

No. 23-1217

IN THE
Supreme Court of the United States

—————
CHESTEK PLLC,
Petitioner,

v.

KATHI VIDAL, UNDER SECRETARY OF COMMERCE FOR
INTELLECTUAL PROPERTY AND DIRECTOR, UNITED
STATES PATENT AND TRADEMARK OFFICE,
Respondent.

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

—————
**BRIEF AMICUS CURIAE FOR THE
BAR ASSOCIATION FOR THE
DISTRICT OF COLUMBIA**

—————
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**STATEMENT OF INTEREST OF *AMICUS*
*CURIAE*¹**

The Bar Association of the District of Columbia is a non-profit organization that has an IP Section (“BADC”) which monitors developments in intellectual property law and practice. This section includes members who specialize in various aspects of intellectual property law. Members frequently represent clients involved in intellectual property matters and are concerned with the USPTO’s administrative practices including its rulemaking authority and internal decision-making.

In support of its interest in ensuring that the USPTO conducts its affairs equitably, fairly, and without arbitrariness or capriciousness, the BADC supports the Petitioner. The BADC respectfully requests that this Court consider the arguments contained herein and grant Petitioner’s writ of certiorari.

SUMMARY OF ARGUMENT

With *In re Chestek*, the Federal Circuit reinforces the unfortunate precedent that the USPTO remains exempt from notice-and-comment rulemaking. No. 2022-1843 (Fed. Cir. Feb. 13, 2024).

¹ Pursuant to Rule 37.2, *amicus* notified counsel of record for all parties of their intent to file an *amicus* brief at least ten days prior to the due date for the brief. Pursuant to Rule 37.6, *amicus* affirms that no counsel for a party authored this brief in whole or in part, and no person other than *amicus* and their counsel made a monetary contribution to its preparation or submission.

Longstanding Federal Circuit precedent established that the USPTO has the authority to issue *only* procedural rules. *See, e.g., Merck & Co., Inc. v. Kessler*, 80 F.3d 1543, 1550 (Fed. Cir. 1996); *see also Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1335 (Fed. Cir. 2008). Procedural rules are exempt from notice-and-comment rulemaking under § 533(b)(A) of the Administrative Procedure Act (“APA”).). With the USPTO able to only issue procedural rules, the USPTO’s decision to engage in notice-and-comment is currently a discretionary act for the Director, not mandatory.

And yet, Congress explicitly stated in the American Inventors Protection Act of 1999 (“AIPA”) that the USPTO is subject to the APA and its comment procedures. *See* 35 U.S.C. § 2(b)(2)(B) (referencing 5 U.S.C. § 553, the APA rule making statute). Current precedential caselaw renders 35 U.S.C. § 2(b)(2)(B) meaningless, however. Only this Court can correct the distinction between procedural and substantive rules within the context of the USPTO.

The following explains why this Court should grant certiorari: to correct the precedence which has afforded the USPTO such latitude and to provide necessary guidance to the USPTO on providing notice-and-comment.

ARGUMENT

I. **Legislative Intent: The APA and AIPA's Mandate for Notice-and-Comment Rulemaking**

Since it can only promulgate procedural rules, the USPTO can change its rules without notice-and-comment rulemaking due to the APA's procedural exception, regardless of the impact on the public, practitioners, and stakeholders the agency relies on for funding. 35 U.S.C. § 553(b)(A).

This is contrary to the purpose of the APA and the AIPA, which state that an agency, such as the USPTO, is subject to notice-and-comment rulemaking procedure. The current precedential caselaw results in a practical result that is “absurd,” being “[incompatible] with the reason [and] purpose of the statute.” Antonin Scalia, *Judicial Deference to Administrative Interpretations of Law*, 1989 DUKE L.J. 511, 514 (1989) (discussing the application of the “traditional tools of statutory construction” to the APA, specifically noting the importance of “consideration of policy consequences” and avoidance of “absurd” results when analyzing the Act).

If the USPTO issues only procedural rules, then 35 U.S.C. § 2(b)(2)(B) is meaningless. The history of the APA and the AIPA speaks to the necessity for administrative agencies to adhere, at least to some degree, to public engagement in rulemaking through notice-and-comment procedure.

A. Congressional Intent of the APA

The Congressional intent underlying the APA is “undoubtedly to bring about ... a curb of the administrative branch” such “that the governors shall be governed, and the regulators shall be regulated.” REGINALD PARKER, *ADMINISTRATIVE LAW, A TEXT* 61–62 (1952) (quoting Sen. Doc. No. 248, at 244 (1946)). The drafters of the APA remarked on the dangers and controversy surrounding “administrative absolutism,” the idea that “the law is whatever is done officially” and “there should be no [or minimal] judicial review ... of administrative action.” Walter Gellhorn, *The Administrative Procedure Act: The Beginnings*, 72 VA. L. REV. 219, 221–22, fn. 11 (1986) (quoting 63 A.B.A. Rep. 331, 339–40 (1938) and quoting O.R. McGuire, chairman of the American Bar Association Special Committee on Administrative Law respectively). It was necessary to find a way to require administrative officials to “base decisions not on conventional processes of reasoning, but on *responses to constituent desires* and on *informally obtained information about issues of fact and policy*.” Cass R. Sunstein, *Interest Groups in American Public Law*, 38 STAN. L. REV. 29, 60 (1985) (emphasis added). These concerns were addressed by the introduction of notice-and-comment procedure, characterized by the late Justice Antonin Scalia as “probably the most significant innovation of the [APA].” Scalia, *Judicial Deference to Administrative Interpretations of Law* at 514. “The constitutional notice and hearing requirements ... are generally present where life, liberty, or *property* is being injured, or *one’s rights*

are being impaired.” MORRIS D. FORKOSCH, TREATISE ON ADMINISTRATIVE LAW 70 (1956) (emphasis added).

