

COOPER TECHNOLOGIES CO. V. DUDAS: LAYING THE FOUNDATION FOR MINIMAL DEFERENCE

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INTRODUCTION

In *Cooper Technologies Co. v. Dudas*,¹ the Federal Circuit created an odd rule for when the statutory interpretations of the United States Patent and Trademark Office (PTO) are entitled to maximal deference under *Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.*² The statute in question was the Optional Inter Partes Reexamination Procedure Act of

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¹ 536 F.3d 1330 (Fed. Cir. 2008).

² 467 U.S. 837 (1984).

1999,³ which supplemented the previous *ex parte* reexamination process.⁴ Under the *ex parte* reexamination process, after a party requested a reexamination, the PTO determined whether the patent was valid based entirely on communications between the PTO and the patent holder.⁵ Therefore, if a party believed that granting a patent might adversely affect it—likely because of a concern that it might be found to be infringing the patent—the party could request a reexamination, but that request was the extent of the party's involvement in the process.

The 1999 amendment allows the party that requested the reexamination of the patent's validity to be more involved in the reexamination process.⁶ Specifically, the statute allows the requester of the reexamination to file a reply to every response a patent owner makes to the PTO during the reexamination process.⁷ The resulting process is more adversarial than the previous *ex parte* reexamination process, where only the PTO and patent holder were involved, but continues to be less expensive than litigation.⁸

The amendment limits this new process to patents whose “original application” date is after the effective date of the Act, November 29, 1999.⁹ *Cooper* addressed the interpretation of the term “original application.”¹⁰ The PTO promulgated a rule interpreting the term to include not only the first application in a chain, but also “continuations, divisionals, continuations-in-part, continued prosecution applications, and the national stage phase of international applications.”¹¹ The effect of this interpretation was that many more patents could be challenged using this new procedure than would have been if “original application” meant only the first application in the chain. Finding the rule to be interpretative and related to the proceedings of the PTO, the Federal Circuit deferred under *Chevron* to the PTO's rule interpreting the term.¹² This decision is important, however, not just for the positive implication—procedural, interpretative rules of the PTO deserve *Chevron* deference—but also for the negative implication—PTO rules

³ Pub. L. No. 106-113, §§ 4601–08, 113 Stat. 1501, 1501A-567 to -572 (codified as amended at 35 U.S.C. §§ 311–18 (2006)).

⁴ See *Cooper*, 536 F.3d at 1332 (explaining the difference between *ex parte* and *inter partes* reexaminations).

⁵ 35 U.S.C. § 305 (2006) (describing the *ex parte* reexamination process).

⁶ See Roger Shang & Yar Chaikovsky, *Inter Partes Reexamination of Patents: An Empirical Evaluation*, 15 TEX. INTELL. PROP. L.J. 1, 2–10 (2006).

⁷ 35 U.S.C. § 314(b)(2) (2006).

⁸ See Shang & Chaikovsky, *supra* note 6, at 2 (noting that *inter partes* reexamination is an alternative way to “challenge a patent's validity” that “is certainly less expensive than litigation”).

⁹ *Cooper*, 536 F.3d at 1331.

¹⁰ *Id.*

¹¹ *Id.* (quoting Rules to Implement Optional *Inter Partes* Reexamination Proceedings, 65 Fed. Reg. 76,756, 76,757 (Dec. 7, 2000)).

¹² *Id.* at 1336 (“We conclude that the Patent Office had the authority . . . to interpret [the new section], because that interpretation both governs the conduct of proceedings in the Patent Office, not matters of substantive patent law, and is a prospective clarification of ambiguous statutory language.”).

that are either not procedural or not interpretative do not deserve *Chevron* deference. In *Cooper*, the Federal Circuit limited *Chevron* deference to the PTO in two different ways, each relating to its prior holding that the PTO has no “substantive rulemaking power.”¹³ First, PTO rules accorded deference must be procedural, in that they relate to the proceedings of the PTO rather than substantive patent law.¹⁴ Second, the rules must be “interpretative,” meaning that they prospectively clarify ambiguous statutory language, and do not create new law or effect a change in the existing law.¹⁵ Curiously, the *Cooper* court addressed the question of *Chevron* deference even though the PTO did not argue that *Chevron* deference was proper for the rule in question.¹⁶

By creating a clear rule—that *Chevron* deference is proper for “interpretative” rules pertaining to the proceedings of the PTO, but not for “substantive” PTO rules¹⁷—*Cooper* appears to respond to previous concerns that the Federal Circuit’s jurisprudence on granting *Chevron* deference to the PTO’s statutory interpretations is “inconsisten[t]” and “conflicting.”¹⁸ What the rule actually does, however, is takes two unconnected strands of Federal Circuit precedent relating to procedural rules and interpretative rules and weaves them into a conjunctive test. In addition, the decision specifically grants *Chevron* deference to interpretative rules, a situation to which Supreme Court precedent suggests, and other circuits have held, it should not apply. Requiring rules to be interpretative in order to receive *Chevron* deference ignores the fact that interpretative rules, not having been promulgated to have substantive effect on third parties, do not necessarily qualify for *Chevron* deference under guiding Supreme Court precedent.¹⁹ In fact, some circuits hold that interpretative rules are never entitled to *Chevron* deference.²⁰

¹³ *Merck & Co. v. Kessler*, 80 F.3d 1543, 1550 (Fed. Cir. 1996) (“Because Congress has not vested the [PTO] Commissioner with any general substantive rulemaking power, the [rule] at issue . . . cannot possibly have the ‘force and effect of law.’” (citation omitted)).

