



2013

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Recommended Citation

John M. Golden, *The USPTO's Soft Power: Who Needs Chevron Deference*, 66 SMU L. Rev. 541 (2013)
<https://scholar.smu.edu/smulr/vol66/iss3/3>

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THE USPTO'S SOFT POWER: WHO NEEDS *CHEVRON* DEFERENCE?

John M. Golden*

I. INTRODUCTION

BY many measures, the United States Patent and Trademark Office (USPTO) is no bureaucratic bantam. The USPTO compares well in size and budget to the Securities and Exchange Commission (SEC), which is commonly recognized to be a “powerful”¹ and “respected”² federal agency. In fiscal year 2012, the USPTO employed over 11,000 people, including nearly 8,000 patent examiners,³ and had about \$2.3 billion in program costs.⁴ In that same fiscal year, the SEC had less than four-thousand full-time employees⁵ and program costs of about \$1.2 billion, a little over half those of the USPTO.⁶ In terms of employment and budgetary measures, one might say that the 2012 USPTO was about double the agency the SEC was.

Nonetheless, in terms of recognized power to speak on substantive questions of law, the USPTO can seem an institutional mite. Like many

* Professor in Law, The University of Texas at Austin. For helpful discussions, I thank Oren Bracha, Arti Rai, Matt Spitzer, and participants in the SMU Dedman School of Law's 10th Annual Symposium on Emerging Intellectual Property Issues. I thank Grace Matthews for research assistance.

1. See, e.g., Neal L. Wolkoff & Jason B. Werner, *The History of Regulation of Clearing in the Securities and Futures Markets, and Its Impact on Competition*, 30 REV. BANKING & FIN. L. 313, 380 (2010) (“For the securities industry, from the very beginning the existence of an independent federal regulator, the SEC, gave the markets the protection of a powerful governmental agency with a clear mandate.”); Jack B. Weinstein, *Compensation for Mass Private Delicts: Evolving Roles of Administrative, Criminal, and Tort Law*, 2001 U. ILL. L. REV. 947, 951 (listing the SEC as one of a number of “powerful agencies”).

2. See, e.g., Frank B. Cross & Robert A. Prentice, *The Economic Value of Securities Regulation*, 28 CARDOZO L. REV. 333, 369 n.167 (2006) (describing the SEC as “remain[ing] one of the most respected federal agencies”); Renee M. Jones, *Legitimacy and Corporate Law: The Case for Regulatory Redundancy*, 86 WASH. U. L. REV. 1273, 1325 (2009) (“[T]he SEC long enjoyed a reputation as one of the most respected federal agencies.”).

3. U.S. PATENT & TRADEMARK OFFICE, PERFORMANCE AND ACCOUNTABILITY REPORT: FISCAL YEAR 2012, at 10 (2012) [hereinafter 2012 USPTO PERFORMANCE REPORT] (“At the end of FY 2012, the USPTO work force . . . was composed of 11,531 federal employees (including 7,935 patent examiners and 386 trademark examining attorneys).”).

4. *Id.* at 74 (“Program costs totaled \$2,321.0 million for the year ended September 30, 2012 . . .”).

5. U.S. SEC. & EXCH. COMM'N, FISCAL YEAR 2012 AGENCY FINANCIAL REPORT 9 [hereinafter 2012 SEC FIN. REPORT] (“In fiscal year (FY) 2012, the [SEC] employed 3,785 full-time equivalents (FTE), including 3,754 permanent and 31 temporary FTEs.”), available at <http://www.sec.gov/about/secafr2012.shtml>.

6. *Id.* at 34 (“Total Program Costs were \$1,198 million for the year ended September 30, 2012 . . .”).

other administrative agencies, the SEC can receive high-level *Chevron* deference when the courts review its interpretations of the statutes it administers.⁷ In contrast, 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 interpretations of substantive aspects of the Patent Act.⁸

A number of commentators have criticized this distinctive aspect of U.S. patent law’s institutional structure and called for Congress or the courts to act to recognize the USPTO as having greater authority to speak with the force of law.⁹ I myself have contributed to laments about limitations on the USPTO’s authority¹⁰ and have argued that the USPTO should have substantive rulemaking authority for questions of subject-matter eligibility, a class of issues relating to patentability.¹¹

But I now confess to having seen a greater light. For the most part, need we care that much about whether the USPTO gets *Chevron* deference? True, *Chevron* deference enables an agency to effectively trump prior interpretations of statutes by courts or the agency itself.¹² This aspect of a *Chevron* deference framework can be important where problematic precedent could otherwise prevent an agency from moving toward a more socially optimal way of resolving certain legal questions, as might be the case for issues of subject-matter eligibility in patent law.¹³

7. See, e.g., *SEC v. Zandford*, 535 U.S. 813, 819–20 (2002) (stating that an SEC interpretation of “ambiguous text” was “entitled to deference if it [was] reasonable”); *Fin. Planning Ass’n v. SEC*, 482 F.3d 481, 487 (D.C. Cir. 2007) (applying the *Chevron* deference framework to an SEC rule excepting some broker-dealers from the reach of the Investment Advisers Act); *McConville v. SEC*, 465 F.3d 780, 786 (7th Cir. 2006) (“As a congressionally authorized administrative agency, the Commission’s interpretation of the Securities Exchange Act will be upheld, unless the interpretation is contrary to clear congressional intent.”).

8. See *infra* text accompanying notes 26–34.

9. See, e.g., Michael J. Burstein, *Rules for Patents*, 52 WM. & MARY L. REV. 1747, 1806 (2011) (advocating “granting the PTO substantive rule-making authority”); Jonathan S. Masur, *Regulating Patents*, 2010 SUP. CT. REV. 275, 279 (arguing “for Congress to endow the PTO with substantive rule-making authority”); Melissa F. Wasserman, *The Changing Guard of Patent Law: Chevron Deference for the PTO*, 54 WM. & MARY L. REV. 1959, 2018 (2013) (contending “that both expertise and the avoidance of capture support the Federal Circuit granting *Chevron* deference to the PTO”). *But cf.* Rochelle Cooper Dreyfuss, *The Federal Circuit: A Continuing Experiment in Specialization*, 54 CASE W. RES. L. REV. 769, 793 (2004) (suggesting that before Congress gives the USPTO substantive rulemaking authority, “it would need to dramatically restructure” the USPTO to make it more competent to wield that authority).

10. John M. Golden, *The Supreme Court as “Prime Percolator”: A Prescription for Appellate Review of Questions in Patent Law*, 56 UCLA L. REV. 657, 701 (2009) (suggesting that a risk of ossification in patent law “is aggravated by patent law’s lack of an administrative agency having substantive rulemaking power”).

11. John M. Golden, *Patentable Subject Matter and Institutional Choice*, 89 TEX. L. REV. 1041, 1054 (2011) (arguing that “Congress should give the USPTO primary interpretive authority for questions of subject-matter eligibility”).

12. See *infra* text accompanying notes 38–43.

13. See Golden, *supra* note 11, at 1085 (“[P]resent-day U.S. courts tend to handcuff themselves to ways of approaching subject-matter eligibility that are unlikely to produce optimal social results.”).

