

No. 23-1217

---

IN THE  
**Supreme Court of the United States**

—————  
CHESTEK PLLC,

*Petitioner,*

v.

KATHI VIDAL, 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**

—————  
**REPLY BRIEF FOR PETITIONER**

—————  
ANDREW M. GROSSMAN  
*Counsel of Record*  
KRISTIN A. SHAPIRO  
BAKER & HOSTETLER LLP  
1050 Connecticut Ave., N.W.  
Washington, D.C. 20036  
(202) 861-1697  
agrossman@bakerlaw.com

*Counsel for Petitioner*

---

**TABLE OF CONTENTS**

	Page
REPLY BRIEF FOR PETITIONER .....	1
I. The Decision Below Deprives Section 2(b)(2)(B) of All Force, Conflicting with This Court’s Interpretative Precedents and Decisions of Other Circuits.....	2
II. The Question Presented Is Exceptionally Important .....	9
III. This Case is the Ideal Vehicle To Resolve the Question Presented .....	11
CONCLUSION .....	14

## TABLE OF AUTHORITIES

### CASES

<i>Animal Legal Def. Fund v. Quigg</i> , 932 F.2d 920 (Fed. Cir. 1991) .....	2
<i>Azar v. Allina Health Servs.</i> , 587 U.S. 566 (2019) .....	7
<i>City of Chicago, Illinois v. Fulton</i> , 592 U.S. 154 (2021) .....	7
<i>Cooper Techs. Co. v. Dudas</i> , 536 F.3d 1330 (Fed. Cir. 2008) .....	2, 3
<i>Cuozzo Speed Techs. v. Com. for Intell. Prop.</i> , 579 U.S. 261 (2016) .....	3
<i>Dept. of Agric. Rural Dev. Rural Hous. Serv. v. Kirtz</i> , 601 U.S. 42 (2024) .....	6
<i>Edelman v. Lynchburg Coll.</i> , 535 U.S. 106 (2002) .....	5
<i>Gallegos v. Lyng</i> , 891 F.2d 788 (10th Cir. 1989) .....	8
<i>Helgott &amp; Karas, P.C. v. Dickinson</i> , 209 F.3d 1328 (Fed. Cir. 2000) .....	12
<i>Int’l Bhd. of Teamsters v. Peña</i> , 17 F.3d 1478 (D.C. Cir. 1994) .....	8, 9
<i>Klaips v. Bergland</i> , 715 F.2d 477 (10th Cir. 1983) .....	8
<i>Levesque v. Block</i> , 723 F.2d 175 (1st Cir. 1983) .....	8

<i>Merck &amp; Co., Inc. v. Kessler</i> , 80 F.3d 1543 (Fed. Cir. 1996) .....	2
<i>Pierce Cnty. v. Guillen</i> , 537 U.S. 129 (2003) .....	5
<i>SEC v. Chenery Corp.</i> , 318 U.S. 80 (1943) .....	12
<i>Tafas v. Doll</i> , 559 F.3d 1345 (Fed. Cir. 2009) .....	11
<i>Van Buren v. United States</i> , 593 U.S. 374 (2021) .....	4
<i>Wyden v. Comm’r of Patents &amp; Trademarks</i> , 807 F.2d 934 (Fed. Cir. 1986) .....	12
<u>STATUTORY AND REGULATORY AUTHORITIES</u>	
5 U.S.C. § 551(1) .....	4
5 U.S.C. § 553 .....	1, 2, 4–9, 12
28 U.S.C. § 1295 .....	12
35 U.S.C. § 2(b)(2) .....	1–7, 12
35 U.S.C. § 3 .....	1, 6
42 U.S.C. § 2000e .....	5
77 Fed. Reg. 70385 (Nov. 26, 2012) .....	3
79 Fed. Reg. 4105 (Jan. 24, 2014) .....	3
Pub. L. No. 88-352, Title VII, § 713, 78 Stat. 265 (1964) .....	5
Pub. L. No. 106-113, App. I, 113 Stat. 1501A (1999) .....	1, 6