B. Congressional Intent of the AIPA

In 1999, Congress passed the AIPA “which reorganized the [USPTO] and established it” as an independent executive agency, expanding its influence and ability to control its own operations. Clarisa Long, *PTO and the Market for Influence in Patent Law*, 157 U. PA. L. REV. 1965, 1973–74 (2009). The AIPA explicitly connected the USPTO to the APA, by adding the requirement that the USPTO “may establish regulations ... which ... *shall be made in accordance with* [APA notice-and-comment procedure].” 35 U.S.C. § 2(b)(2)(B) (referencing 5 U.S.C. § 553, the APA rule making statute) (emphasis added). As an administrative agency, the USPTO is subject to all the regulations of the APA. Congress chose to make this explicit by including direct reference to the APA’s rulemaking statute in the AIPA. Despite such inclusion, the USPTO has repeatedly acted unilaterally in changing its rules, often contrary to the interests of practitioners and stakeholders. *See generally* Andrew Dietrick & Jonathan Stroud, *Rules to Bind You: Problems with the USPTO’s PTAB Rulemaking Procedures*, 51 N.M. L. REV. 430 (2021).

C. Avoidance of an “Absurd” Result

The inclusion of notice-and-comment procedure in the APA was intended to give citizens a proverbial “seat at the table” in agency rulemaking, especially one where their personal or property rights were likely to be impacted. The USPTO grants

and denies tangible patent and trademark rights in the United States. The AIPA acknowledged this and explicitly stated that the USPTO must adhere to notice-and-comment procedure.

The status quo, affirmed again by the Federal Circuit in the case now before this Court, is that all rules promulgated by the USPTO are procedural and therefore exempt from notice-and-comment rulemaking per 5 U.S.C. § 553 (b)(A). *See In re Chestek*, No. 2022-1843; *see also Cooper Techs.*, 536 F.3d at 1335. This is an absurd result because it renders 35 U.S.C. § 2(b)(2)(B) meaningless.

In determining whether the USPTO is subject to notice-and-comment procedure, it is necessary to delineate substantive from procedural rules and inquire as to whether this line is drawn the same way for all administrative agencies. The powers wielded, and subject matter governed by the USPTO are unique among the executive agencies, requiring an analysis of rulemaking that acknowledges the specialized context in which intellectual property rights are granted by the USPTO.

II. Mandatory Notice-and-Comment is Needed

The USPTO is the cornerstone of patent and trademark rights in the United States and essential for protecting inventor and brand rights as well as fostering innovation.

This case and a recent situation underscore the urgent need for this Court's intervention, one which will ensure that the USPTO adheres to the

principles of public accountability and transparency as mandated by the APA and as recognized by the AIPA.

A. The Case at Issue Here

The current petition is the result of a new USPTO rule which impacts rights by overreaching into personal information of applicants. *See In re Chestek*, No. 2022-1843 at 2 (Petitioner “fail[ed] to comply with the domicile address requirement of 37 C.F.R. §§ 2.32(a)(2) and 2.189”).

The rule in question stems from a 2019 amendment to trademark regulations, requiring applicants to provide their domicile address—defined as their permanent legal residence or principal place of business—excluding previously accepted mere mailing addresses. *See generally* Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants, 84 Fed. Reg. 31498 (Jul. 2, 2019) (codified at 37 C.F.R. pt. 2) [hereinafter “Foreign Attorney Requirement”]. The original rule was subject to notice-and-comment; however, the finalized amended version, which altered the rule requiring foreign applicants to retain U.S. licensed counsel, was promulgated by the USPTO without adhering to the notice-and-comment procedure. *Id.* at 31507 (stating the amended rule “does not require notice-and-comment rulemaking” because it is procedural in nature). Petitioner Chestek challenged both the domicile address rule and the USPTO’s failure to follow the notice-and-comment procedure. *See generally In re Chestek*, No. 2022-1843. The USPTO maintains that the “proposed changes were [procedural and therefore] exempt from the

requirements of notice-and-comment rulemaking but that it had nevertheless ‘chosen to seek public comment.’” *Id.* at 2.