But agency or judicial precedent commonly leaves much room even for an agency not entitled to *Chevron* deference to shape courts' later understanding of the laws. History suggests that *Chevron* deference is not needed for administrative agencies to be effective. Even in the wake of the New Deal, U.S. administrative agencies operated for decades before courts fully awakened to the *Chevron* principle, which Tom Merrill has characterized as sparking something of an accidental revolution in the law.¹⁴ Moreover, through the adoption of guidelines such as those on the patentability requirements of utility and adequate written description, the USPTO itself has demonstrated a capacity to influence the development of substantive patent law when it has the will to do so.¹⁵ Likewise, the Federal Trade Commission, an independent agency without any plausible claim to relevant interpretive authority with respect to U.S. patent law, has shown a capacity to influence patent law's development.¹⁶

In light of the above, this Essay argues that, even without access to *Chevron* deference, the USPTO can act to significantly shape the course of patent law's substantive development. Instead of spilling more ink on what additional powers the USPTO should or could have, commentators and policymakers might better spend their time analyzing what the USPTO should do with the power it already has. Who needs *Chevron* deference? This rhetorical question overstates the point. But the bottom line is that the USPTO can accomplish much to improve the workings of patent law by using its existing fact-finding and non-binding rulemaking powers.

II. PRIMER ON USPTO RULEMAKING POWERS AND LEVELS OF JUDICIAL DEFERENCE

A. A WORLD ALREADY RICH IN USPTO RULEMAKING

The USPTO already has the power to make rules, even rules on questions of "substantive patent law," such as whether a claimed invention is nonobvious.¹⁷ Congress has explicitly authorized the USPTO to issue regulations "govern[ing] the conduct of proceedings in the Office."¹⁸ Moreover, the USPTO is charged with the initial screening of patent applications¹⁹—which today number in the hundreds of thousands per

14. Thomas W. Merrill, *The Story of Chevron: The Making of an Accidental Landmark*, in *ADMINISTRATIVE LAW STORIES* 399, 402 (Peter L. Strauss ed., 2006) (describing *Chevron* as "a decision that was considered routine by those who made it [but] came to be regarded as one of potentially transformative significance").

15. See discussion *infra* Part III.B.

16. *Golden*, *supra* note 11, at 1098 ("[T]he FTC has shown a capacity to influence patent-law developments by holding hearings and issuing reports.")

17. See *infra* text accompanying notes 18–29.

18. 35 U.S.C. § 2(b)(2)(A) (2012).

19. See 35 U.S.C. § 131 ("The [USPTO] Director shall cause an examination to be made of the application . . . ; and if on such examination it appears that the applicant is entitled to a patent under the law, the Commissioner shall issue a patent therefore.")

year.²⁰ This task necessarily requires the USPTO to address patentability questions, such as whether an invention is obvious over prior art²¹—i.e., to provide answers to “substantive” questions of patent law. At the very least, because the USPTO is constantly confronting new technologies in making these determinations, USPTO personnel are continually having to engage in some form of interpretation of various substantive aspects of patent law—whether of statutory language itself, prior judicial precedents interpreting or applying such language, or the USPTO’s own prior decisions and guidelines. The Manual of Patent Examining Procedure (MPEP), a several-hundred-page tome designed to provide instruction to examiners and those who appear before them,²² is in large part a monument to the USPTO’s inescapable involvement in substantive interpretive activity and the demand, if not absolute need, for the USPTO to provide guidelines—one form of rulemaking²³—for its several thousand examiners and the applicants and patent agents with whom these examiners interact.²⁴ Yet in many respects, even the voluminous MPEP is merely a fragment, a shadow, of the mass of interpretive activity in which the USPTO’s thousands of employees are regularly involved.

In sum, the bare statement that the USPTO lacks substantive rulemaking authority can be misleading. Inherent in a combination of the USPTO’s authority to decide questions of patentability and its duty to act in accordance with general administrative law norms of consistency and due process is an authority to develop policies, guidelines, and internal agency precedent that operates on matters of substance and does so in the nature of a “rule”²⁵ in the somewhat oracular words of the Adminis-

20. U.S. PATENT & TRADEMARK OFFICE, U.S. PATENT ACTIVITY: CALENDAR YEARS 1790 TO THE PRESENT 1 (Mar. 19, 2013) [hereinafter U.S. PATENT ACTIVITY] (listing 542,815 utility patent applications for calendar year 2012 and 503, 582 for calendar year 2011), available at http://www.uspto.gov/web/offices/ac/ido/oeip/taf/h_counts.pdf.

21. See JANICE M. MUELLER, PATENT LAW 45 (3d ed. 2009) (“The examiner’s most important and difficult task is to determine whether the invention, as recited by the claims of the patent application, is new (‘novel’) and ‘nonobvious.’” (footnotes omitted)).

22. See U.S. PATENT & TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE 1 (9th rev. 8th ed. 2012) [hereinafter MPEP] (describing itself as “contain[ing] instructions to examiners, as well as other material in the nature of information and interpretation, and outlin[ing] the current procedures which the examiners are required or authorized to follow,” but “not hav[ing] the force of law”), available at <http://www.uspto.gov/web/offices/pac/mpep/index.html>.

23. PETER L. STRAUSS ET AL., GELLHORN & BYSE’S ADMINISTRATIVE LAW: CASES AND COMMENTS 178 (11th ed. 2011) (noting that materials such as “staff manuals and memoranda, advice letters, circulars, bulletins, press releases, and the like” are often referred to generally as ‘guidance’ documents or ‘nonlegislative rules’”).

24. MPEP, *supra* note 22, foreword (“This Manual is published to provide U.S. Patent and Trademark Office (USPTO) patent examiners, applicants, attorneys, agents, and representatives of applicants with a reference work on the practices and procedures relative to the prosecution of patent applications before the USPTO.”).

25. *Metro. Sch. Dist. v. Davila*, 969 F.2d 485, 490 (7th Cir. 1992) (“All agencies charged with enforcing and administering a statute have inherent authority to issue interpretive rules informing the public of the procedures and standards [they] intend[] to apply in exercising [their] discretion.” (citations and internal quotation marks omitted)); see also 1 RICHARD J. PIERCE, JR., ADMINISTRATIVE LAW TREATISE § 6.2, at 306 (4th ed. 2002) (“Any agency has the inherent power to issue an interpretative rule, a policy statement, or

trative Procedure Act, “the whole or a part of an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the organization, procedure, or practice requirements of an agency.”²⁶ According to current judicial precedent,²⁷ what the USPTO really lacks is the capacity to issue *binding substantive rules*—i.e., so-called “legislative rules” on substantive questions of patent law that “carry[] the force of law”²⁸ and would be presumptively binding both within the USPTO itself and externally upon courts charged with reviewing its actions.²⁹

Some commentators have argued that Congress’s 2011 adoption of the Leahy–Smith America Invents Act³⁰ (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.³¹ Because the legislative history of the AIA prominently featured the trouncing of a proposal to give the USPTO general rulemaking authority and, presumably, accompanying primacy in interpretive authority,³² I am skeptical that the AIA has worked such a sea change through implicit, rather than express, provision.³³ Justice Scalia

a procedural rule to implement a statute it administers.”); Thomas W. Merrill, *Judicial Deference to Executive Precedent*, 101 YALE L.J. 969, 1004 (1992) (contending that “once Congress has delegated authority to executive actors under law, the executive agencies must determine what the law means, and need not await a further delegation of interpretative authority from Congress to do so”). *But cf.* Jonathan R. Siegel, *The REINS Act and the Struggle to Control Agency Rulemaking*, 16 N.Y.U. J. LEGIS. & PUB. POL’Y 131, 159 (2013) (suggesting that Congress could explicitly abrogate otherwise inherent authority to issue interpretive rules).