OTHER AUTHORITIES

Dennis Crouch,  
*Democracy on Trial: Chestek and the Future of  
USPTO Accountability* (June 17, 2024),  
[https://patentlyo.com/patent/2024/06/democrac  
y-chestek-accountability.html](https://patentlyo.com/patent/2024/06/democrac<br/>y-chestek-accountability.html) ..... 9

Gregory Dolin & Irina D. Manta,  
*Taking Patents*, 73 Wash. & Lee L. Rev. 719  
(2016)..... 11

Joseph Scott Miller,  
*Substance, Procedure, and the Divided Patent  
Power*, 63 Admin. L. Rev. 31 (2011) ..... 2, 3, 6, 9

## REPLY BRIEF FOR PETITIONER

The PTO's brief in opposition asserts an astounding claim to unchecked regulatory authority. In 1999, Congress amended the PTO's primary rulemaking authority to require that its regulations "shall be made in accordance with section 553 of title 5." 35 U.S.C. § 2(b)(2)(B); Pub. L. No. 106-113, App. I, 113 Stat. 1501A-552, 572-73 (1999). According to the PTO, that amendment was a nullity from the start, merely requiring the agency to follow existing law. But Congress's plain intention was not anywhere near so pointless. As it has throughout the U.S. Code, Congress added the cross-reference to section 553 to mandate compliance with that section's notice-and-comment requirements. Even the PTO does not dispute that Congress regularly employs such cross-references to that end. And even the PTO does not dispute that, here, that interpretation is the only one that also avoids nullifying the adjacent advisory-committee-consultation requirement of section 3(a)(2)(B).

It is easy to understand why an agency might wish to shrug off such bothersome procedural requirements, but it is even easier to understand why Congress would impose them in the first place. Left uncorrected, the decision below empowers the PTO to issue regulations that can eviscerate trillions of dollars in patent and trademark value overnight without the benefit of public notice or participation. Certiorari is warranted to determine whether that unlikely result is what Congress intended when it added statutory language that appears to compel the opposite.

**I. The Decision Below Deprives Section 2(b)(2)(B) of All Force, Conflicting with This Court’s Interpretative Precedents and Decisions of Other Circuits**

The decision below renders Congress’s command that the PTO “adhere to § 553 of the APA an empty gesture, if not an outright absurdity,” Joseph Scott Miller, *Substance, Procedure, and the Divided Patent Power*, 63 Admin. L. Rev. 31, 63 (2011), in plain conflict with this Court’s interpretative precedents and the decisions of other courts of appeals’ interpreting similar cross-references to section 553. The PTO purports to dispute that the decision below nullifies section 2(b)(2)(B), but its proffered interpretation of the provision is both untenable and, in the end, equally pointless.

1. The decision below did not attempt to explain what function section 2(b)(2)(B) could possibly serve if not to mandate notice and comment rulemaking. But the PTO concedes that this Court’s interpretive precedents require that section 2(b)(2)(B) mean *something*.

In its opposition, the PTO primarily takes issue with the Federal Circuit’s repeated holdings that section 2(b)(2)(A) does not authorize the agency to issue “substantive” rules. *See Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1335 (Fed. Cir. 2008); *Merck & Co., Inc. v. Kessler*, 80 F.3d 1543, 1550 (Fed. Cir. 1996); *Animal Legal Def. Fund v. Quigg*, 932 F.2d 920, 930 (Fed. Cir. 1991). That understanding follows from the plain text of the provision, which authorizes only rules that

“govern the conduct of proceedings in the Office,” 35 U.S.C. § 2(b)(2)(A). And Congress has reenacted section 2(b)(2)(A) following those decisions without altering the section’s scope. *See Miller, supra*, at 32–33 & n.9 (“It is settled that Congress has [not] given the Patent Office ... substantive rulemaking power.”). The PTO cites *Cuozzo Speed Techs. v. Com. for Intell. Prop.*, 579 U.S. 261, 277 (2016), but that decision “interpret[ed] a different statute” with different language. Nor does that decision provide any support for the PTO’s vague suggestion that section 2(b)(2)(A) authorizes the agency to issue some unidentified category of *substantive* rules governing patent and trademark law.

