/03/24/ptab-death-squads-are-all-commercially-viable-patents-invalid/id=48642/> (Mar. 24, 2014); see also Dreyfuss, *supra* note 6, at 13 (noting then Chief Judge Rader's statement and others' concern that "the Board is out of control").

²⁴ Dolin, *supra* note 14, at 61 (noting that, in final decisions, the PTAB had rejected twenty-nine out of thirty associated motions to amend, with the only motion granted having been an unopposed motion by the U.S. Government).

²⁵ *Id.* at 27-28 ("During the reexamination proceedings the patentee can amend his claims to narrow (but not broaden) their scope, much like he would be able to do during the initial examination.").

²⁶ U.S. Patent & Trademark Office, *Inter Partes Review Petitions Terminated to Date*, http://www.uspto.gov/sites/default/files/documents/inter_partes_review_petitions_terminated_to_date%2001%2015%202015.pdf (Jan. 15, 2015).

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proceedings still seem to have led to approximately half of all claims at issue falling by the wayside, a record that helps explain why, in addition to comparatively low cost, pursuit of review before the PTAB has become a favored path for many patent challengers.

Of course, mere volume of USPTO activity such as that of the PTAB does not by itself equate to a high level of influence on how patent law develops or even how individual cases are resolved. But the USPTO's new proceedings give the agency increased capacity to deliver adversarially tested, well-considered, factually well-informed conclusions on controversial issues of patent law's substance as well as of USPTO procedure. Thus, even assuming that Article III courts remain the principal authorities on questions of substantive patent law, these proceedings seem likely to enhance the USPTO's ability to affect how such questions are resolved.

At least since the adoption of a regime of substantive USPTO examination in the mid-1800s, the USPTO has been in position to be patent law's "first mover" in that the USPTO has the initial job of determining whether a patent application should be allowed. But the sheer volume of patent applications and lack of immediate clarity about their technological and legal implications place important limitations on the influence that the USPTO can exert through this first-stage review. Even with several thousand examiners, the yearly influx of several hundred thousand applications means that the USPTO can—and even arguably should²⁷—often conduct little more than a relatively cursory investigation of various questions relating to patentability.²⁸ Further, the need to use several thousand examiners, as well as hundreds of administrative patent judges, means that the USPTO has natural problems ensuring that individual decisions by agency employees are properly representative of the official positions of the agency as a whole.

Nonetheless, in part through the issuance of guidance documents that do not themselves have the force of law, the USPTO has already shown a capacity to influence the substantive course of patent law's development. The utility guidelines that the USPTO developed in the late 1990s to deal with a flood of patent applications for often fragmentary DNA sequences²⁹ were deployed by the USPTO's examination corps and the Board of Patent Appeals and Interferences to reject specific patent claims in original examination.³⁰ The Federal Circuit then affirmed these rejections

²⁷ Mark A. Lemley, *Rational Ignorance at the Patent Office*, 95 NW. U. L. REV. 1495, 1497 (2001) ("Because so few patents are ever asserted against a competitor, it is much cheaper for society to make detailed validity determinations in those few cases than to invest additional resources examining patents that will never be heard from again.").

²⁸ See John M. Golden, *Proliferating Patents and Patent Law's "Cost Disease"*, 51 HOUS. L. REV. 455, 496-97 (2013) (indicating how, roughly speaking, an average of something in the nature of 20 hours for USPTO examiner work on each application follows from current numbers of patent examiners and incoming applications per year).

²⁹ Golden, *supra* note 12, at 554 (discussing how "the USPTO injected new life into the utility requirement for biological-substance and chemical-substance inventions").

³⁰ *In re Fisher*, 421 F.3d 1365, 1368 (Fed. Cir. 2005) (noting that, in reviewing a patent application, the USPTO examiner had "found that [claimed DNA sequences] were not supported by a specific and substantial utility" and that the Board had also found that various asserted utilities for the sequences were not specific and substantial utilities).

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under a deferential standard of review that reflected the factual underpinnings for the USPTO's approach.³¹

Likewise, the USPTO helped set the stage for recent revitalization of restrictions on subject-matter eligibility by highlighting concerns with subject-matter eligibility in opinions associated with a precedential decision by the Board of Patent Appeals and Interferences in 2004.³² The Board's opinion rejected a "technological arts" requirement for subject-matter eligibility³³ but declined to reject or even to criticize an alternative approach to limiting patentable subject matter suggested in a dissent.³⁴ This dissent not only highlighted the USPTO's natural need to address such issues promptly³⁵ but also proposed an alternative test for subject-matter eligibility under which a process claim must be "tied to a particular machine or apparatus" or "transform physical subject matter to a different state or thing."³⁶ The Federal Circuit later substantially adopted this "machine or transformation" test.³⁷ Although the U.S. Supreme Court ultimately rejected the test as lacking sufficient statutory and precedential support³⁸ as well as, in the opinion of at least four justices, possessing excessive rigidity,³⁹ the Supreme Court has left in place and, indeed, bolstered the turn toward a more restrictive approach to subject-matter eligibility that the USPTO helped produce.⁴⁰

³¹ *Id.* at 1379 ("We conclude that substantial evidence supports the Board's findings that each of the five claimed [DNA sequences] lacks a specific and substantial utility and that they are not enabled.").

³² *Ex parte Lundgren*, 76 U.S.P.Q. 2d 1385 (B.P.A.I. 2004).

³³ *Id.*

³⁴ *Id.* ("We decline at this stage ... to enter a new ground of rejection based on Judge Barrett's rationale, because in our view his proposed rejection would involve development of the factual record and, thus, we take no position in regard to the proposed new ground of rejection.").

³⁵ *Id.* (Barrett, Admin. Pat. J., dissenting) ("In recent years, the USPTO has been flooded with claims to 'processes,' many of which bear scant resemblance to classical processes of manipulating or transforming compositions of matter and of functions performed by machines.").

³⁶ *Id.* ("A series of steps which is not tied to a particular machine or apparatus, and which does not transform physical subject matter to a different state or thing, does not meet the statutory definition of a 'process' and is not patentable subject matter.").

³⁷ *Bilski v. Kappos*, 561 U.S. 593, 600 (2010) (noting the Federal Circuit's adoption of a "'machine-or-transformation test'" for the patent eligibility of a process).

³⁸ *Id.* at 602-04 (discussing statutory language, interpretive principles, and prior Supreme Court decisions).

³⁹ *Id.* at 606 (opinion of Kennedy, J.) ("Section 101's terms suggest that new technologies may call for new inquiries.").

⁴⁰ *See Bilski*, 561 U.S. at 600 (emphasizing that, in rejecting a machine-or-transformation test lately adopted by the Federal Circuit, the Supreme Court should not be "read as endorsing [prior] interpretations of § 101" by the Federal Circuit); *id.* at 658 (Breyer, J., concurring in the judgment) (contending that rejection of the Federal Circuit's prior "useful, concrete, and tangible result" test for subject-matter eligibility was "consistent with" all the justices' written opinions (internal quotation marks omitted)); *see also id.* at 614 n.1 (Stevens, J., concurring in the judgment) (stating that "it would be a grave mistake to assume that anything with a 'useful, concrete and tangible result' ... may be patented" (internal quotation marks omitted)).