26. 5 U.S.C. § 551(4) (2012) (defining the term “rule”).

27. *See infra* text accompanying note 45.

28. HARRY T. EDWARDS & LINDA A. ELLIOTT, *FEDERAL COURTS STANDARDS OF REVIEW: APPELLATE COURT REVIEW OF DISTRICT COURT DECISIONS AND AGENCY ACTIONS* 160 (2007).

29. *See id.* (discussing the difference between rules “reviewed under the *Chevron* framework” and those subject to “the so-called ‘*Skidmore*’ standard of review”); *see also* RICHARD J. PIERCE, JR., SIDNEY A. SHAPIRO & PAUL R. VERKULL, *ADMINISTRATIVE LAW AND PROCESS* § 6.4.5, at 327 (5th ed. 2009) (“Any rule that has a significant, binding effect on the substantive rights of parties will be characterized as a legislative rule.”).

30. Leahy–Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011).

31. *See* Arti K. Rai, *Patent Validity Across the Executive Branch: Ex Ante Foundations for Policy Development*, 61 DUKE L.J. 1237, 1239 (2012) (contending that “to the extent [USPTO guidelines on topics such as patentability] were to be implemented in a postgrant review proceeding that resembled a formal adjudication, the strong form of deference enunciated by the Court in [*Chevron*] and its progeny would be applicable”); Wasserman, *supra* note 9, at 1965 (“This Article concludes that the AIA rejects over two hundred years of court dominance in patent policy by anointing the PTO as the chief expositor of substantive patent law standards.”).

32. *See* Golden, *supra* note 11, at 1051–53 (discussing legislative efforts to bolster the USPTO’s rulemaking authority or perceptions of its scope); Rai, *supra* note 31, at 1280 (noting that “[t]he swift elimination of the expanded rulemaking-authority provision from the 2007 predecessor to the AIA suggests that a move in this direction might not be politically feasible”).

33. The AIA extended the USPTO’s powers in a number of interesting, discrete ways that suggest the agency is now poised to play a greater role in policymaking than before. *See* Sarah Tran, *Policy Tailors and the Patent Office*, 46 U.C. DAVIS L. REV. 487, 493 (2012) (“The freshly enacted Leahy–Smith America Invents Act . . . gives the USPTO opportunities to play a much larger role in policymaking than ever before.”); Sarah Tran, *Patent*

once wrote for eight members of the U.S. Supreme Court that Congress “does not alter the fundamental details of a regulatory scheme in vague terms or ancillary provisions—it does not, one might say, hide elephants in mouseholes.”³⁴ In a legal regime for which Congress has designated a single court of appeals with the task of clarifying and unifying the law,³⁵ a new grant of authority to the USPTO to effectively displace that court as the primary means to those ends seems to me more “elephant” than “mouse.”³⁶ Thus, I doubt that courts will find that Congress has silently endowed the USPTO with a primary interpretive authority that the courts have long understood the USPTO to lack.³⁷

B. CHEVRON DEFERENCE, SKIDMORE DEFERENCE, AND THEIR APPLICABILITY TO THE USPTO

If the USPTO can and does issue rafts of “substance-related rules” anyway, why does this question about the extent of its substantive rulemaking authority matter? Of course, this essay means to suggest that the importance of this question can be overblown. Nonetheless, there is something to the question. This section clarifies why.

The explanatory key is the doctrine of *Chevron* deference. This doctrine traces back to the U.S. Supreme Court’s unanimous 1984 opinion in *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*³⁸ When applicable, the doctrine calls for a high level of deference to federal agen-

Powers, 25 HARV. J.L. & TECH. 595, 613 (2012) (“[S]etting standards for patent proceedings [such as derivation proceedings] and prioritizing technologies on the basis of their national importance requires that the [USPTO] engage in complex, policy-based decisions that may carry profound implications for inventors, patent law practitioners, and society at large.”). A more contestable claim by some commentators is that the AIA endowed the USPTO with a much more general dose of binding rulemaking authority, at least when exercised through the “backdoor” of relatively formal post-grant review proceedings. See, e.g., Rai, *supra* note 31, at 1280 (suggesting that “the government could ask for *Chevron* deference toward decisions made in postgrant review proceedings”); Wasserman, *supra* note 9, at 1977–78 (contending “that an application of administrative law principles to the new and modified postgrant review proceedings triggers *Chevron* deference for the PTO’s interpretation of ambiguous terms of the Patent Act announced during these proceedings”).

34. *Whitman v. Am. Trucking Ass’ns*, 531 U.S. 457, 468 (2001); see also *Tafas v. Doll*, 559 F.3d 1345, 1352 n.3 (Fed. Cir.) (agreeing with a prior Federal Circuit panel “that Congress did not hide the ‘elephant’ of substantive rulemaking authority in the ‘mousehole’ of § 2(b)(2)(B)”), *vacated*, 328 F. App’x 658 (Fed. Cir. 2009) (en banc) (per curiam).

35. Jay Dratler, Jr., *Does Lord Darcy Yet Live? The Case Against Software and Business-Method Patents*, 43 SANTA CLARA L. REV. 823, 877 (2003) (“Congress established the Federal Circuit and gave it exclusive jurisdiction over appeals in patent cases, in order to make patent law more uniform, clarify it where possible, and end the forum shopping that had plagued patent litigation.”).

36. In *United States v. Mead Corp.*, the U.S. Supreme Court stated that “[i]t is fair to assume generally that Congress contemplates administrative action with the effect of law when it provides for a relatively formal administrative procedure tending to foster the fairness and deliberation that should underlie a pronouncement of such force.” 533 U.S. 218, 230 (2001). Even if USPTO post-grant proceedings adequately embody such “a relatively formal administrative procedure,” however, the discussion in the text provides reason to conclude that this assumption about Congress’s intent does not apply. *Id.* at 230–31.

37. See *infra* text accompanying notes 52–54.

38. See generally 467 U.S. 837 (1984).

cies' interpretations of Congress's statutory language.³⁹ In particular, the doctrine charges a court with upholding an agency's statutory interpretations not merely when the court agrees with that interpretation, but also whenever the interpretation is reasonable and not "contrary to the statute."⁴⁰

Moreover, *Chevron* deference has corollaries that reinforce its significance. The courts putatively hold the power—and bear the responsibility—to "say what the law is.⁴¹ But *Chevron* generates—or, perhaps more precisely, acknowledges—a world in which much authority to declare the law lies with administrative agencies. Hence, the U.S. Supreme Court has made clear that when *Chevron* deference is otherwise appropriate, courts should defer even if an agency has previously championed a contrary interpretation.⁴² Likewise, except in specified circumstances, the existence of otherwise binding judicial precedent is no barrier to *Chevron* deference for an agency interpretation that runs contrary to that precedent.⁴³ In short, capacity to obtain *Chevron* deference for statutory interpretations can be a far-from-trivial addition to an agency's bureaucratic quiver.