Contrary to that suggestion, the PTO has repeatedly recognized that section 2(b)(2) is limited to procedural rules. *E.g.*, Changes To Require Identification of Attributable Owner, 79 Fed. Reg. 4105, 4107 (Jan. 24, 2014) (stating that “a Patent Office rule must be ‘procedural’”); Notice of Roundtable on Proposed Requirements for Recordation of Real-Party-in-Interest Information Throughout Application Pendency and Patent Term, 77 Fed. Reg. 70385, 70386 (Nov. 26, 2012) (same). The PTO’s prior use of section 2(b)(2) to issue interpretive rules also does not support its position, as those rules interpreted *procedural* provisions. *See, e.g., Cooper Techs.*, 536 F.3d at 1136 (“[T]he Patent Office had the authority under 35 U.S.C. § 2 to interpret section 4608, because that interpretation ... governs the conduct of proceedings in the Patent Office, not matters of substantive patent law.”).



There is also no merit to PTO’s alternative claim (at 12) that, “[e]ven assuming that Section 2(b)(2) is confined to procedural rules,” the cross-reference to section 553 still has “meaningful practical import” other than requiring notice-and-comment rulemaking. The PTO states that “procedural rules remain subject to the requirement [of 5 U.S.C. § 553(e)] that the agency ‘give an interested person the right to petition for the issuance, amendment, or repeal of a rule.’” Opp.12. But section 2(b)(2) requires the agency to “*establish regulations*” “in accordance with section 553.” 35 U.S.C. § 2(b)(2) (emphasis added). To state the obvious, the provisions of section 553 that govern the procedure for *establishing regulations* are the notice and comment provisions in section 553(b)–(d) and not section 553(e).

In any event, even if the PTO were correct on all of these points, its interpretation would still render section 2(b)(2)(B) superfluous. Even before Congress added the cross-reference in 1999, the PTO was an “agency” under the APA subject to section 553. 5 U.S.C. § 551(1). The PTO’s interpretation reduces the 1999 amendment to nothing more than an instruction to follow pre-existing law. But “[w]hen Congress amends legislation, courts must presume it intends the change to have real and substantial effect.” *Van Buren v. United States*, 593 U.S. 374, 393 (2021) (quotation marks omitted). The only possible “real and substantial effect” of the cross-reference is that it re-

quires the PTO to provide notice and comment notwithstanding section 553's exception for procedural rules.

*Edelman v. Lynchburg Coll.*, 535 U.S. 106 (2002), does not compel a meaningless interpretation of section 2(b)(2)(B). *Edelman* addressed whether an EEOC regulation “permitting an otherwise timely filer to verify a charge after the time for filing has expired” was a reasonable interpretation of 42 U.S.C. §§ 2000e–5. *Id.* at 109. Footnote 7 of that opinion cursorily states that “Title VII does not require the EEOC to utilize notice-and-comment procedures.” *Id.* at 114 n.7. That footnote is plainly dicta and addresses an issue that was not even briefed by the parties. Regardless, the pertinent cross-reference was *not* to section 553 but to the APA generally, and it explicitly incorporates both “the standards and limitations” of the APA. 42 U.S.C. § 2000e-12(a). Moreover, section 2000e-12(a) was adopted in its entirety in 1964, *see* Pub. L. No. 88-352, Title VII, § 713, 78 Stat. 265 (1964), and thus *Edelman's* dicta does not lead to the absurd conclusion that Congress *amended* a statute to achieve nothing, unlike the decision below.