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The USPTO’s newly expanded powers to engage in post-issuance proceedings increase its capacity to act as “first mover.” Most specifically in this regard, provisions for automatic stays of district court litigation while a patent is subject to inter partes or post-grant review effectively provide the USPTO with a variant of “primary jurisdiction”⁴¹ when a challenger to a patent files a civil action after or on the same day as the challenger petitions for inter partes or post-grant review.⁴² More generally, inter partes and post-grant review proceedings not only provide expanded opportunities for USPTO action but also mean that such action will come in circumstances in which USPTO review, in terms of timing and quality, is more on a par with the sort of trial-based, post-issuance review traditionally only available in Article III courts or, for at least a subset of infringement cases, the International Trade Commission.⁴³ As opposed to prior provisions for ex parte reexamination and inter partes reexamination that limited grounds for post-issuance challenge to arguments of obviousness or lack of novelty based on prior-art “patents or printed publications,”⁴⁴ the new provisions for post-grant review broadly enable the USPTO to review challenges to patent claims based on all the grounds for invalidity that an accused infringer might raise in litigation in the district courts.⁴⁵ Moreover, these new provisions enable the USPTO

⁴¹ See RICHARD J. PIERCE, JR., SIDNEY A. SHAPIRO & PAUL R. VERKUIL, *ADMINISTRATIVE LAW AND PROCESS* § 5.8, at 221 (5th ed. 2009) (describing primary jurisdiction as “a concept used by courts to allocate initial decision making responsibility” and noting that, “[i]f a court concludes that an issue raised in an action before the court is within the primary jurisdiction of an agency, the court will defer any decision in the action before it until the agency has addressed the issue” (emphasis omitted)); John F. Duffy, *On Improving the Legal Process of Claim Interpretation: Administrative Alternatives*, 2 WASH. U. J.L. & POL’Y 109, 137 (2000) (observing that, after a court “decides to invoke the doctrine” of primary jurisdiction, the court may “gran[t] a stay of proceedings”).

⁴² 35 U.S.C. § 315(a) (“If the petitioner or real party in interest files a civil action challenging the validity of a claim of the patent on or after the date on which the petitioner files a petition for inter partes review of the patent, that civil action shall be automatically stayed”); *id.* § 325(a)(2) (“If the petitioner or real party in interest files a civil action challenging the validity of a claim of the patent on or after the date on which the petitioner files a petition for post-grant review of the patent, that civil action shall be automatically stayed”).

⁴³ Dreyfuss, *supra* note 6, at 6 (discussing procedural aspects of post-grant review, inter partes review, and covered-business-method review proceedings); Melissa F. Wasserman, *Deference Asymmetries: Distortions in the Evolution of Regulatory Law*, 93 TEX. L. REV. 625, 661 (2015); Melissa F. Wasserman, *The Changing Guard of Patent Law: Chevron Deference for the PTO*, 54 WM. & MARY L. REV. 1959, 1981 (2013) (noting that the USPTO must “allow oral arguments and discovery as part of [its] postgrant review proceedings”); *cf.* Stuart Minor Benjamin & Arti K. Rai, *Who’s Afraid of the APA? What the Patent System Can Learn from Administrative Law*, 95 GEO. L.J. 269, 327-28 (2007) (observing that “various post-grant review proceedings ... proposed [in the bills that ultimately culminated in amendment of the U.S. Patent Act] would be trial-type procedures on the record that bear the hallmarks of formal adjudication—most notably, a proceeding before an administrative judge at which the parties present evidence and cross-examination, with the judge’s decision based on the record”).

⁴⁴ 35 U.S.C. §§ 301-03 (indicating allowed grounds from launching an ex parte reexamination); *id.* § 311(a) (pre-America Invents Act provision applying to inter partes reexamination requests filed before September 16, 2012) (indicating allowed grounds for an inter partes reexamination).

⁴⁵ See *id.* § 321(b) (“A petitioner in post-grant review may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of section 282(b) (relating to invalidity of the patent or any claim).”); *cf.* Pub. L. 112-29, § 18(a), 125 Stat. 284, 329-30 (providing for

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to institute post-grant review not only (1) on grounds that a challenge to one or more claims would “more likely than not” succeed,⁴⁶ but also and alternatively (2) on grounds “that the petition [for post-grant review] raises a novel or unsettled legal question that is important to other patents or patent applications.”⁴⁷ At the same time, the USPTO retains the capacity to launch post-issuance proceedings sua sponte on the more limited grounds allowed for ex parte reexamination.⁴⁸

II. Continuing Limitations on USPTO Authority

Despite the USPTO’s increased capacities to act through post-issuance proceedings in ways that delay or obviate any potential need for court proceedings, the USPTO still has substantial limits on its powers relative to those of Article III courts. Most obviously, the USPTO continues to lack any jurisdiction over questions of infringement⁴⁹ and, in part because of its use of a “broadest reasonable construction” approach to interpreting patent claims,⁵⁰ has had and, until its interpretive approach is changed, will likely continue to have limited influence on claim constructions in civil actions and actions before the International Trade Commission, in which a “best construction” approach prevails.⁵¹ Further, “courts view the USPTO as lacking any general grant of so-called ‘substantive rulemaking authority’ and, thus, as generally not meriting high-level deference for its interpretation of substantive aspects of the Patent Act.”⁵² Although the Federal Circuit has recently recognized that the USPTO has “authority to establish regulations setting the ‘standards’ for instituting [inter partes] review and regulating [inter partes review]

grounds for transitional covered-business-method patent review that largely track those for post-grant review).

⁴⁶ *Id.* § 324(a).

⁴⁷ *Id.* § 324(b).

⁴⁸ *See id.* § 303(a) (empowering the Director, “[o]n his own initiative, and any time, [to] determine whether a substantial new question of patentability is raised by patents and publications”); *id.* § 304 (providing that a determination by the Director of “a substantial new question of patentability” in relation to patents and printed publications “will include an order for reexamination”).

⁴⁹ *See id.* § 281 (“A patentee shall have remedy by civil action for infringement of his patent.”); John M. Golden, *Patentable Subject Matter and Institutional Choice*, 89 TEX. L. REV. 1041, 1053 (2011) (“[T]he USPTO has historically had no direct involvement with determinations of whether an accused infringer’s conduct in fact constitutes infringement”).

⁵⁰ *In re Cuozzo Speed Techs., LLC*, 778 F.3d 1271, 1279-81 (Fed. Cir. 2015) (concluding that, as with other USPTO proceedings, the “broadest reasonable construction” approach applies to USPTO inter partes review proceedings).

⁵¹ *See* *Broadcom Corp. v. U.S. Int’l Trade Comm’n*, 542 F.3d 894, 906 (Fed. Cir. 2008) (rejecting a proposed construction as “contrary to the most reasonable interpretation of the claims”); *Trading Techs. Int’l, Inc. v. Open E Cry, LLC*, 728 F.3d 1309, 1320 (Fed. Cir. 2013) (describing a prior decision as “determin[ing] the best construction for a single disputed claim term”); *Asyst Techs., Inc. v. Empak, Inc.*, 268 F.3d 1364, 1370 (Fed. Cir. 2001) (declaring the nature of “the best interpretation of the patent”).

⁵² Golden, *supra* note 12, at 542; *see also* Joseph Scott Miller, *Substance, Procedure, and the Divided Patent Power*, 63 ADMIN. L. REV. 31, 32-33 (2011) (“It is settled that Congress has given the Patent Office the power to issue procedural rules for patent examination at the Office, *not* substantive rulemaking power of the sort federal agencies typically possess.” (emphasis in original)).