A further complication, however, is that an agency may have a capacity to obtain *Chevron* deference for interpretations relating to some questions, but not others. The USPTO itself is not wholly bereft of interpretive authority meriting *Chevron* deference. Prior to enactment of the AIA, the Federal Circuit explicitly recognized that the USPTO's general authority to issue regulations "govern[ing] the conduct of proceedings in the Office"⁴⁴ means that the USPTO may issue rules on office procedure that will have the force of law and, thus, should receive *Chevron* deference from the courts.⁴⁵

39. See generally *id.*

40. EDWARDS & ELLIOT, *supra* note 28, at 141 (listing questions relevant to analyzing statutory interpretation under the *Chevron* framework); see also *Chevron*, 467 U.S. at 843 (explaining how, under the *Chevron* approach, a court first determines whether a statute "is silent or ambiguous with respect to the specific issue" and then addresses "whether the agency's answer is based on a permissible construction of the statute").

41. *Marbury v. Madison*, 5 U.S. 137, 177 (1803); see also 5 U.S.C. § 706 (2012) ("To the extent necessary to decision and when presented, the reviewing court shall decide all relevant questions of law, interpret constitutional and statutory provisions, and determine the meaning of applicability of the terms of an agency action."); Cass R. Sunstein, *Law and Administration After Chevron*, 90 COLUM. L. REV. 2071, 2080 (1990) ("The idea that courts, and not administrators, were responsible for discerning the meaning of statutes seemed to win legislative endorsement through the enactment of the APA in 1946.").

42. *Nat'l Cable & Telecomm. Ass'n v. Brand X Internet Servs.*, 545 U.S. 967, 981 (2005) ("Agency inconsistency is not a basis for declining to analyze the agency's interpretation under the *Chevron* framework.").

43. *Id.* at 982 ("A court's prior judicial construction of a statute trumps an agency construction otherwise entitled to *Chevron* deference only if the prior court decision holds that its construction follows from the unambiguous terms of the statute and thus leaves no room for agency discretion.").

44. 35 U.S.C. § 2(b)(2)(A) (2006).

45. *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1337 (Fed. Cir. 2008) ("Because the Patent Office is specifically charged with administering statutory provisions relating to 'the conduct of proceedings in the Office,' 35 U.S.C. § 2(a)(2)(A), we give *Chevron* deference to its interpretations of those provisions.").

What the Federal Circuit has held the USPTO lacks is the necessary authority to receive *Chevron* deference for its interpretations of so-called “substantive” issues, as opposed to a set of “procedural” issues.⁴⁶ Whatever the wisdom or detailed content of the resulting procedure-versus-substance distinction, the bottom line is that the USPTO does not—and will not—receive *Chevron* deference for broad swaths of rules (or potential rules) involving questions of patentability, such as nonobviousness and subject-matter eligibility.⁴⁷ A rule, for example, that generally declares software to be an unpatentable “abstract idea”⁴⁸ even when embodied in the electronic memory of a tangible object would seem to be an interpretive rule on a matter of patent law substance—or a “substantive interpretive rule”—for which the USPTO cannot expect to receive *Chevron* deference.

If not *Chevron*'s, what deference framework applies to judicial review of a substantive interpretive rule issued by the USPTO? Generally speaking, when the *Chevron* framework does not apply, courts are to give so-called *Skidmore* deference to agency interpretations of statutory law that are within the agency's peculiar sphere of action.⁴⁹ *Skidmore v. Swift & Co.* is a pre-APA decision in which the U.S. Supreme Court indicated that, even when the courts have primary responsibility for statutory interpretation, courts should give due weight to an agency's interpretation of a statute for which it has unique administrative responsibility.⁵⁰ On behalf

46. *Id.* at 1335 (“To comply with [35 U.S.C.] section 2(b)(2)(A), a Patent Office rule must be ‘procedural’—i.e., it must ‘govern the conduct of proceedings in the Office.’”); see also *Merck & Co. v. Kessler*, 80 F.3d 1543, 1550 (Fed. Cir. 1996) (holding that “the broadest of the PTO’s rulemaking powers . . . does NOT grant the Commissioner the authority to issue substantive rules” and that “[t]hus, the rule of controlling deference set forth in *Chevron* does not apply”). In *Tafas v. Doll*, a Federal Circuit panel grappled at length with the problem of distinguishing procedural from non-procedural (i.e., substantive) rules, with each of the three panel judges offering a distinct view of how or whether this should be done. 559 F.3d 1345, 1356 (Fed. Cir.) (concluding that relevant USPTO rules were merely procedural because, though they could change the way in which matter was presented to the USPTO, they did “not, on their face, foreclose effective opportunity to present patent applications for examination” (internal quotation marks omitted)), *vacated*, 328 F. App’x 658 (Fed. Cir. 2009) (en banc) (per curiam). Sarah Tran has concluded that these “inharmonious opinions . . . highlight the chaos inherent in determining whether a particular [US]PTO regulation is substantive or procedural, and provide poor guidance.” Sarah Tran, *Administrative Law, Patents, and Distorted Rules*, 80 GEO. WASH. L. REV. 831, 851 (2012).

47. *Cf. Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2118 (2013) (disagreeing with an argument “that the [US]PTO’s past practice of awarding gene patents is entitled to deference”).

48. *Bilski v. Kappos*, 130 S. Ct. 3218, 3225 (2010) (“The Court’s precedents provide three specific exceptions to [35 U.S.C.] § 101’s broad patent-eligibility principles: ‘laws of nature, physical phenomena, and abstract ideas.’”).

49. EDWARDS & ELLIOTT, *supra* note 28 (indicating that either the *Chevron* deference framework or the *Skidmore* deference framework applies to “an administrative action . . . within the area in which Congress has authorized an agency to act”).

50. *Skidmore v. Swift & Co.*, 323 U.S. 134, 137 (1944) (noting that although “Congress did not utilize the services of an administrative agency . . . to determine in the first instance whether particular cases fall within or without the Act,” “it did create the office of Administrator, impose upon him a variety of duties . . . and put on him the duties of bringing injunction actions to restrain violations”).

of a unanimous Court, Justice Jackson wrote:

We consider that the rulings, interpretations and opinions of the Administrator under this Act, while not controlling upon the courts by reason of their authority, do constitute a body of experience and informed judgment to which courts and litigants may properly resort for guidance. The weight of such a judgment in a particular case will depend upon the thoroughness evident in its consideration, the validity of its reasoning, its consistency with earlier and later pronouncements, and all those factors which give it power to persuade, if lacking power to control.⁵¹

In accordance with Justice Jackson's language, the *Skidmore* framework can be understood as counseling that courts treat an agency's interpretation as a form of evidence of statutory meaning, with the weight of that evidence depending on a variety of circumstances. As opposed to the uniformly heavy thumb that *Chevron* purports to provide in favor of agency interpretations, *Skidmore* thus gives deference on a sliding scale.

There is a third potential deference framework that a court might apply: a zero-deference framework. A court might say that a rule of zero deference applies in situations in which an agency has no particular claim to expertise in administering or understanding a statute or other source of law, such as generally applicable provisions of the Constitution or the APA.⁵² Because of the sliding-scale nature of *Skidmore* deference, however, the zero-deference framework might be characterized as merely an endpoint of the *Skidmore* sliding scale—an analog of the point at which rotating a dial to dim a light becomes equivalent to shutting the light off.