¹⁴ *Cooper*, 536 F.3d at 1335 (stating that the “authority to establish regulations to ‘govern the conduct of proceedings in the [PTO]’ . . . is ‘the broadest of the [PTO’s] rulemaking powers’” (citations omitted)).

¹⁵ *Id.* at 1336 (explaining that the PTO is authorized only to issue “interpretative” and not “substantive” rules).

¹⁶ *Id.* at 1335 (“[T]he Patent Office does not expressly argue that *Chevron* applies in this case . . .”).

¹⁷ *Id.* at 1330. In general, “interpretive” and “interpretative” can be used interchangeably. In this Comment I use the term “interpretative” to match the language of the Administrative Procedure Act. However, when quoting or referring to a source that uses the other term, I will follow that convention.

¹⁸ See Fed. Circuit Bar Ass’n Patent & Trademark Appeals Comm., *Conflicts in Federal Circuit Patent Law Decisions*, 11 FED. CIR. B.J. 723, 773, 775 (2002).

¹⁹ *United States v. Mead Corp.*, 533 U.S. 218, 232 (2001) (“[I]nterpretive rules . . . enjoy no *Chevron* status as a class.”). For a discussion of the ambiguity of this statement, see the discussion *infra* Part III and notes 166–168.

²⁰ See *infra* Part III.A.

Why then did the court apply *Chevron* deference sua sponte? The answer may lie in *Cooper*'s citation to government briefs in two other cases, both pending in the Federal Circuit at the time and both involving challenges to the PTO's rulemaking authority.²¹ This Comment argues that *Cooper* provides the PTO with very little authority for promulgating rules to which the Federal Circuit will grant *Chevron* deference. And, in a move reminiscent of *Marbury v. Madison*,²² it found for the PTO in the specific case, but set up a binding framework that weakens the PTO's authority in the future.²³

This Comment proceeds in four Parts. Part I provides the administrative law framework in which to view the Federal Circuit's jurisprudence. It examines the source of the PTO's authority in its organic statute, the rulemaking requirements of the Administrative Procedure Act (APA), and the *Chevron* doctrine. Part II discusses the Federal Circuit's jurisprudence on the PTO's statutory authority, and explains why *Cooper* is a break with that jurisprudence. Part III examines how other circuits treat interpretative rules under *Chevron*. It notes that most circuits are extremely reluctant to grant *Chevron* deference to such rules, as opposed to the Federal Circuit's embracing it in *Cooper*. Part IV argues that *Cooper* is a strategic opinion meant to carve out extremely limited deference to the PTO, issued as a preemptive strike establishing a framework applicable to other cases on the docket. A brief conclusion follows.

I. BACKGROUND

Analysis of administrative law questions begins with an examination of two statutes: the agency's organic statute and the APA.²⁴ The agency's organic statute creates the agency and confers its statutory authority.²⁵ The APA governs the conduct of administrative agencies in general, unless superseded by their organic statutes.²⁶ This Part begins with brief discussions of the PTO's rulemaking authority under its organic statute and the rulemaking requirements of the APA. It then discusses the *Chevron* doctrine and the levels of deference applied to different types of rules.

²¹ *Cooper*, 536 F.3d at 1335 (“[The PTO] has in other cases claimed that it is entitled to *Chevron* deference when interpreting statutory provisions relating to the conduct of proceedings in the Patent Office.”).

²² 5 U.S. (1 Cranch) 137 (1803).

²³ See 2 WILLIAM WINSLOW CROSSKEY, *POLITICS AND THE CONSTITUTION IN THE HISTORY OF THE UNITED STATES* 1040 (1953) (asserting that Chief Justice Marshall's opinion “must have been motivated on a political basis solely”).

²⁴ See 1 RICHARD J. PIERCE, JR., *ADMINISTRATIVE LAW TREATISE* 2 (4th ed. 2002) (describing the APA's effect on agencies); 2 AM. JUR. 2D *Administrative Law* § 131 (2004) (“[A]n administrative agency's powers to promulgate regulations are shaped by its organic statute . . .”).

²⁵ 2 AM. JUR. 2D *Administrative Law* § 131.

²⁶ See 1 PIERCE, *supra* note 24, at 2.

Administrative agencies are created by Congress to be part of the Executive Branch.²⁷ The statute that creates an agency is that agency's organic statute. Agency action takes two main forms: rulemaking and adjudication.²⁸ As discussed below, rulemaking comes in a variety of forms. When a party dislikes a promulgated rule, there are at least three challenges the party can make to the rule's validity.²⁹ First, a party can argue that the substance of the rule exceeds the authority granted to the agency by Congress.³⁰ Second, it can argue that the agency's policy decisions encapsulated in the rules are arbitrary and capricious.³¹ Third, the party can argue that the agency did not follow proper rulemaking procedures.³² Under the APA, the requirements for rulemaking procedures vary based on the type of rule being promulgated.³³ Therefore, the question of which type of rule the court is addressing is often disputed in these challenges.³⁴ In addition, courts consider the type of rule involved when determining whether the rule is clearly within the agency's statutory authority to make, and if not, what level of deference to give the agency's rule.³⁵

A. *The Rulemaking Spectrum*

In general, the APA has three levels of procedural requirements for rulemaking, from extremely formal to nonexistent.³⁶ The most formal level

²⁷ GARY LAWSON, *FEDERAL ADMINISTRATIVE LAW* 5 (4th ed. 2007). There are actually some agencies, known as independent agencies, which are headed by persons the President cannot remove at will. As such, they are not clearly part of the Executive Branch. *Id.* at 7.

²⁸ *Id.* at 9–10.