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proceedings,”⁵³ the Federal Circuit has apparently viewed this new authority as a limited addition to the USPTO’s powers, not one calling into question the prior understanding that USPTO rulemaking authority—and, thus, entitlement to high-level, *Chevron* deference for its regulations interpreting the U.S. Patent Act—is severely limited.⁵⁴ In a recent decision, the U.S. Supreme Court appeared to reaffirm the view that the USPTO has no general entitlement to great deference on questions of substantive patent law by apparently declining to give such deference to “the [US]PTO’s past practice of awarding gene patents.”⁵⁵

Multiple commentators have suggested that new, relatively more formal post-issuance proceedings authorized by the 2011 America Invents Act provide a vehicle for the USPTO to obtain *Chevron* deference on questions of substantive patent law.⁵⁶ But I think that, except to the extent statutory provisions relating to such proceedings explicitly provide pertinent rulemaking authority, those statutory provisions are unlikely to provide independent grounds for *Chevron* deference.⁵⁷ As Lisa Bressman has observed, in *United States v. Mead Corp.*,⁵⁸ the Supreme Court “held that an agency is entitled to deference under *Chevron, U.S.A., Inc. v. NRDC* only if Congress has delegated to that agency the authority to issue interpretations that carry the force of law, and

⁵³ *Cuozzo*, 778 F.3d at 1282.

⁵⁴ *Id.* at 1281-82 (noting that the Federal Circuit had “previously held that 35 U.S.C. § 2(b) does not grant substantive rulemaking authority to the [US]PTO”); Wasserman, *Changing Guard*, *supra* note 43, at 1958 (observing that the 2011 America Invents Act “declined to grant the [US]PTO the robust substantive rulemaking powers that had been proposed in earlier versions of the legislation”). *Chevron* deference traces back to *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984), and this “doctrine charges a court with upholding an agency’s statutory interpretation not merely when the court agrees with that interpretation, but also whenever the interpretation is reasonable and not ‘contrary to the statute.’” Golden, *supra* note 12, at 547.

⁵⁵ *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2118 (2013).

⁵⁶ See Karen A. Lorang, *The Unintended Consequences of Post-Grant Review of Patents*, 17 UCLA J.L. & TECH. 1, 31 (2013) (“I predict that the Federal Circuit will also be required to give *Chevron* deference to the Board’s other legal conclusions made during post-grant review, including statutory interpretations of section 101 regarding patent eligible subject matter.”); Arti K. Rai, *Improving (Software) Patent Quality*, 51 HOUS. L. REV. 503, (2013) (“[D]octrinal analysis would indicate that the Federal Circuit should give *Chevron* deference to any legal determinations made by the agency in [the USPTO’s] new proceedings.”); Arti K. Rai, *Patent Validity Across the Executive Branch: Ex Ante Foundations for Policy Development*, 61 DUKE L.J. 1237, 1239 (2012) (contending that use of relatively formal postgrant review to implement USPTO guidelines on issues of substantive patent law would result in “the strong form of deference enunciated by the Court in [*Chevron*] and its progeny”); Wasserman, *Changing Guard*, *supra* note 43, at 1965 (contending that recent statutory changes “anoin[t] the PTO as the chief expositor of substantive patent law standards”); cf. Benjamin & Rai, *supra* note 43, at 327-28 (describing proposed post-grant review proceedings as involving “trial-type procedures” to which “*Chevron* deference would seem to apply”).

⁵⁷ Golden, *supra* note 12, at 545-46 (questioning arguments “that Congress’s 2011 adoption of the Leahy-Smith America Invents Act (AIA) has effectively given the USPTO the power to develop presumptively binding interpretations of substantive patent law when the USPTO acts through certain forms of administrative adjudication”).

⁵⁸ 533 U.S. 218 (2001).

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the agency has used that authority in issuing a particular interpretation.”⁵⁹ There is little evidence that Congress intended for the USPTO to exercise such authority on questions of substantive patent law through new post-issuance proceedings such as *inter partes*, post-grant, and covered-business-method review.⁶⁰

The new provisions of the Patent Act do not appear to provide explicit indication that the USPTO is now meant to have *Chevron*-level authority on questions of substantive patent law. Moreover, although legislative history on this point appears scant,⁶¹ aspects of that history and the general statutory context suggest a contrary conclusion. Perhaps most tellingly, the legislative history for the America Invents Act “prominently featured the trouncing of a proposal to give the USPTO general rulemaking authority”⁶² that would presumably have been understood as involving implicit delegation of the interpretive authority required for the USPTO to obtain *Chevron* deference on questions of substantive patent law.⁶³ Meanwhile, despite vociferous academic criticism of the Federal Circuit’s handling of patent law⁶⁴ and calls for the court to be divested of its largely exclusive jurisdiction over patent appeals,⁶⁵ the America Invents Act expanded the

⁵⁹ Lisa Schultz Bressman, *How Mead Has Muddled Judicial Review of Agency Action*, 58 VAND. L. REV. 1443, 1444 (2005); see also Kristin E. Hickman, *The Three Phases of Mead*, 83 FORDHAM L. REV. 527, 537 (2014) (describing the great majority of U.S. Supreme Court justices as having agreed that “Congress often, but not always, intends for an agency rather than the courts to shoulder primary responsibility for filling statutory gaps” and that “not every action by an agency or its representatives reflects the identification of and deliberate effort to fill a statutory gap in the *Chevron* sense”); Thomas W. Merrill, *Step Zero After City of Arlington*, 83 FORDHAM L. REV. 753, 766 (2014) (describing *Mead* as holding “that *Chevron* is subject to a Step Zero inquiry ... asking whether the agency has been delegated authority to act with the force of law” and whether the agency exercised that authority).

⁶⁰ Cf. Raymond A. Mercado, *Ensuring the Integrity of Administrative Challenges to Patents: Lessons from Reexamination*, 14 COLUM. SCI. & TECH. L. REV. 558, 561 n.6 (2013) (“With the passage of the America Invents Act, *inter partes* reexamination was repealed and replaced by three new administrative procedures for challenging patents: post-grant review, *inter partes* review, and the so-called ‘transitional program for covered business method patents,’ which follows roughly the same procedures as post-grant review.”).

⁶¹ Cf. Benjamin J. Christoff, Comment, *Blurring the Boundaries: How the Additional Grounds for Post-Grant Review in the America Invents Act Raise Issues with Separation of Powers and the Administrative Procedure Act*, 39 U. DAYTON L. REV. 111, 127 (2013) (lamenting the lack of much evidence “about Congress’ intent” in relation to a provision allowing the USPTO to institute post-grant review to address a new legal question).

⁶² Golden, *supra* note 12, at 545.

⁶³ *United States v. Mead*, 533 U.S. 218, 230 (2001) (specifically noting the significance of notice-and-comment rulemaking to the likelihood of “*Chevron* authority”); see also Abbe R. Gluck & Lisa Schultz Bressman, *Statutory Interpretation from the Inside—An Empirical Study of Congressional Drafting, Delegation, and the Canons: Part I*, 65 STAN. L. REV. 901, 999 (2013) (observing that the overwhelming majority of congressional staffers surveyed “told us that the authorization of notice-and-comment rulemaking (the signal identified by the court in *Mead*) is always or often relevant to whether drafters intend for an agency to have gap-filling authority”).

⁶⁴ David O. Taylor, *Formalism and Antiformalism in Patent Law Adjudication: Precedent and Policy*, 66 SMU L. REV. 633, 636 (2013) (“[T]he criticism of the Federal Circuit as formalistic has been withering.”).