Indeed, some have suggested that *Skidmore* deference itself is, in reality, a regime of zero deference, the contention being that, in light of Justice Jackson's language about the agency's "power to persuade," *Skidmore* simply directs a court to accept an agency's judgment when the court is "persuade[d]" that the agency is right—a direction that sounds consistent with nondeferential de novo review.⁵³ To me, this contention seems a bit too clever: Justice Jackson's substantive point appears to be that a court should hold itself open to being "persuaded" to credit the understanding of an "expert" agency over the understanding that the court would have come to otherwise. The *Skidmore* framework highlights this point and suggests circumstances under which giving substantial weight to agency opinions seems likely to be best.⁵⁴ The *Skidmore* framework thus appears reasonably characterized as a framework for providing deference.

51. *Id.* at 140.

52. See David Zaring, *Reasonable Agencies*, 96 VA. L. REV. 135, 146 (2010) ("De novo review is appropriate when agencies are interpreting laws that they do not have a special responsibility to administer, like the Constitution, the APA, or Title VII.").

53. See Jack M. Beerman, *End the Failed Chevron Experiment Now: How Chevron Has Failed and Why It Can and Should Be Overruled*, 42 CONN. L. REV. 779, 849 (2010) ("To some, Skidmore is no deference at all—the reviewing court goes along with the agency when, all things considered, it agrees with the agency.").

54. See generally *Skidmore v. Swift & Co.*, 323 U.S. 134 (1944).

In any event, at least among administrative agencies, the USPTO does have a special claim to expertise with respect to much of the substance of the Patent Act, in particular the patentability provisions the USPTO applies again and again both in post-grant proceedings and in pre-issuance examination. With respect to these statutory provisions, the USPTO appears entitled to application of the *Skidmore* deference framework. The Federal Circuit acknowledged as much in its 1996 opinion in *Merck & Co. v. Kessler*.⁵⁵ In that opinion, a circuit panel famously held that the USPTO lacks “general substantive rulemaking power” and, consequently, does not receive *Chevron* deference for its interpretations of substantive patent law.⁵⁶ Less commonly noticed is what the circuit said and cited immediately afterward:

Such deference as we owe to the PTO’s interpretive “Final Determination” . . . thus arises, not from the rule of *Chevron*, but solely from, *inter alia*, the thoroughness of its consideration and the validity of its reasoning, *i.e.*, its basic power to persuade if lacking power to control. *See . . . Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944).⁵⁷

The Federal Circuit’s citation and partial quotation of *Skidmore* make clear that the *Kessler* panel believed that the *Skidmore* framework should apply where the *Chevron* framework does not.⁵⁸ Consistent with this view, a judge in the District Court for the District of Columbia recently followed *Kessler* in holding that *Skidmore* deference applies to USPTO statutory interpretations relating to patent-term adjustments.⁵⁹ Likewise, in a recent dissent, Judge Bryson of the Federal Circuit recognized that the *Skidmore* deference framework applies to the USPTO’s rules on patentability.⁶⁰

In short, under current legal understandings, the USPTO generally lacks a claim to *Chevron* deference on questions of substantive patent

55. *See* 80 F.3d 1543, 1550 (Fed. Cir. 1996).

56. *Id.*

57. *Id.*

58. Although the Federal Circuit later declared that, with respect to interpretation of a statutory provision on patent-term extensions, “*Skidmore* deference is not warranted because the PTO’s interpretation is neither persuasive nor consistent,” *Photocure ASA v. Kappos*, 603 F.3d 1372, 1376 (Fed. Cir. 2010) (“Even if some level of deference were owed to the PTO’s interpretation, neither *Chevron* nor *Skidmore* permits a court to defer to an incorrect agency interpretation.”), such reasoning comports with application of the *Skidmore* deference framework to the extent that one understands the Federal Circuit as having concluded that, in *Photocure*, arguments for giving the agency interpretation definitive weight were so weak that the *Skidmore* dimmer control was effectively at zero.

59. *Univ. of Mass. v. Kappos*, 903 F. Supp. 2d 77, 84 (D.D.C. 2012) (concluding that “the PTO’s determination is not entitled to *Chevron* deference” but is “entitled to deference under *Skidmore*”).

60. *Ass’n for Molecular Pathology v. U.S. Patent & Trademark Office*, 689 F.3d 1303, 1357 (Fed. Cir. 2012) (Bryson, J., concurring in part and dissenting in part) (arguing, however, that the particular USPTO position in question was “not entitled to significant weight”), *aff’d in part and rev’d in part sub nom. Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107 (2013). In the same case, another judge on the Federal Circuit’s three-judge panel, Judge Moore, acknowledged that “[w]hile the PTO lacks substantive rule making authority, it is not without expertise in this area.” *Id.* at 1344 (Moore, J., concurring in part).

law. On the other hand, courts should generally accord *Skidmore* deference to the USPTO's interpretive rules on patentability. Is that enough for the USPTO to use rulemaking to significantly guide the development of substantive patent law? Part III argues that the answer is yes.

III. NO NEED TO WAIT: RULEMAKING WITHOUT *CHEVRON*

Generalized fact-finding and rulemaking relating to core substantive issues of patent law need not wait on the USPTO's obtaining *Chevron* deference for statutory interpretations relating to these issues. Modern administrative agencies engaged in robust rulemaking before the *Chevron* revolution of the 1980s.⁶¹ The USPTO itself has already sporadically demonstrated an ability to use rulemaking or a consistently implemented policy to steer substantive patent law's development in important ways. Although the USPTO's formal lack of substantive rulemaking authority might sometimes leave it hemmed in by judicial precedents that limit its capacity to advance the best possible version of a patent system, the USPTO can still accomplish much with the rulemaking capacities it undoubtedly has.

A. ADMINISTRATIVE AGENCIES ACTING PRE-*CHEVRON* OR SANS *CHEVRON*

Although the heavy citation of *Chevron* in court opinions⁶² and the protracted obsession of academic literature with the case⁶³ might cause post-*Chevron* generations to have difficulty imagining a robust regulatory state without it, such a world did in fact exist prior to 1984. Pre-*Chevron* law on judicial review of agencies' statutory interpretations was apparently "something of a hodge-podge" best understood as mostly fitting a *Skidmore*-type mold: according to Tom Merrill, "the conventional wisdom was that [the law] required courts to assess agency interpretations against multiple factors,"⁶⁴ with deference potentially "rang[ing] over a spectrum from 'great' to 'some' to 'little.'"⁶⁵ Nonetheless, the pre-*Chev-*

61. See *infra* text accompanying notes 64–74.

62. See Merrill, *supra* note 14, at 399 (noting that, within just over two decades, *Chevron* had already "been cited in over 7,000 cases, making it the most frequently cited case in administrative law").

63. See Thomas W. Merrill, *Justice Stevens and the Chevron Puzzle*, 106 Nw. U. L. REV. 551, 553 (2012) ("Chevron has been cited by 8009 articles included in the Westlaw database. . . . Chevron's frequency of citation in law review articles puts it in roughly the same league as *Marbury v. Madison* (8492) . . ."); Jerry L. Mashaw, *Improving the Environment of Agency Rulemaking: An Essay on Management, Games, and Accountability*, 57 LAW & CONTEMP. PROBS. 185, 229 n.116 (1994) ("The loss of forests necessary to make the paper to print all of the articles written on the proper standard of review in interpreting statutes following [*Chevron*] might well have justified requiring the Supreme Court to issue an environmental impact statement along with the opinion.");

64. Merrill, *supra* note 14, at 400.

65. Thomas W. Merrill, *Judicial Deference to Executive Precedent*, 101 YALE L.J. 969, 972 (1992); see also Gary Lawson & Stephen Kam, *Making Law Out of Nothing at All: The Origins of the Chevron Doctrine*, 65 ADMIN. L. REV. 1, 22–23 (2013) (providing a more structured "best account of pre-*Chevron* law" but generally viewing the level of deference

ron world was a world that had robust regulation—in some people’s view, too much regulation. The New Deal, never mind the earlier Progressive Era, predated *Chevron* by about a half-century.⁶⁶ The launch of the Great Society, with its further dramatic expansion of regulation, predated *Chevron* by about two decades, yet produced what some have described as an “avalanche of economic and social legislation.”⁶⁷ In the wake of Great Society legislation but before *Chevron*, informal rulemaking blossomed as an institutional mechanism for implementing regulatory policy⁶⁸—one that triggered a reconsideration and recalibration of judicial review that yielded, among other things, *Chevron* itself.⁶⁹ Thus, the fact that before *Chevron* agencies were likely to receive only *Skidmore*-type deference for their statutory interpretations apparently did not prevent issuance of a horde of agency rules and decisions that significantly shaped the substance of a number of legal regimes.