²⁹ See *Schnall v. Amboy Nat'l Bank*, 279 F.3d 205, 212 (3d Cir. 2002) (Courts may “second-guess” agency policy choices where a party charges that the agency “exceeded its [statutory] authority . . . , acted arbitrarily and capriciously in promulgating the regulation[], or failed to comply with the procedural requirements imposed by the Administrative Procedure Act.”).

³⁰ See *e.g.*, *FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 125–26 (2000) (finding that the FDA had exceeded its authority when it attempted to regulate tobacco products).

³¹ See *ABF Freight Sys., Inc. v. NLRB*, 510 U.S. 317, 324 (1994) (asserting that courts must give an agency's policy decisions controlling weight unless the decisions are arbitrary, capricious, or manifestly contrary to the statute); *Motor Vehicle Mfrs. Ass'n, Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 42–43 (1983) (asserting that a change in policy is subject to arbitrary and capricious review); *Schnall*, 279 F.3d at 212.

³² See *Schnall*, 279 F.3d at 212; see also Gary Lawson, *Outcome, Procedure and Process: Agency Duties of Explanation for Legal Conclusions*, 48 *RUTGERS L. REV* 313, 317–18 (1996) (stating that a court would reverse and remand an agency decision supported by substantial evidence if the agency failed to “jump through all of the hoops prescribed by law,” such as a required public hearing).

³³ 5 U.S.C. § 553 (2006).

³⁴ See, *e.g.*, *Cnty. Nutrition Inst. v. Young*, 818 F.2d 943, 945–46 (D.C. Cir. 1987) (noting that the dispute about whether a rule is interpretative or legislative is important to determining whether notice-and-comment procedures are required).

³⁵ See *Batterton v. Francis*, 432 U.S. 416, 425 n.9 (1977) (asserting that rules not promulgated under statutory authority are accorded “[v]arying degrees of deference”).

³⁶ See §§ 553, 556–57; see also Peter L. Strauss, *The Rulemaking Continuum*, 41 *DUKE L.J.* 1463, 1466–67 (1992) (laying out the basics of the continuum).

requires that the agency conduct its rulemaking on the record after a hearing.³⁷ Formal rulemaking proceedings otherwise share the same requirements as formal administrative adjudications,³⁸ including the ability of interested parties to submit rebuttal evidence and to conduct cross-examination.³⁹ In addition, in a formal rulemaking proceeding, the agency, as the “proponent of [the] rule,” bears the burden of proof.⁴⁰ Since the 1973 decision in *United States v. Florida East Coast Railway Co.*,⁴¹ the stringent requirements of formal rulemaking are “mandatory only when a specific statute so requires in unmistakable terms.”⁴² As the PTO’s organic statute does not use the magic words “on the record,” it is not required to engage in formal rulemaking.⁴³

Because *Florida East Coast Railway Co.* created such a high bar for requiring formal rulemaking,⁴⁴ the middle level of formality, often referred to as notice-and-comment rulemaking, is the most common type of rulemaking.⁴⁵ The requirements for notice-and-comment rulemaking are spelled out in the APA at 5 U.S.C. § 553, which requires the agency to (1) give notice of proposed rules,⁴⁶ (2) gather public comment on them, and (3) publish the final rules along with “a concise general statement of their basis and purpose.”⁴⁷ However, it does not require the agency to incorporate any of the suggestions made in any of the gathered comments.⁴⁸ Notice-and-

³⁷ § 553; *see also* §§ 556, 557 (describing the requirements for the hearing mandated by § 553).

³⁸ *See* § 556(a) (“This section applies . . . to hearings required by section 553 or 554 of this title to be conducted in accordance with this section.”).

³⁹ § 556(d).

⁴⁰ *Id.*

⁴¹ 410 U.S. 224 (1973).

⁴² Strauss, *supra* note 36, at 1466.

⁴³ *See* LAWSON, *supra* note 27, at 219 (“[I]n the more than thirty years since [*Florida East Coast Railway Co.*] was decided, no statute that does not contain the magic words ‘on the record’ has been found to require formal rulemaking.”).

⁴⁴ *See id.*

⁴⁵ Sidney A. Shapiro & Richard W. Murphy, *Eight Things Americans Can’t Figure Out About Controlling Administrative Power*, 61 ADMIN L. REV. (SPECIAL EDITION) 5, 13 (2009) (notice-and-comment rulemaking is “the default mode in the federal government for making ‘binding’ legislative rules with the ‘force of law’”). Notice-and-comment rulemaking is often simply referred to as “informal rulemaking.” However, I do not use that term here to avoid confusion with the third type of rulemaking, where no procedures at all are required.

⁴⁶ 5 U.S.C. § 553(b) (2006) (requiring that notice “shall be published in the Federal Register,” unless the specific persons to whom the rule applies have actual notice).

⁴⁷ § 553(c).

⁴⁸ *Id.*; *see also* La. Fed. Land Bank Ass’n, *FLCA v. Farm Credit Admin.*, 336 F.3d 1075, 1080 (D.C. Cir. 2003) (stating that an agency only needs to respond to comments which, if true, would require a change in a proposed rule). This means that even if an agency receives material comments, it does not need to adopt them into the rule. It only needs to explain its reasons for not incorporating them. The standard of review for this explanation is whether the agency acted in an arbitrary and capricious manner, a fairly deferential standard. 5 U.S.C. § 706 (2006); *see also* *Greater Boston Television Corp. v. FCC*, 444 F.2d 841, 851 (D.C. Cir. 1970) (“If the agency has not shirked this fundamental task [of tak-

comment rulemaking applies by default, and therefore is required for a rule to be valid, unless the rule falls within one of the exceptions listed in § 553.⁴⁹

Rules in the third level of APA rulemaking are those excepted by § 553 from some or all of the requirements of notice-and-comment rulemaking.⁵⁰ For instance, “interpretative” rules and rules of “procedure” are exempt from the requirement to publish a notice of proposed rulemaking.⁵¹ In addition, while most rules cannot go into effect until thirty days after publication of the final rule, interpretative rules go into effect immediately.⁵² Because the question of whether the rule defining “original application” was interpretative was important to the *Cooper* decision, it is worth spending a little time looking further at what this exception encompasses.