Finally, the PTO argues (at 9) that “[s]tatutory context and common sense” support its construction. Even if that were so, it would not alter the simple fact that the PTO’s “reading gives the [1999] amendment no ‘real and substantial effect’ and, accordingly, *cannot* be the proper understanding of the statute.” *Pierce Cnty. v. Guillen*, 537 U.S. 129, 145 (2003) (emphasis added).

But that isn't so: the PTO's arguments about "context" and "common sense" are wholly mistaken. The PTO notes (at 10) that the Intellectual Property and Communications Omnibus Reform Act of 1999 prohibited the PTO from "ceas[ing] to maintain, for use by the public, paper or microform collections of United States patents, foreign patent documents, and United States trademark registrations, except pursuant to notice and opportunity for public comment." Pub. L. No. 106-113, Div. B, App. I, § 4804(d)(2), 113 Stat. 1501A-590 (1999). But section 4804(d)(2) and section 2(b)(2) are apples and oranges: unlike section 2(b)(2), section 4804(d)(2) addresses an activity that is not subject to section 553 because it does not involve rule-making. That aside, this Court has never required Congress to incant "magic words" to accomplish its intent, even in the clear-statement context. *Dept. of Agric. Rural Dev. Rural Hous. Serv. v. Kirtz*, 601 U.S. 42, 48 (2024).

The PTO also points out the consultation requirement in 35 U.S.C. § 3(a)(2)(B), but that requirement cuts *against* the PTO's argument because it presumes that regulations issued pursuant to section 2(b)(2) will undergo notice and comment. *See* Pet. 14–15. The Federal Circuit's interpretation of section 2(b)(2) "render[s] § 3's consultation command a nullity; it too, would refer to an empty set." Miller, *supra*, at 65. The PTO does not dispute the point. While the agency may approve that the decision below knocks out two bothersome congressional mandates in one fell swoop, an

interpretation of section 2(b)(2) that “render[s] superfluous another part of the same statutory scheme” is not a permissible one. *City of Chicago, Illinois v. Fulton*, 592 U.S. 154, 159 (2021) (quotation marks omitted).

The PTO’s defense of the decision below as “common sense” (at 9) rests on nothing more than its assertion that notice-and-comment requirements are burdensome. But those “policy arguments don’t carry much force even on their own terms,” as “[n]ot only has the [PTO] failed to document any draconian costs associated with notice and comment, it also has neglected to acknowledge the potential countervailing benefits.” *Azar v. Allina Health Servs.*, 587 U.S. 566, 581–82 (2019). “Surely a rational Congress could have thought those benefits especially valuable when it comes to a program where even minor changes to the agency’s approach can impact millions of people and billions of dollars in ways that are not always easy for regulators to anticipate.” *Id.* at 582.

2. The decision below also conflicts with decades of practice and precedent regarding similar cross-references to section 553. Strikingly, the PTO does not dispute that the U.S. Code is littered with cross-references to section 553 that would be meaningless if they incorporated section 553’s exceptions. *See, e.g.*, Pet. 18 & n. 12 (collecting statutes). The PTO’s analysis of precedent concerning those cross-references only underscores the existence of a conflict of authority warranting this Court’s attention.

Specifically, the PTO cites *Int'l Bhd. of Teamsters v. Peña*, 17 F.3d 1478, 1486 (D.C. Cir. 1994), where the D.C. Circuit held that a cross-reference to section 553 “do[es] no more than make § 553 applicable, its exceptions no less than its affirmative requirements.” *Id.* The decision below also adopts this view. By contrast, the First and Tenth Circuits have held that the cross-reference to section 553 in the Food Stamp Act at least overrides the section’s exception for benefits programs. *See, e.g., Levesque v. Block*, 723 F.2d 175, 177 (1st Cir. 1983) (“[D]espite the exemption from APA procedures for grant and benefit programs, 5 U.S.C. § 553(a)(2) (1982), food stamp regulations must be promulgated ‘in accordance with the procedures set forth in section 553 of title 5.’”); *Gallegos v. Lyng*, 891 F.2d 788, 789 (10th Cir. 1989); *Klaips v. Bergland*, 715 F.2d 477, 482 (10th Cir. 1983).