⁶⁵ See, e.g., Craig Allen Nard & John F. Duffy, *Rethinking Patent Law’s Uniformity Principle*, 101 NW. U. L. REV. 1619, 1625 (2007) (“We propose that, in addition to the Federal Circuit, at least one extant circuit

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Federal Circuit’s role as primary, day-to-day expositor of substantive patent law by extending the triggers for the Federal Circuit’s appellate jurisdiction to encompass compulsory counterclaims.⁶⁶ Thus, the congressional act that created the USPTO’s new post-issuance proceedings featured a history and context in which Congress effectively rejected an effort to extend the USPTO’s interpretive authority and in which Congress not only reaffirmed but in at least one way extended the Federal Circuit’s interpretive hold on patent law. In light of this history and context, there seems little reason to suspect that Congress snuck delegation of *Chevron*-level authority for the USPTO through its provisions for post-issuance proceedings before the Patent Trial and Appeal Board,⁶⁷ a body whose decisions the USPTO itself generally characterizes as nonprecedential and thus not legally binding beyond the particular cases in which they appear.⁶⁸

At least one commentator has argued that Congress was not so sneaky in conferring new interpretive authority through PTAB proceedings because Congress signaled an intent to give the USPTO such authority by providing a broad range of grounds for post-grant review, grounds substantially broader than those previously permitted as bases for *ex parte* or *inter partes* reexamination.⁶⁹ But the substantive issues addressable through post-grant review—namely, legal

court should be allowed to hear district court appeals relating to patent law. In addition, both the Federal Circuit and [the D.C. Circuit] should have jurisdiction over appeals from the PTO ...”); Cecil D. Quillen, Jr., Response Essay, Rethinking Federal Circuit Jurisdiction—*A Short Comment*, 100 GEO. L.J. ONLINE 23, 27 (2012) (arguing for “restoring appellate jurisdiction in patent infringement cases to the regular circuit courts of appeals”); Diane P. Wood, Keynote Address, *Is It Time to Abolish the Federal Circuit’s Exclusive Jurisdiction in Patent Cases?*, 13 CHI.-KENT J. INTELL. PROP. 1, 9-10 (2013) (advocating a regime in which parties in patent-infringement suits have “the option of seeking review either in the Federal Circuit or in the regional circuit with jurisdiction over the district court from which the appeal is taken”).

⁶⁶ Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II of II*, 21 FED. CIR. B.J. 539, 539-540 (2012) (noting that section 19 of the America Invents Act “extend[ed] the Federal Circuit’s appellate jurisdiction to compulsory patent and plant-variety-protection counterclaims”); *cf.* 28 U.S.C. § 1295(a)(1) (giving the Federal Circuit exclusive jurisdiction over “an appeal from a final decision of a district court of the United States ... in any civil action arising under, or in any civil action in which a party has asserted a compulsory counterclaim arising under, any Act of Congress relating to patents or plant variety protection”).

⁶⁷ *Id.* at 545-46; *cf.* Abbe R. Gluck & Lisa Schultz Bressman, *Statutory Interpretation from the Inside—An Empirical Study of Congressional Drafting, Delegation, and the Canons: Part I*, 65 STAN. L. REV. 901, 999 (2013) (noting that, in a survey of congressional staffers, “88% told us that the authorization of notice-and-comment rulemaking ... is always or often relevant to whether drafters intend for an agency to have gap-filling authority”).

⁶⁸ *See infra* text accompanying notes __.

⁶⁹ Wasserman, *Changing Guard*, *supra* note 43, at 1993 (contending that the AIA’s provision for institution of post-grant review to address “a novel or unsettled legal question that is important to other patents or patent applications,” 35 U.S.C. § 324(b), “provides strong support that Congress intended postgrant review to be accompanied with a policy-making or law-making ability”); *id.* (“Allowing the PTO to decide all contours of patentability during the postgrant review also supports the notion that Congress intended the agency to play a larger policy-making function.”).

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issues relating to questions of patent validity⁷⁰—appear to have already been within the USPTO’s ambit through its pre-established role in reviewing patent applications.⁷¹ Further, congressional allowance for institution of post-grant review on the ground that a validity challenge “raises a novel or unsettled legal question that is important to other patents or patent applications”⁷² does not necessarily indicate congressional intent that the USPTO have greater authority to resolve such questions conclusively. Perhaps the only detailed legislative history on point—statements by Senator Kyl⁷³—described this ground for USPTO review as enabling the agency “to reconsider an important legal question and to effectively certify it for Federal [C]ircuit resolution.”⁷⁴ Hence, in Senator Kyl’s account, the utility of post-grant review was substantially predicated on its capacity for enabling a relatively early Federal Circuit decision. Moreover, according to Senator Kyl, situations that would call for judicial reversal of the agency’s course would be ones in which the USPTO’s position “is wrong” or “incorrect”—not only, as would be expected with *Chevron*-level review, situations in which the USPTO’s position is unreasonable.⁷⁵

Reinforcement of the sense that the Federal Circuit, not the USPTO, was still envisioned as the primary day-to-day authority on questions of substantive patent law appears in Senator Kyl’s description of post-grant review as a means for the USPTO “to effectively certify” questions so that they might be “conclusively resolved by the Federal [C]ircuit.”⁷⁶ As Verity Winship has noted, “[d]efined broadly, certification is a procedure by which one entity is able to obtain from the determining entity a conclusive answer to a question of law.”⁷⁷ Senator Kyl’s certification language thus cast the Federal Circuit in the role of the relevant “determining entity,” rather than that of a deferential reviewer of the work of the law’s primary interpretive authority.

Finally, in relation to the broad grounds available for post-grant proceedings, Senator Kyl’s statements provide a commonsense explanation that does not require new interpretive authority

⁷⁰ See 35 U.S.C. § 321(b) (“A petitioner in a post-grant review may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of section 282(b) (relating to invalidity of the patent or any claim).”).

⁷¹ See *id.* § 131 (providing for examination of patent applications to determine whether an “applicant is entitled to a patent under the law”).

⁷² *Id.* § 324(b).

⁷³ See Christoff, *supra* note 61, at 127 (highlighting Senator Kyl’s statements “in 2008, when the provision was originally proposed”).

⁷⁴ 154 CONG. REC. S9982, S9988 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl); *cf.* 157 CONG. REC. at S1368, S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (asserting the relevance of 2008 remarks on “what is now section 324(b)’s additional threshold for instituting a post-grant review”).

⁷⁵ 154 CONG. REC. at S9988.

⁷⁶ *Id.*

⁷⁷ Verity Winship, *Cooperative Interbranch Federalism: Certification of State-Law Questions by Federal Agencies*, 63 VAND. L. REV. 181, 184-85 (2010) (“Defined broadly, certification is a procedure by which one entity is able to obtain from the determining entity a conclusive answer to a question of law.”); *see also* Allan D. Vestal, *The Certified Question of Law*, 36 IOWA L. REV. 629, 629-30 (1951) (“Basically, certification of questions of law is a procedure by which an inferior court is able to obtain from a defining court a conclusive answer to a material question of law.”).