The APA does not delineate what makes a rule interpretative, and determining whether a rule is interpretative is a source of controversy and confusion.⁵³ The plain meaning of the term “interpretative rule” is not particularly helpful, because many rules that are not considered “interpretative” by the agencies or reviewing courts still “interpret” statutes.⁵⁴ Therefore, courts necessarily look beyond whether the regulations “interpret” statutory provisions in determining whether or not a rule is “interpretative.” While there is no clear definition, one broad test asks whether the rule clarifies existing law, rather than creating law, rights, or duties.⁵⁵ In addition, a rule

ing a ‘hard look’ at salient problems], however, the court exercises restraint and affirms the agency’s action even though the court would on its own account have made different findings or adopted different standards.”).

⁴⁹ See Shapiro & Murphy, *supra* note 45, at 13.

⁵⁰ See § 553(b)(3)(A)–(B), (d).

⁵¹ § 553(b)(3)(A).

⁵² § 553(d)(2). It is noteworthy that this exception comes within a subsection that only deals with “substantive rules,” seeming to indicate that a rule could be both interpretative and substantive. See *id.* This is an important distinction between interpretative and procedural rules. Procedural rules are exempted from notice-and-comment procedures, but still must be published thirty days before they go into effect. § 553(d).

⁵³ See *Comty. Nutrition Inst. v. Young*, 818 F.2d 943, 946 (D.C. Cir. 1987) (nothing that the distinction between legislative and interpretative rules has been described as “tenuous, fuzzy, blurred, . . . enshrouded in considerable smog” and “baffling” (citations and internal quotation marks omitted)).

⁵⁴ See *PIERCE*, *supra* note 24, at 325–26 (“Many [non-interpretative] rules ‘interpret’ statutory language, in the sense that they announce the agency’s construction of a statute it has responsibility to administer.”).

⁵⁵ See *Chrysler Corp. v. Brown*, 441 U.S. 281, 301–02 (1979) (noting that unlike a substantive rule, an interpretative rule is one that does not “affect[] individual rights and obligations”); Elizabeth Williams, Annotation, *What Constitutes “Interpretative Rule” of Agency So as to Exempt Such Action from Notice Requirements of Administrative Procedure Act (5 USCS § 553(b)(3)(A))*, 126 A.L.R. FED. 347 (1995).

that is more clearly an interpretation of language, and not a policy decision, will also be found to be interpretative.⁵⁶

It is important to remember the context in which courts distinguish interpretative rules from substantive rules. Courts only retroactively make the determination of whether a rule is interpretative—after the rule has been promulgated and someone has challenged its validity. When the challenged rule has gone through proper notice-and-comment proceedings, there is often little need to consider whether it is interpretative. So, a court usually analyzes the interpretative nature of a rule when a party challenges an agency rule that has been issued without following notice-and-comment procedures, so the court can determine whether the rule should be held valid under the exception for interpretative rules.⁵⁷

B. *Chevron and Its Progeny*

The *Chevron* doctrine provides the basic framework for determining whether an agency's statutory interpretation should receive maximal deference.⁵⁸ It involves a two-step test. In step one, a court asks whether Congress has spoken directly to the precise question addressed by the agency.⁵⁹ If so, Congress's view controls.⁶⁰ If, however, the court finds Congress has expressly or implicitly left an ambiguity for the agency to clarify, then under the second step the court accords deference to the agency's view as long as it is reasonable.⁶¹ In other words, under step two, the agency does not need to persuade the court that it has *the* right answer, just *a* right answer.⁶² The *Chevron* doctrine replaced the continuum of deference to agency interpretations outlined in *Skidmore v. Swift & Co.* as the primary test for determining the validity of agency action.⁶³

Two recent Supreme Court decisions combine to add a major caveat to *Chevron* deference—one of which is particularly relevant to the *Cooper* decision. In *Christensen v. Harris County*, the Court held that *Chevron* defe-

⁵⁶ *Paralyzed Veterans of Am. v. D.C. Arena L.P.*, 117 F.3d 579, 588 (D.C. Cir. 1997) (“The distinction between an interpretative and substantive rule more likely turns on how tightly the agency’s interpretation is drawn linguistically from the actual language of the statute or rule.”).

⁵⁷ *See, e.g., Am. Mining Cong. v. Mine Safety & Health Admin.*, 995 F.2d 1106, 1107 (D.C. Cir. 1993) (addressing the question of whether policy letters not promulgated with notice-and-comment procedures are interpretative).

⁵⁸ *Chevron U.S.A., Inc. v. Natural Res. Def. Council*, 467 U.S. 837, 842–45 (1984).

⁵⁹ *Id.* at 842.

⁶⁰ *Id.* at 842–43.

⁶¹ *Id.* at 843–44.

⁶² *Id.* at 844 (“[A] court may not substitute its own construction of a statutory provision for a reasonable interpretation made by the administrator of an agency.”).