Moreover, rulemaking and development of agency precedents through adjudication continue to this day under circumstances in which *Chevron* deference does not apply. In *United States v. Mead Corp.*, the U.S. Supreme Court recognized that agencies legitimately engage in statutory interpretation in “a great variety of ways,” many of which will not garner *Chevron* deference.⁷⁰ Indeed, empirical work by William Eskridge and Lauren Baer indicates that “there has not been a *Chevron* ‘revolution’ at

provided under that account as subject to consideration of “a constellation of factors” unless “Congress has expressly entrusted the law-determination function to the agency”). See generally Sunstein, *supra* note 41, at 2082 (“Before 1984, the law . . . reflected a puzzling and relatively ad hoc set of doctrines about when courts should defer to administrative interpretations of law.”).

66. KRISTIN E. HICKMAN & RICHARD J. PIERCE, JR., *FEDERAL ADMINISTRATIVE LAW* 18 (2010).

67. *Id.* at 21 (describing the decade after the launch of the Great Society as a period of “regulatory and administrative expansion”); see also STEPHEN BREYER, *REGULATION AND REFORM* 3 (1982) (“Beginning in the mid-1960s the number of federal regulatory agencies and the scope of regulatory activity vastly expanded.”).

68. BREYER, *supra* note 67, at 3 (“The number of pages of federal regulations in the federal register grew from 2,599 in 1936 to 65,603 in 1977, with the number tripling during the 1970s.”); see also Antonin Scalia, *Vermont Yankee: The APA, the D.C. Circuit, and the Supreme Court*, 1978 SUP. CT. REV. 345, 377 (observing that “by the mid-1970s vast numbers of issues of the sort which in 1946 would have been resolved in a formal adjudicatory context before the agency, or even in an adjudicatory judicial proceeding, were being resolved in informal rulemaking and informal adjudication”); Jerry L. Mashaw, *The Story of Motor Vehicle Manufacturers Association of the U.S. v. State Farm Mutual Automobile Insurance Co.: Law, Science and Politics in the Administrative State*, in *ADMINISTRATIVE LAW STORIES* 335, 340–41 (Peter L. Strauss ed., 2006) (describing a focus on policymaking through rulemaking, rather than adjudication, as “the most significant legal innovation of the new [1960s-1970s] era of regulation”).

69. See Merrill, *supra* note 14, at 412 (noting that *Chevron* came to the U.S. Supreme Court in the midst of a “large controversy then brewing in Washington about how reviewing courts should respond to administrative deregulation orders,” such as that at issue in *Motor Vehicle Manufacturers Ass’n v. State Farm Mutual Automobile Insurance Co.*, 463 U.S. 29 (1983)); Gillian E. Metzger, *The Story of Vermont Yankee: A Cautionary Tale of Judicial Review and Nuclear Waste*, in *ADMINISTRATIVE LAW STORIES* 125, 126 (Peter L. Strauss ed., 2006) (discussing debate over “the appropriate judicial response” to “burgeoning federal regulation at a time when public confidence in agency expertise and impartiality was at low ebb”).

70. 533 U.S. 218, 236 (2001).

the Supreme Court level,” and that, in the Supreme Court at least, the *Chevron* regime coexists with a variety of different deference frameworks.⁷¹ A different empirical study performed by Kristin Hickman and Matthew Krueger suggests that the framework that can be expected to apply to USPTO rulemaking on substantive questions of patent law—the *Skidmore* deference framework⁷²—is far from meaningless: based on “analysis of 106 identified *Skidmore* applications in the federal courts of appeals,” Hickman and Krueger concluded that courts applying *Skidmore* are commonly “highly deferential,” with the results of *Skidmore* review being “weighted heavily in favor of government agencies.”⁷³ In short, there appears no good reason to believe that the lack of *Chevron* deference for rulemaking by the USPTO on substantive questions of patent law should generally prevent the USPTO from investing in the development of better substantive guidelines for its employees and those who appear before them. Like other administrative agencies, the USPTO can, and often should, act to formulate such rules even when, for purposes of judicial review, those rules will lack the “force of law.”

B. USPTO RULEMAKING SUCCESS WITHOUT *CHEVRON* DEFERENCE

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—including the U.S. Supreme Court and the U.S. Court of Appeals for the Federal Circuit—have upheld or embraced the USPTO's position as a correct interpretation of statutory law. Perhaps most notably, the USPTO has used interpretive rulemaking, in the form of guidelines for examiners, to steer legal developments on applying patent law's utility and written-description requirements.⁷⁴

Patent law's utility requirement has typically been a fairly minimal threshold for patentability. The utility requirement prevents the patenting of apparently inoperable alleged inventions, such as “perpetual motion machines,”⁷⁵ but commonly does not achieve much more.⁷⁶ Nonetheless,

71. William N. Eskridge, Jr. & Lauren E. Baer, *The Continuum of Deference: Supreme Court Treatment of Agency Statutory Interpretations from Chevron to Hamdan*, 96 GEO. L.J. 1083, 1090 (2008).

72. See *supra* text accompanying notes 50–60.

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

74. See Golden, *supra* note 11, at 1110 (noting that “the final versions of the USPTO's utility and written-description guidelines have had substantial legal effect”); Rai, *supra* note 31, at 1249–56 (discussing USPTO guidelines on utility and written description in relation to the controversy over efforts to patent genetic sequences called “expressed sequence tags”).

75. JANICE M. MUELLER, PATENT LAW 333–34 (4th ed. 2013) (“If the utility asserted for an invention contravenes generally accepted scientific principles, the USPTO will reject the inventor's claims under 35 U.S.C. §101 as drawn to inoperable subject matter.”).

76. See John M. Golden, *Biotechnology, Technology Policy, and Patentability: Natural Products and Invention in the American System*, 50 EMORY L.J. 101, 128–29 (2001) (noting that the utility “requirement has often been described as only demanding that a claimed invention be minimally adept at doing what the patent application says it does”); ROBERT

the USPTO injected new life into the utility requirement for biological-substance and chemical-substance inventions by adopting 1999 interim guidelines⁷⁷ and 2001 final guidelines⁷⁸ that used a decades-old Supreme Court opinion to demand that such inventions “have a known utility that is ‘specific and substantial’—i.e., that is specific to the substance in question and not a ‘throw-away, insubstantial, or nonspecific utilit[y], such as the use of a complex invention as landfill.’”⁷⁹ These guidelines helped support rejections of claims for patent rights in genetic sequences called “expressed sequence tags” (ESTs).⁸⁰ ESTs are typically relatively short sequences of genetic material⁸¹ that, because of inherent properties of deoxyribonucleic acid (DNA),⁸² quite generically might be used to detect or otherwise bond with complementary sequences of genetic material.⁸³ Thus, an EST might always be claimed to have some “utility” even before more “specific and substantial” functions for the EST, such as helping to identify a propensity for contracting a particular disease, have been identified.