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for the USPTO. By providing a wide avenue for private-party challenges that could sidestep traditional requirements for Article III standing in the district courts,⁷⁸ the broad grounds for post-grant review could facilitate judicial review of disputed, pro-patentee legal decisions by the USPTO “before a large number of improper patents are granted and allowed to unjustifiably disrupt an industry.”⁷⁹ Otherwise, if, in original examination, the USPTO made a pro-patentee legal decision on a question such as subject-matter eligibility, that decision might escape judicial review indefinitely. The patent applicant would, generally speaking, have neither a legal basis nor an incentive to challenge the USPTO’s ruling, and others would likely lack Article III standing to challenge the ruling until threatened with a suit for infringement.⁸⁰

The sense that Congress did not have an implicit intent for PTAB proceedings to be a vehicle for a broad expansion of the USPTO’s interpretive authority seems supported by Congress’s provision for how Board decisions would be reviewed. Although Congress enacted language requiring the PTAB’s administrative patent judges to sit in panels of “at least 3,”⁸¹ Congress appears to have made no explicit provision for review of panel decisions by a person or relatively small-numbered body representing the overall opinion of the agency—for example, by the Director of the USPTO, who is “appointed by the President, by and with the advice and consent of the Senate” and in whom, by statute, “[t]he powers and duties of the United States Patent and Trademark Office [are] vested.”⁸² Instead, the U.S. Patent Act explicitly confers on the Federal Circuit the job of reviewing Board judgments in inter partes review and post-grant review⁸³—

⁷⁸ See *Consumer Watchdog v. Wis. Alumni Research Found.*, 753 F.3d 1258, 1261 (Fed. Cir. 2014) (“[W]here Congress has accorded a procedural right to a litigant, such as the right to appeal an administrative decision, certain requirements of standing—namely immediacy and redressability, as well as prudential aspects that are not part of Article III—may be relaxed.”).

⁷⁹ 154 CONG. REC. at S9988.

⁸⁰ See John M. Golden, *Patent Privateers: Private Enforcement’s Historical Survivors*, 26 HARV. J.L. & TECH. 545, 549 (2013) (describing still restrictive requirements for “standing to challenge patents in district court”); John M. Golden, *Patentable Subject Matter and Institutional Choice*, 89 TEX. L. REV. 1041, 1086-87 (2011) (noting possibilities for substantial delays in subject-matter eligibility questions being presented to courts).

⁸¹ ERIKA HARMON ARNER ET AL., THE PRACTITIONER’S GUIDE TO TRIALS BEFORE THE PATENT TRIAL AND APPEAL BOARD 21 (E.H. Arner & J.E. Palys eds., 2014) (“Both [post-grant review] and [inter partes review] proceedings will be conducted before a three-judge panel of administrative patent judges”); cf. 35 U.S.C. § 6(c) (“Each appeal, derivation proceeding, post-grant review, and inter partes review shall be heard by at least 3 members of the Patent Trial and Appeal Board, who shall be designated by the Director.”).

⁸² 35 U.S.C. § 3(a)(1).

⁸³ *Id.* § 141 (“A party to an inter partes review or a post-grant review who is dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318(a) or 328(a) (as the case may be) may appeal the Board’s decision only to the United States Court of Appeals for the Federal Circuit.”). Instead of conferring on the USPTO’s Director a power to review PTAB decisions in an adjudicatory role, the Patent Act confers on the Director a “right to intervene in an appeal from a decision entered by the Patent Trial and Appeal Board in a derivation proceeding under section 135 or in an inter partes or post-grant review under chapter 31 or 32.” *Id.* § 143.

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arguably reaffirming a congressional understanding that the Federal Circuit, rather than “the agency,” is the truly primary, day-to-day authority on the substantive meaning of U.S. patent law.

The Patent Act’s provisions for Federal Circuit review of PTAB decisions without intervening whole-agency review contrast substantially with the Administrative Procedure Act’s specific provisions for formal adjudication.⁸⁴ If “the agency”—e.g., the full body of Commissioners of an agency such as the International Trade Commission—does “not preside at the reception of the evidence” in formal adjudication, the APA appears generally to contemplate that there will be a later opportunity for review by “the agency” of the “initial decision” made by the agency employee or employees who do preside over the evidentiary hearings.⁸⁵ Thus, for example, in formal adjudication before the International Trade Commission, an initial determination by an administrative law judge may be appealed to the Commissioners sitting as an adjudicatory body.⁸⁶

With this backdrop, it seems strange to think that a panel of three out of a body of over 200 administrative patent judges distributed among multiple, geographically dispersed offices⁸⁷ constitutes “the agency” in the terms conceived by the APA. At best, the PTAB’s administrative patent judges seem somewhat diluted analogs of the administrative law judges that the APA authorizes to preside over “the taking of evidence” in lieu of “the agency” or “one or more members of the body which comprises the agency.”⁸⁸ Even assuming administrative patent judges are acceptable substitutes for administrative law judges for purposes of formal adjudication, USPTO procedures would still be lacking in light of the failure to make general provision, by

⁸⁴ PTAB trials might be most properly viewed as falling into that very large class of administrative proceedings—apparently very common in the U.S. administrative state—that might be considered “similar to formal adjudication” but not technically “formal” in the APA sense because they feature “Administrative Judges,” who are commonly less expensive than administrative law judges and subject to performance review by the agency. PIERCE ET AL., *supra* note 41, § 6.4.3a, at 323; *see also id.* § 6.4.3a, at 322 (“All formal adjudications must be presided over by (1) the agency; (2) one or more members of the body which comprises the agency; or[] (3) one or more Administrative Law Judges (ALJs).”). On the other hand, in *United States v. Mead Corp.*, 533 U.S. 218 (2001), the U.S. Supreme Court seems to have used the term “formal adjudication” more loosely to refer to a broader class of trial-type proceedings than those conforming entirely to sort of formal adjudication explicitly contemplated by the APA: footnote 12 in support of a comment about the application of *Chevron* deference to “formal adjudication” cited, as an example, *INS v. Aguirre-Aguirre*, 526 U.S. 415 (1999). *Mead*, 533 U.S. at 230 n.12. *Aguirre-Aguirre* featured agency adjudication that involved initial decision by an immigration judge followed by review by the Board of Immigration Appeals, a body that the Attorney General “ha[d] vested ... with power to exercise the ‘discretion and authority conferred upon the Attorney General by law’ in the course of ‘considering and determining cases before it’” and that the Court said it had previously recognized “should be accorded *Chevron* deference.” 526 U.S. at 425.

⁸⁵ 5 U.S.C. § 557(b) (“On appeal from or review of the initial decision, the agency has all the powers which it would have in making the initial decision except as it may limit the issues on notice or by rule.”).

⁸⁶ Sapna Kumar, *Expert Court, Expert Agency*, 44 U.C. DAVIS L. REV. 1547, 1556 (2011) (“Once the [administrative law judge’s initial determination] issues, a party may request review by the ITC’s six-member Commission; the Commission can also choose to review the decision on its own initiative.”).

⁸⁷ USPTO PPAC Report, *supra* note 21, at 33 (showing “PTAB Office Location Demographics”).

⁸⁸ 5 U.S.C. § 556(b).

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statute or rule, for review by “the agency” as contemplated by the APA. Instead, as already noted, Congress explicitly provides for review of PTAB decisions by the Federal Circuit,⁸⁹ thereby seeming to place the Federal Circuit in the authoritative position analogous to that of “the agency” under the APA’s provisions for formal adjudication.⁹⁰

Even were the USPTO separately established to have *Chevron*-level authority over a relevant issue on which a PTAB panel has opined, lack of confirmation that a PTAB panel decision represents the position of the USPTO as a whole might make that decision a poor candidate for *Chevron* deference. In *United States v. Mead Corp.*,⁹¹ the U.S. Supreme Court held that, even where an agency has “general rulemaking power” that “authorizes some regulation with the force of law,”⁹² there remains a question whether the agency exercised that authority. The Court found that a Customs classification ruling did not qualify as such an exercise even though such a ruling might have “precedential value” for “later transactions.”⁹³ In support of this conclusion, the Court pointed to facts that (1) Congress had provided “for independent review of Customs classifications by the [Court of International Trade]”; (2) “Customs does not generally engage in notice-and-comment practice when issuing them, and their treatment by the agency makes it clear that a letter’s binding character as a ruling stops short of third parties”; and perhaps most decisively, (3) “46 different Customs offices issue 10,000 to 15,000 of [such rulings] each year.”⁹⁴ To the Court, these facts were telling even though Customs regulations provided that “a ruling letter ‘represents the official position of the Customs Service with respect to the particular transaction or issue described therein,’” even though the particular ruling letter at issue came from the Customs Headquarters Office,⁹⁵ rather than one of “the 46 port-of-entry Customs offices,”⁹⁶ and even though “the Solicitor General of the United States ha[d] filed a brief, cosigned by the General Counsel of the Department of the Treasury, that represents the position set forth in the ruling letter to be the official position of the Customs Service.”⁹⁷ In the Court’s view, “[a]ny suggestion that rulings intended to have the force of law are being churned out at a rate of 10,000 a year at an agency’s 46 scattered offices is simply self-refuting.”⁹⁸

⁸⁹ 35 U.S.C. § 319 (providing for appeal to the Federal Circuit from a final Board decision in inter partes review); *id.* § 329 (providing for appeal to the Federal Circuit from a final Board decision in post-grant review).

