
Return Mail, Inc. v. United States Postal Service, No. 17-1594

In a 6-3 decision issued this morning, the Supreme Court reversed a decision by the Court of Appeals for the Federal Circuit and held that the U.S. Government is not a “person” within the meaning of the America Invests Act of 2011 and that therefore the Government may not challenge the validity of a patent in post-issuance review proceedings before the Patent Trial and Appeal Board.

Background: In general, when a defendant is sued for patent infringement, the defendant can challenge the validity of the underlying patent in two ways: either in court as a defense to the infringement action, in which case the defendant must prove by “clear and convincing” evidence that the patent should never have been issued; or, by petitioning the Patent Trial and Appeal Board for administrative review, in which case the defendant must prove by a mere “preponderance of the evidence” that that the patent should not have issued. Return Mail owns a patent for processing undeliverable mail. After failing to reach an agreement with Return Mail to license its process, the U.S. Postal Service implemented a new system of its own to process undeliverable mail. Return Mail sued the Postal Service for infringement. and the Postal Service petitioned the Patent Trial and Appeal Board for review of Return Mail’s patent. The Patent Board determined that the subject matter of Return Mail’s patent was ineligible to be patented and canceled the claims underlying the patent. On appeal, a divided panel of the Federal Circuit held that the Government is a “person” eligible to petition for post-issuance review by the Patent Board and affirmed the Board’s decision on the merits.

Issue: Whether the Government is a “person” eligible to petition the Patent Board for review of an issued patent.

Court’s Holding: In an opinion written by Justice Sotomayor and joined by Justices Roberts, Thomas, Alito, Gorsuch and Kavanaugh, the Court held that the U.S. Government is not a “person” eligible to petition the Patent Board for review of an issued patent. The America Invests Act created the Patent Board and established three methods of seeking review of a patent by the Board. In all three circumstances, review may be initiated by “a person.” The Court started with the proposition that where, as here, a statute does not define “person,” it applies “a longstanding interpretive presumption that ‘person’ does not include the sovereign and thus excludes a federal agency like the Postal Service.” To overcome this presumption, the Postal Service was required to “point to some indication in the text or context of the statute that affirmatively shows Congress intended to include the Government.” The Court determined that the Postal Service failed to overcome this presumption and that it was reasonable for Congress to treat the Government differently from private parties in this respect. The Court explained that the Government’s liability for patent infringement is otherwise limited by statute and that private parties “face greater and more uncertain risks if they misjudge their right to use technology that is subject to potentially invalid patents.” For this reason, the Court concluded, it made sense for Congress to provide private parties “an expedient route that the Government does not also enjoy for heading off potential infringement suits.” As the Court summarized: “Because federal agencies face lower risks, it is reasonable for Congress to have treated them differently.”

Justice Breyer authored a dissenting opinion, in which Justices Ginsberg and Kagan joined. The dissenting opinion argues that the purpose, subject matter, context, and history of the statute overcome the presumption that “person” excludes the Government.