⁶³ *See* 323 U.S. 134, 140 (1944) (“The weight of [an administrator or agency’s] 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.”).

rence only applies to agency actions that have the force and effect of law.⁶⁴ Rules with the force and effect of law bind the public.⁶⁵ This is in contrast to interpretative rules, which bind only the agency, and policy statements, which have no binding effect at all.⁶⁶

In *United States v. Mead Corp.*,⁶⁷ the Court added to the *Christensen* requirement by making clear that *Chevron* deference is only applicable if the agency has been given statutory authority to issue rules and rulings with the force of law.⁶⁸ Together *Mead* and *Christensen* create what has come to be known as “step zero” of the *Chevron* test.⁶⁹ To satisfy step zero, and reach the two-step test of the *Chevron* doctrine proper, a court must determine that an agency has the statutory authority to promulgate rules with the force and effect of law, and that the agency used that authority in promulgating the rule at issue.⁷⁰

II. CABINING THE PTO’S AUTHORITY

In *Cooper*, the Federal Circuit held that the PTO has the authority to issue the rule in question—that “original application” includes more than just first-filed applications—because it relates to the proceedings of the PTO and is a prospective clarification of existing law.⁷¹ This requirement that the PTO only promulgate rules that are procedural and interpretative cabins the PTO’s authority beyond the limits previously created by the Federal Circuit. The reason for this is that when considering precedent establishing that the PTO had no authority to issue substantive rules, the Federal Circuit in *Cooper* failed to distinguish between rules regarding substantive law and rules having substantive effect.⁷²

This Part explains the different meanings of substantive rules and how they are treated by the APA generally. It then describes the Federal Circuit

⁶⁴ 529 U.S. 576, 587 (2000) (“Interpretations such as those in opinion letters—like interpretations contained in policy statements, agency manuals, and enforcement guidelines, all of which lack the force of law—do not warrant *Chevron*-style deference.”).

⁶⁵ See CHARLES H. KOCH, JR., 1 ADMIN. L. & PRAC. § 4.23, at 376 (2d ed. 2009) (“Legislative rules have the force and effect of law and, if valid, impose a legal duty on those covered.”).

⁶⁶ See *id.* § 4.22 (“Several courts . . . find . . . a distinction between interpretative rules and statements of policy in terms of the effect of each [on the agency.]”).

⁶⁷ 533 U.S. 218 (2001).

⁶⁸ *Id.* at 231–32.

⁶⁹ See Cass R. Sunstein, *Chevron Step Zero*, 92 VA. L. REV. 187 (2006). Professor Sunstein includes a third case, *Barnhart v. Walton*, 535 U.S. 212 (2002), in the “trilogy” of cases that establishes *Chevron* step zero. *Id.* at 216.

⁷⁰ See Sunstein, *supra* note 69, at 221–22 (“The initial innovation in the Step Zero trilogy is to emphasize that agency decisions receive *Chevron* deference if they are a product of delegated authority to act with the force of law. It is presumed that an agency has such authority if it has been granted the power to act through notice-and-comment rulemaking or formal adjudication.”).

⁷¹ *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336 (Fed. Cir. 2008).

⁷² See *id.*

precedent related to the PTO's authority to issue substantive rules. Finally, it shows how *Cooper* is inconsistent with this precedent.

A. *Distinguishing Substantive Law from Substantive Effect*

The APA does not define what a substantive rule is. There are two interpretations of what a substantive rule is, and courts have used both; a rule may be considered substantive because it relates to the substantive *law* or because it has a substantive *effect* on third parties.⁷³

First, “substantive” might refer to a relationship between the subject matter of the rule and the subject matter of the underlying statute over which the agency has authority.⁷⁴ A rule that is substantive in this sense affects the primary conduct of regulated parties, not just their interactions with the agency.⁷⁵ For example, Congress has delegated to the Federal Communications Commission (FCC) the authority to regulate the television industry.⁷⁶ This includes the authority to “prescribe such . . . regulations as may be necessary for the protection of the public interest, convenience, and necessity.”⁷⁷ Therefore, Congress has granted the FCC the power to promulgate rules that further the general policy of protecting the public interest. Based on this authority, the FCC has promulgated regulations that ban “obscene” material and restrict to nighttime hours the broadcast of “indecent” material.⁷⁸ If a television station willfully violates the regulation, the FCC can impose monetary sanctions.⁷⁹ Such a regulation is substantive in that it addresses the substantive law of broadcasting and therefore affects the primary conduct of television stations.

Under this definition of substantive, a rule that does not impact the primary behavior of third parties, and therefore does not relate to substan-

⁷³ See Robert A. Anthony, “Interpretive” Rules, “Legislative” Rules and “Spurious” Rules: *Lifting the Smog*, 8 ADMIN. L.J. AM. U. 1, 1 n.2 (1994) [hereinafter Anthony, *Lifting the Smog*] (defining substantive rules as those “affecting private rights, duties, and obligations—rather than . . . dealing with procedural, remedial, or other adjective subjects”); see also *id.* at 3 n.6 (asserting that “[t]erminological confusion is the worse confounded . . . by the use in some opinions of the word ‘substantive’” to mean having force and effect of law). Compare *Am. Hosp. Assoc. v. Bowen*, 834 F.2d 1037, 1045–47 (D.C. Cir. 1987) (contrasting substantive rules with interpretative rules—those without substantive effect), with *Equal Emp’t Opportunity Comm’n v. Associated Dry Goods Corp.*, 449 U.S. 590, 594 n.4 (1981) (contrasting substantive rules with procedural rules—those unrelated to substantive law).

⁷⁴ See Robert A. Anthony, *Interpretive Rules, Policy Statements, Guidances, Manuals, and the Like—Should Federal Agencies Use Them to Bind the Public?*, 41 DUKE. L.J. 1311, 1321 n.37 (1992) [hereinafter Anthony, *Bind the Public*] (“[T]he term ‘substantive rule’ . . . has a meaning parallel to the concept of ‘substantive law’—that is, a rule that creates or affects private rights, duties or obligations.”).