⁹⁰ *Cf.* Sapna Kumar, *The Accidental Agency?*, 65 FLA. L. REV. 229, 278 (2013) (“[I]n creating a specialized court with a mandate of uniformity, Congress inadvertently created an agency-like entity in the judiciary.”).

⁹¹ 533 U.S. 218 (2001).

⁹² *Id.* at 232.

⁹³ *Id.*

⁹⁴ *Id.* at 232-34.

⁹⁵ *Id.* at 233-34 (observing that “the relevant statutes” provided “no indication that a more potent delegation might have been understood as going to Headquarters even when Headquarters provides developed reasoning, as it did in this instance”).

⁹⁶ *Id.* at 224.

⁹⁷ *Id.* at 258 (Scalia, J., dissenting).

⁹⁸ 533 U.S. at 233.

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USPTO decisions in the form of final dispositions by the Patent Trial and Appeal Board would seem, generally speaking, to have no greater claim to *Chevron* deference than the Headquarters ruling letter at issue in *Mead*. In addition to deciding about 10,000 appeals from original examination or reexamination each year,⁹⁹ the Board is already issuing final dispositions in inter partes review and covered-business-method review at a rate of a couple hundred per year.¹⁰⁰ Further, although still (as of August 2014) mostly based in the USPTO’s central office in Virginia, administrative patent judges are now distributed across five geographically dispersed offices.¹⁰¹ Moreover, the PTAB lacks independent authority to give its decisions precedential effect, and very few decisions by the PTAB or its predecessor, the Board of Patent Appeals and Interferences, have been given such effect. According to a PTAB rule of standard operating procedure, PTAB opinions are only flagged as precedential if (1) “a majority of the Board’s voting members agree that the opinion should be made precedential”¹⁰² and (2) the USPTO “Director concurs.”¹⁰³ Whereas the PTAB and its predecessor, the Board of Patent Appeals and Interferences, have commonly issued thousands of decisions each year, the USPTO currently lists only 26 precedential opinions of either Board that are currently in force, with the earliest of these opinions having been issued in late 1994.¹⁰⁴

Arguments for *Chevron* deference to PTAB rulings on questions of substantive patent law do not appear greatly helped by comparison to the eight cases specifically cited in *Mead* as examples of “adjudication cases” in which *Chevron* deference was warranted.¹⁰⁵ Seven of these eight example cases apparently involved review of decisions made by the body consisting of the presidentially appointed heads of an independent agency—specifically, the three heads of the

⁹⁹ U.S. Patent & Trademark Office, Fiscal Year 2014 Patent Trial & Appeal Board Receipts and Dispositions by Technology Centers: Ex Parte Appeals, <http://www.uspto.gov/sites/default/files/ip/boards/bpai/stats/receipts/fy2014-sep-e.pdf> (recording that the PTAB disposed of 9,880 ex parte appeals in fiscal year 2014).

¹⁰⁰ U.S. Patent & Trademark Office, Patent Trial and Appeal Board AIA Progress: Statistics, http://www.uspto.gov/sites/default/files/documents/aia_statistics_04-02-2015.pdf (Apr. 2, 2015).

¹⁰¹ USPTO PPAC Report, *supra* note 21, at 33 (showing office demographics).

¹⁰² USPTO SOP 2, *supra* note 104, at 2.

¹⁰³ *Id.* (“No opinion may be precedential without concurrency by the Director.”).

¹⁰⁴ U.S. Patent & Trademark Office, PTAB Precedential Opinions (Oct. 6, 2014), *available at* <http://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/decisions>. *See generally* U.S. PATENT & TRADEMARK OFFICE, STANDARD OPERATING PROCEDURE 2 (REV. 9): PUBLICATION OF OPINIONS AND DESIGNATION OF OPINIONS AS PRECEDENTIAL, INFORMATIVE, REPRESENTATIVE, AND ROUTINE 3-4 (Sept. 22, 2014) [hereinafter “USPTO SOP 2”] (indicating that “informative,” “representative,” and “routine” opinions are “not binding authority” except as “law of the case”), *available at* <http://www.uspto.gov/sites/default/files/documents/sop2-revision-9-dated-9-22-2014.pdf>; *see also id.* at 3 (“An opinion is not precedential simply because it has been published in a commercial reporter, involves an expanded panel, or includes an *ex officio* member on the panel.”).

¹⁰⁵ 533 U.S. at 230 n.12 (listing eight “adjudication cases” in which *Chevron* deference applied).

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Federal Labor Relations Authority,¹⁰⁶ the five heads of the National Labor Relations Board,¹⁰⁷ and the five heads of the now defunct Interstate Commerce Commission.¹⁰⁸ Thus, the fact patterns in these seven cases seem facially to fail to provide much support for extending *Chevron* deference to the decisions of members of a large-numbered body of lower-level officials like the PTAB.

Mead's eighth example is more interesting. That case involved an administrative adjudication by the Board of Immigration Appeals (BIA).¹⁰⁹ Like PTAB members, BIA members are members of a multi-person adjudicatory body appointed not by the President but instead by the head of the relevant government department—in the BIA's case, the Attorney General;¹¹⁰ in the PTAB's case, the Secretary of Commerce.¹¹¹ But the BIA apparently has generally been and remains a significantly more exclusive and elite body than the PTAB. As opposed to the hundreds of members of the PTAB, permanent membership of the BIA has, since at least the early 1980s, been capped at a number ranging from five to twenty-three,¹¹² with the current cap standing at seventeen,¹¹³ although the permanent membership may be supplemented by additional temporary

¹⁰⁶ See *Fed. Employees v. Dep't of Interior*, 526 U.S. 86, 90-91 (1999) (reviewing a circuit court's decision to "set aside" an order of the Federal Labor Relations Authority); *Fort Stewart Schools v. FLRA*, 495 U.S. 641, 644 (1990) (reviewing circuit decision that "upheld the Authority's decision"); *Dep't of Treasury v. FLRA*, 494 U.S. 922, 924 (1990) ("review[ing a] determination of the Federal Labor Relations Authority").

¹⁰⁷ See *Holly Farms Corp. v. NLRB*, 517 U.S. 392, 396 (1996) (reviewing circuit decision to enforce an order from the National Labor Relations Board); *ABF Freight Sys., Inc. v. NLRB*, 510 U.S. 317, 320-21 (1994) (reviewing circuit decision to enforce an order from the National Labor Relations Board that had followed a hearing before an administrative law judge).