The USPTO’s efforts to develop and implement the 2001 utility guidelines bore jurisprudential fruit. When the Federal Circuit decided *In re Fisher* in 2005, a divided panel upheld the USPTO’s utility guidelines and their application to reject claims to ESTs.⁸⁴ The opinion for the panel

PATRICK MERGES & JOHN FITZGERALD DUFFY, *PATENT LAW AND POLICY: CASES AND MATERIALS* 211 (5th ed. 2011) (“The vast majority of patent applications are processed without the PTO raising any question as to utility, and the utility doctrine is also rarely litigated as a defense in infringement actions.”).

77. Revised Utility Examination Guidelines; Request for Comments, 64 Fed. Reg. 71,440, 71,440 (Dec. 21, 1999) (providing and requesting comments on “a revised version of guidelines to be used by Office personnel in their review of patent applications for compliance with the utility requirement”).

78. Utility Examination Guidelines, 66 Fed. Reg. 1092, 1092 (Jan. 5, 2001) (providing “a revised version of guidelines to be used by Office personnel in their review of patent applications for compliance with the ‘utility’ requirement of 35 U.S.C. 101”).

79. Golden, *supra* note 11, at 1050 (some internal quotation marks omitted).

80. *See id.* at 1050–51 (describing the USPTO’s response to efforts to patent ESTs); Rai, *supra* note 31, at 1249–56 (same).

81. Molly A. Holman & Stephen R. Munzer, *Intellectual Property Rights in Genes and Gene Fragments: A Registration Solution for Expressed Sequence Tags*, 85 IOWA L. REV. 735, 748 (2000) (“An expressed sequence tag is a length of [a form of DNA] that is generally only a partial sequence of a gene being expressed at the time a specific tissue is sampled.” (emphasis omitted)).

82. *See* Samantak Ghosh, *Gene Patents: Balancing the Myriad Issues Concerning the Patenting of Natural Products*, 27 BERKELEY TECH. L.J. 241, 243, 256 (2012) (noting that “the nucleotides of each strand [of a DNA double helix] pair[] with a complementary nucleotide of the other strand through weak hydrogen bonds” and that, “even if the terminal hydroxyl and phosphate groups [of DNA molecules] were modified, the DNA sequences would still be useful for hybridizing with complementary sequences”).

83. *See* Holman & Munzer, *supra* note 81, at 749 (“ESTs can be useful as tools in isolating full-length genes, locating coding regions on genomic DNA, in identifying patterns of expression in tissues . . . , and in other applications where unknown DNA fragments can be used.”). *See generally* Golden, *supra* note 11, at 1050 (“The late 1990s generated a flood of applications for patent rights on ‘expressed sequence tags’ (ESTs), fragments of DNA that . . . were generally known to hybridize with complementary DNA sequences, but whose specific biological purpose and significance were often unknown.”).

84. 421 F.3d 1365, 1379 (Fed. Cir. 2005) (upholding USPTO rejection of a claim “for lack of utility under § 101 and lack of enablement under § 112”).

majority noted that although neither the MPEP—into which the guidelines had been incorporated—nor the guidelines themselves had the force of law, the court could take judicial notice of their content.⁸⁵ The court concluded that “[t]he PTO’s standards for assessing whether a claimed invention has a specific and substantial utility comport with [the] court’s interpretation of the utility requirement of § 101.”⁸⁶ The court likewise held that the USPTO’s application of those standards to reject the claim at issue was adequately justified under a deferential “substantial evidence” standard of review.⁸⁷

Although the *Fisher* panel made clear that it was applying a deferential standard of review to what it considered to be fact-based aspects of the USPTO’s rulemaking and adjudication, the panel was notably coy about the notion of deferring to the USPTO’s more purely legal interpretation of the nature of “utility” for purposes of U.S. patent law.⁸⁸ On the other hand, the *Fisher* panel did cite the circuit’s earlier opinion in *Enzo Biochem, Inc. v. Gen-Probe Inc.*, a case in which a Federal Circuit panel did more than merely admit to agreeing with USPTO guidelines relating to application of a patentability requirement.⁸⁹ In *Enzo*, the circuit took notice of USPTO guidelines on how the written-description requirement applies to “functional descriptions of genetic material.”⁹⁰ The written-description requirement for patentability demands that an applicant provide sufficient disclosure to “reasonably convey[] to those skilled in the art” that the applicant “actually invented the invention claimed,” rather than something significantly narrower or substantially distinct.⁹¹ In the guidelines in question, the USPTO concluded that, despite some arguably contraindicative Federal Circuit precedent, description of “functional characteristics” of claimed genetic material might satisfy patent law’s written-description requirement if this description were “coupled with a known or disclosed correlation between function and structure.”⁹² The *Enzo* panel not only agreed with these guidelines, but also explicitly confessed to being “persuaded by” them.⁹³ Moreover, the panel expressly described itself as “adopt[ing] the PTO’s applicable standard for determining compliance with the written description requirement.”⁹⁴

Such “persuasion” of the Federal Circuit by USPTO guidelines should not be viewed as anomalous. In the previously discussed 1996 opinion in

85. *Id.* at 1372 (discussing the guidelines and their incorporation in the MPEP).

86. *Id.*

87. *Id.* at 1379 (“We conclude that substantial evidence supports the [USPTO] Board’s findings that each of the five claimed ESTs lacks [] a specific and substantial utility and that they are not enabled.”).

88. *See id.* at 1372 (noting the court’s ability to take judicial notice of the USPTO’s guidelines but not discussing openly whether they should receive any particular weight).

89. *See generally* 323 F.3d 956 (Fed. Cir. 2002).

90. *Id.* at 964.

91. *Ariad Pharms., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010).

92. Guidelines for Examination of Patent Applications Under the 35 U.S.C. 112, ¶ 1, “Written Description” Requirement, 66 Fed. Reg. 1099, 1106 (Jan. 5, 2001).

93. *Enzo*, 323 F.3d at 964 (emphasis added).