The PTO contends (at 13) that *Levesque* and *Klaips* “assume that the APA’s exceptions to notice-and-comment requirements apply to such regulations.” But *Levesque* and *Klaips* make clear that section 553’s exception for “a matter relating to ... benefits,” 5 U.S.C. § 553(a)(2), does *not* apply to regulations under the Food Stamp Act. This is the obvious function of a cross-reference to section 553 in a statute authorizing regulations that otherwise would be categorically exempt from notice and comment.

Even the D.C. Circuit’s decision in *Peña* and the decision below conflict with each other. Attempting to reconcile its holding with *Levesque* and *Klaips*, the de-

cision below explained that a cross-reference to section 553 could overcome the exceptions set out in section 553(a) but not the exceptions set out in section 553(b). Pet. App. 10. *Peña*, however, held that a cross-reference to section 553 incorporates the exceptions set out in section 553(a). 17 F.3d at 1486 (applying foreign affairs exception in section 553(a)(1)). In other words, the law in this area is so confused that there is a split within a split.

## **II. The Question Presented Is Exceptionally Important**

The PTO does not attempt to downplay the importance of the question presented. Nor could it. The decision below exempts the PTO from “notice-and-comment rulemaking in a puff of logic,” Miller, *supra*, at 65, obliterating a vital check on the agency’s authority that ensures reasoned, accountable rulemaking on highly consequential matters.

According to the PTO, that is a good thing. The agency claims (at 14–15) that “[t]he absence of a notice-and-comment requirement enables agencies to alter procedural rules efficiently, including in response to concerns and objections raised by the public.” But section 553’s notice-and-comment provisions are what require agencies be responsive to public concerns in the first place. The decision below gives the PTO a “green light” to “ignore public comments on its proposed rules, avoid publishing proposed rules, or avoid soliciting public comments.” IEEE-USA Amicus Br. 2; *see also, e.g.*, Dennis Crouch, *Democracy on Trial*:

*Chestek and the Future of USPTO Accountability*, Patently-O (June 17, 2024).<sup>1</sup> “These procedures are not mere formalities,” but instead “facilitate the important democratic value of allowing interested parties and the public to participate in deliberative law-making.” Cato Institute & Ethics and Public Policy Center Amicus Br. 5. The PTO’s suggestion that shrugging off notice and comment will somehow make it *more* accountable is unbelievable.

Notice-and-comment rulemaking also serves to counteract PTO biases by “encourage[ing] input from a much broader group.” *Id.* at 8. This concern is particularly apparent in the patent context, given the importance of patents to small businesses. *See IEEE-USA Amicus Br. 9–10.* Moreover, if the PTO’s rules are not subject to notice and comment, the Regulatory Flexibility Act’s protections for small businesses also will not apply. *See id.* at 8. Notice-and-comment rulemaking requires the PTO to pay attention to the concerns of small entities, in addition to larger corporations that already have the agency’s ear.

The PTO itself concedes (at 13) that its “procedural rules” can “significantly affect” patent and trademark applicants and owners. That’s putting it lightly. A “procedural” patent rule like those governing “post-issuance review procedures” can “change the scope of existing patents and greatly diminish[] their value”—

---

<sup>1</sup> Available at <https://patentlyo.com/patent/2024/06/democracy-chestek-accountability.html> (last visited Aug. 22, 2024).

to the tune of trillions of dollars. Gregory Dolin & Irina D. Manta, *Taking Patents*, 73 Wash. & Lee L. Rev. 719, 787 & n.418 (2016); *see also Tafas v. Doll*, 559 F.3d 1345, 1358 (Fed. Cir. 2009), reh’g en banc granted, opinion vacated on other grounds, 328 Fed. App’x 658 (Fed. Cir. 2009) (considering controversial “procedural” PTO rule that would dramatically “decrease the value of patent rights”). “The PTO’s impact on the economy is simply enormous.” New Civil Liberties Alliance Amicus Br. 15–16. It is no wonder that Congress wanted the PTO to have the benefit of public participation before issuing rules that could eviscerate trillions of dollars in intellectual property value overnight.