¹⁰⁸ See *Nat'l R.R. Passenger Corp. v. Boston & Maine Corp.*, 503 U.S. 407, 414 (1992) (reviewing circuit decision on final order from Interstate Commerce Commission); *Norfolk & W. Ry. Co. v. Am. Train Dispatchers' Ass'n*, 499 U.S. 117, 128 (1991) (responding to separate orders from the Interstate Commerce Commission). See generally Marshall J. Breger & Gary J. Edles, *Established by Practice: The Theory and Operation of Independent Federal Agencies*, 52 ADMIN. L. REV. 1111, 1260-62, 1273-75 app. (2000) (providing information on the Federal Labor Relations Authority and National Labor Relations Board as part of a descriptive list of independent agencies); Kirk Datla & Richard L. Revesz, *Deconstructing Independent Agencies (and Executive Agencies)*, 98 CORNELL L. REV. 769, 776 (2013) (noting that the Interstate Commerce Commission had "[f]ive commissioners, appointed by the President with the advice and consent of the Senate").

¹⁰⁹ *INS v. Aguirre-Aguirre*, 526 U.S. 415, 425 (1999) (explaining that the Attorney General's delegation of authority to the BIA provides a basis for *Chevron* deference to the BIA's interpretations of the INA).

¹¹⁰ 8 C.F.R. § 1003.1(a)(1) ("The Board members shall be attorneys appointed by the Attorney General").

¹¹¹ 35 U.S.C. § 6(a) (specifying that administrative patent judges "are appointed by the Secretary, in consultation with the Director").

¹¹² THOMAS ALEXANDER ALEINIKOFF, DAVID A. MARTIN, HIROSHI MOTOMURA & MARYELLEN FULLERTON, *IMMIGRATION AND CITIZENSHIP: PROCESS AND POLICY* 281 (6th ed. 2008) (discussing variation in the number of permanent BIA members); AMERICAN BAR ASSOCIATION, *REFORMING THE IMMIGRATION SYSTEM* 3-5 (2010) ("Since [1983], the number of BIA members has varied from as few as five to as many as 23.").

¹¹³ 8 C.F.R. § 1003.1(a)(1) (2015) ("The Board shall consist of 17 members.").

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members.¹¹⁴ Further, the BIA can claim *Chevron*-level authority as a derivative of the Attorney General's separately recognized *Chevron*-level authority. The Supreme Court has indicated that the Attorney General "clear[ly]" possesses *Chevron*-level authority,¹¹⁵ and the Court has accorded the BIA derivative *Chevron*-level authority in accordance with explicit regulatory language providing that, in deciding cases, BIA members "exercise the 'discretion and authority conferred upon the Attorney General by law.'"¹¹⁶ Consistent with this delegation of authority, BIA members can vote to accord precedential status to decisions "by a three-member panel or by the Board en banc" without requiring further action by the Attorney General.¹¹⁷ In contrast, there is currently no recognized *Chevron*-level authority of the USPTO on questions of substantive patent law that exists separate from PTAB proceedings.¹¹⁸ Moreover, neither the Patent Act nor USPTO regulations explicitly accord PTAB members alter ego status with respect to the Director,¹¹⁹ and, as noted above, the PTAB currently lacks the ability to make its decisions precedential without the USPTO Director's approval.¹²⁰ In short, *Mead*'s eighth example of adjudication warranting *Chevron* deference appears materially distinct in multiple ways from the nature and context of PTAB decisionmaking.

Some obstacles to *Chevron* deference on questions of substantive patent law are overcome if one focuses solely on PTAB decisions that have precedential status. Given the inherent nature of such status and the further fact that the Director must approve such status, a precedential opinion

¹¹⁴ The Director of the Executive Office for Immigration Review (EOIR) has the power to appoint temporary BIA members for up to six-month terms. *Id.* § 1003.1(a)(3). Temporary BIA members have the same adjudicatory authority as permanent members, "except that temporary Board members [lack] the authority to vote on any matter decided by the Board en banc." *Id.* In July 2015, the Department of Justice's website indicated that, at that time, the BIA had fourteen permanent members and three temporary members. U.S. Dep't of Justice, Board of Immigration Appeals, http://www.justice.gov/eoir/board-of-immigration-appeals-bios#Temporary_Board_Members (Mar. 11, 2015) (visited July 23, 2015).

¹¹⁵ *Aguirre-Aguirre*, 526 U.S. at 424-25 (noting statutory language saying that "the 'determination and ruling by the Attorney General with respect to all questions of law shall be controlling,'" and adding "that judicial deference to the Executive Branch is especially appropriate in the immigration context"); *see also* 8 U.S.C. § 1103(a)(1) ("[D]etermination and ruling by the Attorney General with respect to all questions of [immigration] law shall be controlling."); 1 CHARLES GORDON, STANLEY MAILMAN & STEPHEN YALE-LOEHR, IMMIGRATION LAW AND PROCEDURE § 3.03[1], at 3-36.10 (2008) (noting that "the Attorney General's determination on all questions of [immigration] law is controlling").

¹¹⁶ *Id.* at 425 (quoting 8 C.F.R. § 3.1(d)(1) (1998)). The present analog of this regulation provides that BIA members are "to act as the Attorney General's delegates in the cases that come before them." 8 C.F.R. § 1003.1(a)(1). Such delegation has apparently been authorized by statute. GORDON, MAILMAN & YALE-LOEHR, *supra* note 115, § 3.03[2], at 3-36.10 ("As contemplated by the Immigration and Nationality Act (INA), the Attorney General has delegated to various officers his responsibilities under the immigration laws."); *see also* 8 U.S.C. § 1103(g)(2) ("The Attorney General shall establish such regulations, ... delegate such authority, and perform such other acts as the Attorney General determines to be necessary for carrying out this section.").

¹¹⁷ *Id.* § 1003.1(g).

¹¹⁸ *See supra* text accompanying note 52.

¹¹⁹ *See* 35 U.S.C. § 6 (describing the Patent Trial and Appeal Board).

¹²⁰ *See supra* text accompanying notes __.

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seems much more likely than a nonprecedential opinion to merit treatment as a true decision of “the agency” in the terms of the Administrative Procedure Act.¹²¹ Nonetheless, because the PTAB’s procedure for designating opinions as precedential is apparently a creation of the USPTO, rather than a creation of Congress, a court might view as impermissible bootstrapping the proposition that this procedure transforms an otherwise non-*Chevron*-deference meriting opinion into one that merits *Chevron* deference.¹²² The Supreme Court’s reference to delegation by regulation in the course of according *Chevron* deference to the BIA provides little aid here because, with respect to the BIA, the question was essentially the distinct one of whether the Attorney General’s recognized interpretive authority flowed down to the BIA.¹²³ In the context of the PTAB, the challenge is to show that otherwise nonexistent interpretive authority arises from congressional provision for the PTAB and associated post-grant proceedings. The fact that the Supreme Court apparently has accepted the ability of the Attorney General to delegate recognized *Chevron*-level authority to the BIA does not imply that the USPTO can effectively generate *Chevron*-level interpretive authority by adopting one or more procedures involving both the PTAB and the Director. Without relevant congressional provision, the USPTO’s generation of such procedure seems to offer little in the nature of evidence of a congressional intent to delegate primary interpretive authority to the agency.

