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Paper 24
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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

THE UNITED STATES POSTAL SERVICE (USPS) AND
THE UNITED STATES OF AMERICA,
AS REPRESENTED BY THE POSTMASTER GENERAL,
Petitioner,

v.

RETURN MAIL, INC.,
Patent Owner.

CBM2014-00116
Patent 6,826,548 B2

Before KEVIN F. TURNER, BARBARA A. BENOIT, and
JO-ANNE M. KOKOSKI, *Administrative Patent Judges.*

TURNER, *Administrative Patent Judge*

DECISION
Request for Rehearing
37 C.F.R. §§ 42.71

I. INTRODUCTION

The United States Postal Service and United States of America, as represented by the Postmaster General (collectively "USPS"), filed a request for rehearing (Paper 15, "Req.") of the Decision on Institution (Paper 11, "Dec."), which instituted a covered business method patent review of claims 39–44 of U.S. Patent No. 6,826,548 B2 ("the '548 Patent"). In its request, USPS essentially contends that the Board improperly relied upon 35 U.S.C. § 326(b) "to deny institution of certain other proposed grounds" and "seeks rehearing to ensure that those remaining unpatentability grounds are either instituted as part of this proceeding or are available later." Req. 1. The request for rehearing is *denied.*

II. ANALYSIS

When rehearing a decision on institution, the Board will review the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion may be determined if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing relevant factors. *Star Fruits S.N.C. v. U.S.*, 393 F.3d 1277, 1281 (Fed. Cir. 2005); *Arnold P'ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004); *In re Gartside*, 203 F.3d 1305, 1315-16 (Fed. Cir. 2000).

The standard for instituting a covered business method patent review of a patent is set forth in 35 U.S.C. § 324(a), which provides that "[t]he Director may not authorize a post-grant review to be instituted unless the Director" makes a threshold

determination. *See* section 18(a)(1) of the AIA[1] ("The transitional proceeding . . . shall employ the standards and procedures of, a post-grant review under chapter 32 of title 35, United States code"). The standard is written in permissive terms—identifying when the United States Patent and Trademark Office ("the Office") is authorized to institute a post-grant review, but not requiring a review to be instituted. Thus, Congress has given the Office discretion whether to institute a review or not institute a review.

Further, in determining whether to institute a covered business method patent review of a patent, the Board may "deny some or all grounds for unpatentability for some or all of the challenged claims." 37 C.F.R. § 42.208(b). The Rules for post-grant patent review proceedings were promulgated to take into account the "effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings." 35 U.S.C. § 326(b). In addition, as mandated by 35 U.S.C. § 326(a)(11), 37 C.F.R. § 42.200(c) was promulgated to require that the final written determination in a post-grant patent review be issued normally no more than one year after the date of institution, except that the review may be extended by not more than six months for good cause shown.

In the decision on institution for the instant proceeding, we granted USPS's Petition to institute a covered business method patent review of challenged claims 39–44 of the '548 Patent—specifically, as unpatentable under (i) 35 U.S.C. § 101, as being directed to unpatentable subject matter, and (ii) 35 U.S.C. § 102, as being

[1] Section 18(a) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011) ("AIA").

anticipated by 1997 ACS.[2] Dec. 35. In rendering the decision on institution, we exercised our discretion in denying several other asserted grounds "for reasons of administrative necessity to ensure timely completion of the instituted proceeding." *Id*. at 32–33. It is those latter decisions that USPS takes issue with in its Request for Rehearing.

USPS argues that we did not address substantively the denied grounds and that we lack any statutory authority to deny grounds on the basis of administrative necessity. Req. 3. USPS continues that it complied with the statutory and regulatory requirements, promulgated by the Director to ensure efficient administration of the Office and the timely completion of proceedings, in its Petition, but we failed "to explain how denying a few grounds of unpatentability set forth within the defined page limits can be necessary for efficiency." *Id*. at 3–4. Additionally, USPS notes that "35 U.S.C. § 328 requires the PTAB issue a final written decision 'with respect to the patentability of any patent claim challenged by the petitioner.'" *Id*. at 4 (citations omitted). Lastly, USPS argues that it is unclear from the Decision "whether any consideration was given to the possible estoppel effect that may result in unrecoverable defensive rights to the Petitioner." *Id*.

USPS's arguments are not persuasive. USPS fails to appreciate fully that the Board is charged with securing the just, speedy, and inexpensive resolution of every proceeding. 37 C.F.R. § 42.1(b). USPS also fails to appreciate the discretion that Congress has granted the Office in the decision of whether to institute a post-grant review. 35 U.S.C. § 324(a).

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[2] United States Postal Service, Address Change Service, Publication 8 (July 1997) (Ex. 1004)

Indeed, USPS does not argue that we misapprehended or overlooked USPS's arguments in the Petition. Rather, USPS appears to argue that as the petitioner, it is in the best position to set forth all of the grounds that are appropriate and that the Board must substantively demonstrate that those grounds are somehow defective, if they are not to form the basis of a trial. USPS's position is in direct opposition to the clear language of 35 U.S.C. § 324(a), granting the Office discretion as to whether to institute a post-grant review. Further, unlike a reexamination proceeding, the Board is not obligated to institute a trial on every ground with respect to which there is a reasonable likelihood that a petitioner would prevail in showing unpatentability of specific claims. 35 U.S.C. § 324(a); 37 C.F.R. § 42.208(a), (b). Moreover, in this case, the institution of all possible grounds would not allow "for the ability of the Office to timely complete proceedings." Although not spelled out in our Decision, we determined that a surfeit of instituted grounds in this case would not allow the parties or the Board to consider all of the intricacies of those grounds within the prescribed time period. *Cf. Heckler v. Chaney*, 470 U.S. 821, 831 (1985) (indicating an agency, when deciding whether to take action in a particular matter, must determine whether its resources are best spent on one matter or another).

We agree with USPS that 35 U.S.C. § 328 authorizes us to issue "a final written decision with respect to the patentability of any patent claim challenged by the petitioner." We do not read § 328, however, as requiring that every possible ground put forth by a petitioner needs to be substantively evaluated. Moreover, Rule 208(a) authorizes us to institute a post-grant review on some of the challenged claims and some of the grounds of unpatentability asserted for each

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