⁷⁵ See KOCH, *supra* note 65, § 4.13 at 341–42 (discussing the primary conduct test for distinguishing substantive rules from procedural rules).

⁷⁶ See 47 U.S.C. § 336 (2006).

⁷⁷ *Id.* § 336(b)(5).

⁷⁸ See 47 C.F.R. § 73.3999 (2008).

⁷⁹ 47 U.S.C. § 503(b)(1) (2006).

tive law, is “procedural.”⁸⁰ In this way, the distinction is similar to what is meant by “substantive law” in the context of the *Erie Doctrine*.⁸¹ A rule that is “procedural” regulates the workings of the agency itself, including how third parties interact with the agency.⁸² A procedural rule, therefore, can still bind third parties. For example, the FCC promulgates rules regarding how to apply for a broadcast license.⁸³ These rules do not affect primary conduct; they do not affect broadcasting itself or the decision of an organization to apply for a license. Instead, they only affect *how* the applicant interacts with the agency. Because procedural rules do not affect primary behavior, the APA exempts them from notice-and-comment rulemaking as “rules of agency organization, procedure, or practice.”⁸⁴ Because third parties need to know the rules for interacting with the agency, however, they are not exempted from the publication requirement.⁸⁵

The second meaning of “substantive” refers to the power of the rule to bind individuals with the force and effect of law.⁸⁶ In other words, the rule is referred to as substantive because it has a substantive *effect* on third parties, even if it does not relate to the substantive *law*. For example, both of the rules described above—regarding broadcasting obscenity and license applications—have a substantive effect because both are meant to bind television stations with the force of law: presumably both impose consequences for noncompliance.

As discussed above, the APA also excepts interpretative rules—those that do not have substantive effect—from the requirement of notice-and-comment rulemaking.⁸⁷ The rationale behind this exception is different than the exception for procedural rules. Interpretative rules are meant only as clarifications of existing law.⁸⁸ Also, because interpretative rules only clarify law and do not create any new law, the APA allows interpretative rules to go into effect immediately.⁸⁹

⁸⁰ See 2 KENNETH CULP DAVIS, ADMINISTRATIVE LAW TREATISE § 7:9, at 47 (2d ed. 1979) (stating that “substantive” means “nonprocedural”); Anthony, *Bind the Public*, *supra* note 74, at 1321 n.37 (“[T]he term ‘substantive rule’ contrasts with ‘procedural rule’ . . .”).

⁸¹ See KOCH, *supra* note 65, § 4.13, at 341 (“The definitional problem [of distinguishing substantive rules from procedural rules] has considerable kinship with that faced in applying the *Erie Doctrine*.”) (citing *Erie R.R. Co. v. Tompkins*, 304 U.S. 64 (1938)).

⁸² See PIERCE, *supra* note 24, at 350–59.

⁸³ See JEM Broad. Co., Inc. v. FCC, 22 F.3d 320, 322 (D.C. Cir. 1994) (discussing the FCC’s adoption of new rules for applications for FM broadcast licenses).

⁸⁴ 5 U.S.C. § 553(d)(2) (2006).

⁸⁵ *Id.*

⁸⁶ See *Chrysler Corp. v. Brown*, 441 U.S. 281, 295 (1979) (“[P]roperly promulgated, substantive agency regulations have the ‘force and effect of law.’”); *id.* at 302 (asserting that a rule’s effect on rights and obligations is important for determining if rule is substantive).

⁸⁷ See *supra* Part I.A.

⁸⁸ See *Chrysler Corp.*, 441 U.S. at 301. This view of interpretative rules has been countered. See Anthony, *Bind the Public*, *supra* note 74, at 1315 (interpretative rules “may bind practically”).

⁸⁹ See 5 U.S.C. § 553(d)(2).

In addition to recognizing the distinction between substantive law and substantive effect, it is also important to note that the categories are independent. A rule regarding substantive law can either have or not have substantive effect; a rule regarding substantive law that has no substantive effect is interpretative. And a rule with substantive effect can cover or not cover substantive law; a rule with substantive effect that does not cover substantive law is procedural. A rule that has no substantive effect and does not cover substantive law is both interpretative and procedural. Table 1 summarizes the procedural requirements that govern the intersection of substantive law and substantive effect.

Table 1. Substantive Law vs. Substantive Effect.

	Substantive Law	Not Substantive Law
Substantive Effect	Requires notice-and-comment rulemaking	Procedural rule—Advance notice of rule required
No Substantive Effect	Interpretative—No rule-making procedures required	Interpretative and Procedural—No rulemaking procedures required

Cooper held that the PTO only has the authority to issue a rule that is not substantive in either sense—i.e., a rule that “both governs the conduct of proceedings in the Patent Office, not matters of substantive patent law, and is a prospective clarification of ambiguous statutory language.”⁹⁰ As will be seen below, this seems to conflict with Federal Circuit precedent. While the Federal Circuit in the past had held that the PTO had no substantive rulemaking power, it had said so in reference to substantive law, not substantive effect.⁹¹ The Federal Circuit, prior to *Cooper*, had never held that the PTO could not promulgate regulations with substantive effect.

Based on the PTO’s organic statute, which grants the PTO rulemaking authority over its own “proceedings,”⁹² the Federal Circuit has said that the

⁹⁰ *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336 (Fed. Cir. 2008).

⁹¹ *Merck & Co., Inc. v. Kessler*, 80 F.3d 1543, 1550 (Fed. Cir. 1996).