Moreover, even if one makes an agency’s following of formal adjudicatory processes the benchmark regardless of whether Congress contemplated such processes, the USPTO’s procedure for designating a PTAB opinion as precedential arguably falls short. Although a party to a PTAB adjudication may “request in writing that an opinion be made precedential,” the USPTO does not appear to have issued rules¹²⁴ either to ensure that, in relation to such a request, parties have “a reasonable opportunity to submit for the [agency’s] consideration” “(1) proposed findings and conclusions; or (2) exceptions to the decisions or recommended decisions of subordinate employees or to tentative agency decisions; and (3) supporting reasons for the exceptions or proposed findings or conclusions”¹²⁵; or to require that the agency provide a record “show[ing] the ruling on each finding, conclusion, or exception presented.”¹²⁶ Thus, the USPTO’s procedure for

¹²¹ See *supra* text accompanying notes __; cf. Hickman, *supra* note 59, at 552 (observing that, “although the [U.S. Supreme] Court has made clear that decisions of the Board of Immigration Appeals (BIA) carry the force of law and are *Chevron*-eligible, a number of courts of appeals have held that “interpretations designated by the BIA as nonprecedential” do not merit *Chevron* deference and others “have reserved the question”).

¹²² Bressman, *supra* note 59, at 1469 (“*Mead* makes clear that agencies cannot shoehorn themselves into *Chevron* deference by voluntarily adopting procedures that Congress has not authorized.”); cf. Nat’l Cable & Telecomms. Ass’n v. Brand X Internet Servs., 545 U.S. 967, 1004 (2005) (Breyer, J., concurring) (stating that, under *Mead*, “the existence of a formal rulemaking proceeding is neither a necessary nor a sufficient condition for according *Chevron* deference,” with the lack of sufficiency resulting “because Congress may have intended *not* to leave the matter of a particular [statutory] interpretation up to the agency, irrespective of the procedure the agency uses”).

¹²³ See *supra* text accompanying notes __.

¹²⁴ USPTO SOP 2, *supra* note 104, at 2-3.

¹²⁵ 5 U.S.C. § 557(c).

¹²⁶ *Id.*

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determining precedential status appears to fall short of requirements contemplated by the Administrative Procedure Act for “agency review of the decision of subordinate employees” in formal adjudication.¹²⁷

Nonetheless, all is not lost. Even if I am right that the more formal nature of new PTAB proceedings does not suffice to require *Chevron* deference for USPTO interpretations of substantive patent law, those proceedings’ more formal nature can still give them a greater claim to substantial *Skidmore* deference, a less rigid form of sliding-scale deference under which a court gives weight to an agency’s statutory interpretations on the basis of the court’s assessment of agency expertise, the consistency of agency positions, the care with which the agency considered relevant issues, and any other “factors which give [the agency’s judgment] power to persuade.”¹²⁸ Although this closing “power to persuade” language has helped inspire contentions that *Skidmore* deference is really no deference at all,¹²⁹ a relatively recent empirical study by Kristin Hickman and Matthew Krueger has indicated that *Skidmore* review is in fact frequently “highly deferential,” with results “weighted heavily in favor of government agencies.”¹³⁰

Of course, as an alternative to applying the *Skidmore* framework, courts might determine more simply that, quite generally, they owe no deference to PTAB rulings on questions of substantive patent law. In 2015, the Supreme Court apparently took such a tack in reviewing the Internal Revenue Service’s views on the availability of certain tax credits under the Patient Protection and Affordable Care Act.¹³¹ But the Court’s apparent failure to accord any deference in that case reflected special circumstances: the vast significance for national health insurance policy of the interpretive question¹³² and the Court’s belief that the IRS had “no expertise in crafting health insurance policy of this sort.”¹³³ The USPTO is unlikely to be deemed to have “no expertise” in substantive patent law, and PTAB rulings on questions of substantive patent law will presumably only rarely—if ever—be perceived as having a policy significance on a par with this particular tax-credit question, one perceived as threatening to hurl state insurance markets into “death spirals.”¹³⁴ Thus, the *Skidmore* framework appears to offer a plausible mechanism for the

¹²⁷ 5 U.S.C. § 557(c).

¹²⁸ *Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944); *see also* Golden, *supra* note 12, at 548-49.

¹²⁹ Golden, *supra* note 12, at 549.

¹³⁰ Kristin E. Hickman & Matthew D. Krueger, *In Search of the Modern Skidmore Standard*, 107 COLUM. L. REV. 1235, 1280 (2007).

¹³¹ *King v. Burwell*, 135 S. Ct. 2480, 2487 (2015) (discussing how “[t]he IRS addressed the availability of tax credits by promulgating a rule”).

¹³² *Id.* at 2489 (describing the availability of tax credits “on Federal Exchanges” as “a question of deep ‘economic and political significance’” that Congress “surely would have [delegated to the IRS] expressly” if it had intended such a delegation at all).

¹³³ *Id.*

¹³⁴ *Id.* at 2492-93 (eschewing a statutory interpretation that, in the Court’s view, would “likely create the ‘death spirals’ [in state insurance markets] that Congress designed the Act to avoid.”).

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USPTO to use its new post-issuance proceedings to obtain reasonably substantial deference on questions of substantive patent law, particularly for those rulings designated as precedential.¹³⁵

Conclusion

Regardless of whether the USPTO obtains *Chevron*-level deference for its interpretations of substantive provisions of the U.S. Patent Act, its general status as the first mover on questions of patentability and its expanded set of post-issuance proceedings put the agency in prime position to have a significant impact on how patent law develops. Just as the USPTO can influence the courts' ultimately authoritative interpretations of the law through persuasively supported interpretive rules,¹³⁶ the agency can also influence those interpretations through persuasively supported PTAB opinions or through PTAB opinions that at the very least help to crystallize available adjudicatory options or otherwise to catalyze deliberation in Article III courts. The Board of Patent Appeals and Interferences' precedential opinion in *Ex parte Lundgren*, in combination with its accompanying dissent, provides an example of how the USPTO can help both to enrich and to stir the adjudicatory pot in a way that encourages further legal developments.¹³⁷ The extent to which the USPTO exploits its strategic position wisely will likely play a significant role in the extent to which the U.S. patent system succeeds in its constitutional purpose to "promote the Progress of Science and useful Arts."¹³⁸

¹³⁵ *But see* Peter L. Strauss, *In Search of Skidmore*, 83 *FORDHAM L. REV.* 789, 792 (2014) (questioning the current Supreme Court's commitment to the *Skidmore* deference framework in light of a case in which "there is not a mention of the concept—indeed, its relevance is effectively denied—in opinions signed by eight of the Justices").

¹³⁶ Golden, *supra* note 12, at 553 ("There are already notable instances of situations in which the USPTO's adoption of a policy, guideline, or practice on a controversial question of substantive patent law has 'succeeded' in the sense that courts ... have upheld or embraced the USPTO's position as a correct interpretation of statutory law.").

¹³⁷ *See supra* text accompanying notes ___. Given (1) the USPTO's presumably better factfinding capacities in its more trial-like post-issuance proceedings and (2) the U.S. Supreme Court's recent highlighting of the Federal Circuit's duty commonly to defer to other entities' original factual findings, *see* *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 835 (2015) ("We hold that the appellate court must apply a 'clear error,' not a *de novo*, standard of review [to trial judge factfinding in relation to questions of patent claim construction]."), there is reason to hope that the USPTO is well positioned to obtain substantial deference for even relatively general conclusions relating to the patentability of certain types of subject matter, as long as those opinions have a substantial grounding in factual findings. *But cf.* Benjamin & Rai, *supra* note 43, at 290 (contending that the Federal Circuit's "[h]ighly aggressive application of [a substantial evidence] standard [of review] to the PTO's informal proceedings—where the only formal evidence on which the PTO can rely to make the case against patentability is written prior art—yields the paradoxical result of rigorous review").

¹³⁸ U.S. CONST. art. I, § 8, cl. 8.