94. *Id.*

Merck & Co. v. Kessler,⁹⁵ the Federal Circuit recognized that the *Skidmore* deference framework, which invokes an agency's "power to persuade," applies even when the *Chevron* deference framework does not.⁹⁶ Likewise, in a nonprecedential 2012 opinion in *Eli Lilly & Co. v. Actavis Elizabeth LLC*, the Federal Circuit reversed a district court's invalidation of patent claims for lack of utility and, in so doing, suggested deference was due the USPTO's guideline "instruct[ing] examiners to give presumptive weight to the utility for which human trials have been initiated."⁹⁷ The examiner had apparently acted in accordance with this guideline, and the circuit stated: "In deciding whether additional information is required for examination purposes, deference is owed to the 'qualified agency presumed to have properly done its job.'"⁹⁸

At least in one instance, the U.S. Supreme Court has been more straightforward than the Federal Circuit in suggesting that the USPTO often deserves some degree of deference, albeit not necessarily decisive deference, for its interpretations of the Patent Act. In *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred International, Inc.*, the Supreme Court confronted the question of whether the most standard form of patents—utility patents—"may be issued for plants" or whether, instead, statutes specifically designed to provide patent or patent-like protection for plants were "the exclusive means of obtaining a federal statutory right to exclude others from reproducing, selling, or using plants or plant varieties."⁹⁹ In holding that the U.S. Patent Act authorizes utility patents for plants, the Court cited both the USPTO's long-established practice of issuing such patents and the "specific expertise" of the USPTO's Board of Patent Appeals and Interferences:¹⁰⁰

We also note that the PTO has assigned utility patents for plants for at least 16 years and there has been no indication from either Congress or agencies with expertise that such coverage is inconsistent with the [Plant Variety Protection Act] or the [Plant Patent Act]. The Board of Patent Appeals and Interferences, which has specific expertise in issues of patent law, relied heavily on this Court's decision in [*Diamond v. Chakrabarty*]¹⁰¹ when it interpreted the subject matter of [35 U.S.C.] § 101 to include plants. This highly visible decision has led to the issuance of some 1,800 utility patents for plants. Moreover, the PTO, which administers § 101 as well as the PPA, recognizes and regularly issues utility patents for plants.¹⁰²

95. 80 F.3d 1543 (Fed. Cir. 1996).

96. See *supra* text accompanying notes 55–60.

97. 435 F. App'x 917, 924 (Fed. Cir. 2011).

98. *Id.* (quoting *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1359 (Fed. Cir. 1984)).

99. 534 U.S. 124, 127 (2001).

100. The analogous modern body within the USPTO is the Patent Trial and Appeal Board. Sapna Kumar, *The Accidental Agency?*, 65 FLA. L. REV. 229, 237 n.47 (2013) ("Note that the [Board of Patent Appeals and Interferences] has been restructured as the Patent Trial and Appeal Board . . .").

101. 447 U.S. 303 (1980).

102. *J.E.M. Ag Supply*, 534 U.S. at 144–45 (internal citation omitted).

This passage from *J.E.M.* makes clear that the Supreme Court viewed both the USPTO generally and its Board as having “expertise” and, in this case, recognized a long-standing practice that placed weight behind the USPTO’s interpretive opinion. Although, in the later case of *Association for Molecular Pathology v. Myriad Genetics*,¹⁰³ the Court effectively reversed a longstanding USPTO practice of issuing patents on genetic sequences, the Court apparently did so because a variety of considerations “weigh[ed] against deferring to the [US]PTO’s determination.”¹⁰⁴ Thus, the Court’s more recent reasoning appears consistent with according weight to USPTO interpretations while also viewing those interpretations as far from presumptively binding.

The Court’s emphasis on the long-standing nature of the USPTO’s view and the practical consequences attached thereby points to a further advantage that the USPTO might often have in guiding U.S. patent law’s development: inertia. With the courts subject to Article III standing requirements and with Congress tending to face considerable hurdles to decisive legislative action, USPTO interpretations of substantive patent law can stand for years before facing serious challenge. Inertia can therefore frequently work in the USPTO’s favor. After the passage of time, a court might be skeptical of a potentially disruptive change of course, particularly if there is well-established acquiescence of others to the USPTO’s interpretive practice.¹⁰⁵ Judge Moore’s partial concurrence in a Federal Circuit panel’s take on *Association for Molecular Pathology* appeared to follow this line of thinking; Judge Moore’s reasoning went beyond conventional interest in other government actors’ acquiescence in an agency understanding and explicitly expressed concern with the “settled expectations” of industry actors about the patentability of genetic material.¹⁰⁶ In this way, Judge Moore’s opinion resonated with a prior Supreme Court opinion that had criticized the Federal Circuit for “ignor[ing]” Supreme Court “instruct[ion] that courts must be cautious before adopting changes that disrupt the settled expectations of the inventing community.”¹⁰⁷ Although, in *Association for Molecular Pathology*, the Supreme Court added a qualifying admonition that “[c]oncerns about reliance interests arising from [US]PTO determinations . . . are better directed to Congress” than to the courts,¹⁰⁸ one might still conjecture that, all else being equal, courts will commonly look to be cautious before

103. 133 S. Ct. 2107 (2013).

104. *Id.* at 2119.

105. See Golden, *supra* note 11, at 1087 (“When a court explores limiting subject-matter eligibility after a lengthy period during which hundreds or even thousands of patents on the relevant subject matter have issued, the societal deck might be stacked against a course correction.” (internal citation omitted)); Rai, *supra* note 31, at 1269 (noting that delay in judicial decisionmaking “makes significant contraction of patentability [through court action] difficult, even if a particular patent-issuance practice emerged without deliberation”).

106. *Ass’n for Molecular Pathology v. U.S. Patent & Trademark Office*, 689 F.3d 1303, 1344 (Fed. Cir. 2012) (Moore, J., concurring in part), *aff’d in part and rev’d in part sub nom. Myriad Genetics*, 133 S. Ct. 2107.

107. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 739 (2002).

108. *Myriad Genetics*, 133 S. Ct. at 2119 n.7.

disrupting long-settled USPTO interpretations. Indeed, Justice Jackson's language in *Skidmore* might be understood to endorse the possibility of according an interpretive edge to long-settled agency interpretations.¹⁰⁹

Of course, a "first-mover advantage" for the USPTO might not always work for the best. Submission to inertia tends only to be a good idea if one is already headed in an at least approximately right direction at an appropriate speed. In various circumstances, the USPTO might not steer U.S. patent law so successfully. Regardless, what is crucial for purposes of this Essay is that the USPTO's ability to exploit inertia to its advantage provides yet another reason to believe that, even without the advantage of *Chevron* deference, more systematic USPTO rulemaking can have a significant effect on the shape of U.S. patent law.

IV. CONCLUSION

The USPTO's lack of substantive rulemaking authority and consequent lack of *Chevron* deference on patentability issues might be a structural flaw in our patent system.¹¹⁰ But we—and more particularly, the USPTO—need not be hung up on this institutional quirk. Many powerful, modern agencies operated for years, even decades, without receiving or probably anticipating receiving deference under the *Chevron* framework, which emerged from the furnace of administrative law litigation only in the mid-1980s.¹¹¹ The USPTO's experience with utility and written-description guidelines shows that the USPTO can successfully use nonbinding rulemaking to provide a systematic response to certain patentability problems.¹¹² Although relatively low-level *Skidmore* deference for USPTO interpretations of substantive patent law might be less than ideal, in many circumstances, it can be enough.¹¹³ Whether or not "the patent system is in crisis,"¹¹⁴ there is certainly much work to do in improving it and much, in particular, that the USPTO can do—*Chevron* or no *Chevron*—by issuing interpretive rules.

109. *Skidmore*, 323 U.S. at 140 (indicating that the "consistency" of an agency's interpretation weighs in its favor); see also *supra* text accompanying note 51.

110. See discussion *supra* Part III.B.

111. See discussion *supra* Part III.A.

112. See discussion *supra* Part III.B.

113. See *supra* text accompanying notes 73–74.

114. See John M. Golden, *Proliferating Patents and Patent Law's "Cost Disease"*, 51 HOUS. L. REV. 455, 456 (2013) ("Since at least 1999, the exact words 'The patent system is in crisis' have appeared so often in academic literature that they might be considered a meme.").