⁹² 35 U.S.C. § 2(b) (2006) (“The [PTO] . . . may establish regulations, not inconsistent with law, which . . . shall govern the conduct of proceedings in the Office [and] shall be made in accordance with [informal rulemaking under 35 U.S.C. § 553].”); *Lacavera v. Dudas*, 441 F.3d 1380, 1383 (Fed. Cir. 2006) (“[T]he PTO has broad authority to govern the conduct of proceedings before it . . .”).

PTO has “plenary authority” over “PTO practice.”⁹³ Because of this authority, the Federal Circuit often has deferred to the PTO’s procedural regulations—i.e., procedures for prosecuting (applying for) patents.⁹⁴ This includes such issues as the form of the patent application and registration requirements for practicing before the PTO.⁹⁵ The Federal Circuit also has held, citing the same statutory grant, that this authority “does NOT grant the Commissioner the authority to issue substantive rules.”⁹⁶ A substantive rule normally is one which affects the underlying patent law, such as a rule establishing the proper subject matter for a valid patent.⁹⁷ But because of the ambiguity of the term “substantive rule” described above, this prohibition has created some confusion.

The Federal Circuit’s jurisprudential deference to the PTO’s rulemaking has been inconsistent.⁹⁸ Specifically, the Federal Circuit appears to have narrowed what was once broad deference to the PTO.⁹⁹ Early Federal Circuit cases, as well as opinions issued by the Federal Circuit’s predecessor court, the Court of Customs and Patent Appeals, gave much deference to the PTO’s rulemaking authority.¹⁰⁰ More recent cases have limited deference, according to the procedural nature of the rule.¹⁰¹ The following sections review the Federal Circuit’s precedent to show that its jurisprudence, at the time *Cooper* was decided, established that the PTO has no authority over substantive law, but has plenary authority over procedure.

⁹³ *Gerritsen v. Shirai*, 979 F.2d 1524, 1527 n.3 (Fed. Cir. 1992) (“Congress thus delegated plenary authority over PTO practice . . . to the Commissioner.”).

⁹⁴ *See, e.g., Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1425 (Fed. Cir. 1988) (“In this type of situation, the validity of a regulation promulgated thereunder will be sustained so long as it is reasonably related to the purposes of” conducting the proceedings in the Patent and Trademark Office (citation and internal quotation marks omitted)).

⁹⁵ *See* 37 C.F.R. § 1.51 (2009) (defining what is required for a complete patent application); 37 C.F.R. § 11.7 (2009) (defining requirements to practice before the PTO).

⁹⁶ *Merck*, 80 F.3d at 1550.

⁹⁷ *See* 35 U.S.C. § 101 (defining patentable subject matter).

⁹⁸ *See Conflicts in Federal Circuit Patent Law Decisions*, *supra* note 18, at 773–77.

⁹⁹ *See id.* at 775–76 (noting the analysis in *Merck*, 80 F.3d at 1543, which highlighted the authority of the “Commissioner to promulgate regulations directed only to ‘the conduct of proceedings in the [PTO]’” (internal quotation marks omitted)).

¹⁰⁰ *See, e.g., Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1425 (Fed. Cir. 1988) (“Of course, an agency’s interpretation of a statute it administers is entitled to deference . . .”); *In re Rubinfeld*, 270 F.2d 391, 396 (C.C.P.A. 1959) (“We find no sound reason for disturbing the long-standing practice of the Patent Office . . . which limits design patent applications to a single claim.”). *See generally Conflicts in Federal Circuit Patent Law Decisions*, *supra* note 18, at 773–77 (describing the Federal Circuit’s application of *Chevron* deference to the USPTO).

¹⁰¹ *See, e.g., Lacavera v. Dudas*, 441 F.3d 1380, 1383 (Fed. Cir. 2006).

B. No Authority over Substantive Law

Recent Federal Circuit precedent has been clear that the PTO does not have authority to issue rules regarding substantive law.¹⁰² The court based its holdings on the view that the statutory authority over rules related to the “conduct of proceedings” before the PTO does not extend to rules regarding substantive patent law, such as regulations declaring what would be patentable subject matter.¹⁰³ The Federal Circuit first devised this interpretation of the PTO’s statutory grant in *Animal Legal Defense Fund v. Quigg (ALDF)*, a case involving a not-for-profit organization’s challenge to a new PTO rule that allowed patenting of animals.¹⁰⁴ The rule at issue in *ALDF* was promulgated by the PTO in response to the Supreme Court case *Diamond v. Chakrabarty*,¹⁰⁵ which allowed the patenting of “live, human-made micro-organism[s].”¹⁰⁶ Because the rule in question in *ALDF* did not change the law, but only brought the PTO’s practices into compliance with statutory interpretations by the Supreme Court and the PTO’s Board of Patent Appeals, the court found that the rule was interpretative.¹⁰⁷ Because the rule was interpretative, no notice-and-comment procedures were required.¹⁰⁸ The court, therefore, held that the appellants were not harmed by the lack of an opportunity to submit comments about the rule.¹⁰⁹ Without any “procedural harm,” the court dismissed the case for lack of standing.¹¹⁰

The Federal Circuit declared that the PTO’s authority does not extend to “substantive declaration[s] with regard to the Commissioner’s interpretation of the patent statutes.”¹¹¹ It did so in response to the ALDF’s contention that the rule had been promulgated based on the statutory grant of the PTO to create rules with substantive effect, and therefore that notice-and-comment procedures were required.¹¹² The court responded that even if the Commissioner had intended to use that authority the rule still could not

¹⁰² See *Merck & Co., Inc. v. Kessler*, 80 F.3d 1543, 1550 (Fed. Cir. 1996).