### **III. This Case is the Ideal Vehicle To Resolve the Question Presented**

The PTO is wrong that this case is an “unsuitable vehicle” to address the question presented. Opp.14.

The PTO argues that the Federal Circuit could have affirmed the agency’s refusal to register Petitioner’s mark for reasons not addressed in the decision below. To begin with, the PTO asserts (at 14) that the domicile-address requirement is a “logical outgrowth” of the proposed rule. But Petitioner detailed below why the requirement was not a “logical outgrowth,” *see* Chestek PLLC COA Br. 19–26, including that the proposed rule specifically disclaimed any new reporting requirements or impact on domestic trademark applicants, *see* Pet. 7. Rather than resolve that question, the court below held the PTO exempt from notice-and-comment requirements altogether.



The PTO also contends (at 15) that 15 U.S.C. § 1123 provides an alternate basis for the domicile-address requirement and does not require notice-and-comment rulemaking. But the PTO indisputably promulgated the requirement pursuant to section 2(b)(2), thereby triggering that section’s notice-and-comment requirements. *See SEC v. Chenery Corp.*, 318 U.S. 80, 93–94 (1943) (agency “action must be measured by what [the agency] did, not by what it might have done”). By exerting its section 2(b)(2) power, the PTO obligated itself to act in “accordance with section 553 of title 5.” In turn, the decision below squarely held that this “cross-reference to § 553” does not “mandat[e] notice-and-comment rulemaking.” Pet. App. 10. That holding was essential to the decision and is therefore ripe for this Court’s review.

Moreover, this case will likely be the *only* vehicle to present this issue. The PTO contends (at 14) that “challenges to trademark rules ... may arise in other circuits.” But the issue here concerns the interpretation of 35 U.S.C. § 2(b)(2), which is *contained in the Patent Act*. The Federal Circuit has exclusive jurisdiction over appeals “arising under any Act of Congress relating to patents.” 28 U.S.C. § 1295(a)(1); *see Helgott & Karas, P.C. v. Dickinson*, 209 F.3d 1328, 1334 (Fed. Cir. 2000) (“[T]he question of whether the Commissioner has violated the APA in applying the PCT rules and regulations ... raises a substantial question under the patent laws.”); *Wyden v. Comm’r of Patents & Trademarks*, 807 F.2d 934, 936–37 (Fed.

Cir. 1986) (en banc) (claim regarding attorney’s authority to practice before PTO “aris[es] under ... the Patent Act”). If a challenger attempts to litigate this issue in another court of appeals, the PTO assuredly will argue that it falls within the Federal Circuit’s exclusive jurisdiction under *Helfgott* and *Wyden*. It is utterly disingenuous for the PTO to give this Court the misleading impression that another court of appeals might address this issue, such that any further percolation on it is possible.

As amicus IEEE-USA explains, “[t]his Court may never see another vehicle raising this important issue.” IEEE-USA Amicus Br. 14. The Court therefore should grant review to decide whether the PTO is “perhaps the only agency that can issue rules, which have a profound effect on the national economy, without the benefit of public input.” New Civil Liberties Alliance Amicus Br. 6.

**CONCLUSION**

The Court should grant the petition.

Respectfully submitted,

ANDREW M. GROSSMAN  
*Counsel of Record*  
KRISTIN A. SHAPIRO  
BAKER & HOSTETLER LLP  
1050 Connecticut Ave., N.W.  
Washington, D.C. 20036  
(202) 861-1697  
agrossman@bakerlaw.com

*Counsel for Petitioner*

AUGUST 2024