B. Reactionary Rulemaking with Retroactive Notice-and-Comment

Another development stems from a case involving retaliation by the USPTO against an Administrative Patent Judge (“APJ”) named Michael Fitzpatrick. *See generally Michael Fitzpatrick v. Dep’t of Commerce*, DC-1221-21-0423-W-2 (M.S.P.B May 5, 2023) (Initial Decision). APJ Fitzpatrick is an administrative patent judge in the Patent Trial and Appeal Board (“PTAB”) at the USPTO. This case resulted in a new USPTO rule without notice-and-comment.

On July 19, 2018, APJ Fitzpatrick’s whistleblower complaint quietly called into question the practice of “panel stacking” at the PTAB. *Id.* Judicial panels at the PTAB usually consist of three APJs. APJ Fitzpatrick accused USPTO leadership of manipulating panel compositions to sway the patentability decisions in PTAB cases, particularly in the *Adidas AG v. Nike, Inc.*, No. IPR2013-00067 (PTAB Mar. 1, 2021), *inter partes* review (“Adidas IPR”). Eileen McDermott, *MSPB Grants ‘Corrective Action’ to APJ for USPTO Retaliation Following Whistleblower Activity*, IP WATCHDOG (May 11, 2023, 12:15 PM) (summarizing the APJ Fitzpatrick MSPB initial decision) (citations omitted).² According to his

² Available at <https://ipwatchdog.com/2023/05/11/mspb-grants-corrective-action-apj-uspto-retaliation-following->

complaint, the USPTO covertly and illegally expanded the review panel from three to five judges after the decision had already been made, changed the outcome, and then reduced the panel back to three, all without notifying the involved parties. *Id.*

Adding to the controversy, APJ Fitzpatrick asserted that the then-USPTO Director expressed his intentions to terminate Fitzpatrick's employment. *Id.* Fitzpatrick was also (1) pressured to omit remarks about the panel's expansion in his concurring opinion, (2) subsequently removed from the panel, (3) reassigned and relegated to *ex parte* appeals at the PTAB, and (4) negatively appraised in performance reviews. *Id.* The Merit Systems Protection Board ("MSPB") determined APJ Fitzpatrick's claims to be credible and ordered corrective actions that reinstated him to his original duties. *Id.*

PTAB officials later testified about this unfortunate activity between May 11 and 24, 2022. *See Fitzpatrick*, DC-1221-21-0423-W-2 (Hearing Transcripts, recording testimony of currently active USPTO APJs Philli Kauffman, Susan Mitchell, Michael Tierney, and current Chief APJ Scott R. Boalick). On May 26, 2022, a mere two days after the hearings, the USPTO reacted by issuing an "Interim Process for PTAB Decision Circulation and Internal PTAB Review," ("Interim Process") without any notice or comment. *Interim process for PTAB decision circulation and internal PTAB review*, USPTO (published May 26, 2022, 4:12 PM, updated July 20,

[whistleblower-activity/id=160782/](https://www.uspto.gov/whistleblower-activity/id=160782/) (last visited June 12, 2024).

2022, 9:08 AM).³ This Interim Process altered the previous procedure that was recently testified about at the MSPB, now making it “clear that the Director is not involved, pre-issuance, in directing or otherwise influencing panel decisions, and [that] the PTAB panel has final authority and responsibility for the content of a decision.” On July 20, 2022, the USPTO retroactively provided a notice-and-comment for this rule. The following day, the U.S. Government Accountability Office would publish a highly critical report on USPTO decision-making. U.S. GOV’T ACCOUNTABILITY OFF., GAO-22-106121, PATENT TRIAL AND APPEAL BOARD: PRELIMINARY OBSERVATIONS ON OVERSIGHT OF JUDICIAL DECISION-MAKING (2022).

While there are others, this is another incident where the USPTO issued an initial rule without notice or comment. While it was a welcome development after the fact, prior public accountability within the USPTO could have prevented this and other similar unfortunate situations.

C. USPTO’s Improper Rulemaking Procedure

Lastly, even when the USPTO implements notice-and-comment rulemaking, it is not always implemented properly. In 2023, the USPTO published changes to the MPEP but chose not to follow the proper notice-and-comment procedure. *See*

³ Available at <https://www.uspto.gov/interim-process-ptab-decision-circulation-and-internal-ptab-review> (last accessed Jun 13, 2024).

Julie Burke, Ph.D, *USPTO Flexes Its AIA Powers To Make Retroactive Substantive MPEP Policy Changes*, IP WATCHDOG (Mar. 23, 2023, 12:15p PM).⁴ The established process requires specific proposed changes, public comments, review and analysis of those comments, and final publication based on the feedback. *Id.* However, the USPTO implemented policy changes before the comment period ended, provided vague questions regarding its request for comment, and published retroactive changes shortly *after* the comment period closed. *Id.* This deviation caused confusion and reduced transparency for stakeholders.

This Court's intervention is needed in order to overrule the timeworn precedent, precedent which is contrary to the AIPA.

⁴ Available at <https://ipwatchdog.com/2023/03/23/uspto-flexes-aia-powers-make-retroactive-substantive-mpep-policy-changes/id=158222/> (last visited June 13, 2024).

CONCLUSION

The BADC respectfully requests that this Court consider the arguments contained herein and grant Petitioner's writ of certiorari.

Respectfully submitted,

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