¹⁰³ See *Animal Legal Def. Fund v. Quigg (ALDF)*, 932 F.2d 920, 930 (1991).

¹⁰⁴ *Id.*

¹⁰⁵ See *id.* at 922–23 (describing the relationship between the *Diamond* case and the PTO’s rule).

¹⁰⁶ 447 U.S. 303, 305 (1980).

¹⁰⁷ *ALDF*, 932 F.2d at 927–28.

¹⁰⁸ *Id.* at 931.

¹⁰⁹ *Id.*

¹¹⁰ *Id.* There was a separate challenge that the rule exceeded the PTO’s authority. *Id.* at 924. The court also dismissed this challenge on standing grounds. *Id.* at 936, 937. This evaluation, however, addressed only the impact on the parties, not the nature of the rule. *Id.* at 931–37.

¹¹¹ *Id.* at 930. The case technically dealt with the PTO Commissioner’s authority because, at the time, the PTO’s organic statute declared official rulemaking to be a duty of the Commissioner. Patent and Trademark Authorization Act of 1991, Pub. L. 102–204, § 8, 105 Stat. 1636, 1641 (amending 35 U.S.C. § 6 (1988)). At the end of 1999, Congress overhauled the PTO’s organic statute, including placing the rulemaking authority with the agency generally. Patent and Trademark Office Efficiency Act, Pub.L. 106–113 subtit. G, sec. 4711, § 2(b), 113 Stat. 1501A–572, 1501A–573 (1999).

¹¹² *ALDF*, 932 F.2d at 930.

have substantive effect, because it dealt with substantive law over which the PTO had no authority to issue rules.¹¹³ Therefore, there still was no requirement to promulgate the rule through notice-and-comment procedures, since that would not have given the rule substantive effect.¹¹⁴

Because the rule in *ALDF* was found to be interpretative, and the case was dismissed for lack of standing, the court's statements about whether the PTO actually had the power to issue rules regarding substantive law could be considered dicta. Nevertheless, the Federal Circuit later used *ALDF* as the basis for deference rulings. The Federal Circuit cited *ALDF* five years later in *Merck & Co., Inc. v. Kessler* for the proposition that the PTO only has authority to promulgate procedural rules, and not rules regarding substantive law.¹¹⁵ *Merck* addressed the appropriate level of deference for a PTO rule addressing the interaction of two statutes dealing with the extension of a patent's term.¹¹⁶ The *Merck* opinion first noted that the PTO's statutory authority does not include the authority to issue substantive rules,¹¹⁷ and that only "agencies WITH RULEMAKING POWERS" are entitled to *Chevron* deference.¹¹⁸ Accordingly, the court determined that the PTO's disputed statutory interpretations "[could not] possibly have the 'force and effect of law'" and were due only *Skidmore* deference.¹¹⁹

Merck involves both definitions of a substantive rule. The reference to the PTO's lack of authority to issue substantive rules, citing *ALDF*, relates to a rule dealing with substantive law, but the denial of *Chevron* deference depended on the rule not having substantive effect.¹²⁰ While it is somewhat ambiguous whether the statement that only agencies with rulemaking powers are entitled to *Chevron* deference refers to agencies with the authority to make rules regarding substantive law or those with the authority to issue rules with substantive effect, it appears, based on the citations, to refer to the latter.¹²¹

¹¹³ See *id.* at 930–31.

¹¹⁴ See *id.*

¹¹⁵ *Merck & Co. v. Kessler*, 80 F.3d 1543, 1549–50 (Fed. Cir. 1996) ("As we have previously held, the broadest of the PTO's rulemaking powers—35 U.S.C. § 6(a)—authorizes the Commissioner to promulgate regulations directed only to 'the conduct of proceedings in the [PTO]'; it does NOT grant the Commissioner the authority to issue substantive rules." (citing *ALDF*, 932 F.2d at 930)). For the reason for the reference to the Commissioner specifically, and not the PTO generally, see *supra* note 111.

¹¹⁶ *Merck*, 80 F.3d at 1549.

¹¹⁷ *Id.* at 1550.

¹¹⁸ *Id.* at 1549 (quoting *Atchison, Topeka & Santa Fe Ry. Co. v. Pena*, 44 F.3d 437, 441 (7th Cir. 1994)) (emphasis added in *Merck*) (internal quotation marks omitted).

¹¹⁹ *Id.* at 1550 (citation omitted).

¹²⁰ *Id.*

¹²¹ See *id.* at 1549 (citing *Atchison*, 44 F.3d at 441); 1 KENNETH CULP DAVIS & RICHARD J. PIERCE, JR., ADMINISTRATIVE LAW TREATISE § 6.3 (1994); Michael Herz, *Deference Running Riot: Separating Interpretation and Lawmaking Under Chevron*, 6 ADMIN. L.J. AM. U. 187, 200–03 (1992)). *Atchison* is discussed *infra* Part III.A.

C. Plenary Authority over Procedure

While the *Merck* court held that the PTO could not issue rules relating to underlying substantive patent law, the court was also clear that the PTO was authorized to issue rules that have substantive effect, as long as they pertain to the procedure of the PTO.¹²² This complements the Federal Circuit's view that, in contrast to the PTO's lack of authority over substantive issues, the PTO has plenary authority over its procedures.¹²³

*Lacavera v. Dudas*¹²⁴ is a recent example of the Federal Circuit's deference to the PTO's rules dealing with the agency's proceedings. In *Lacavera*, an alien attorney challenged a PTO decision denying her full registration to practice before the PTO.¹²⁵ The attorney challenged both the adjudication of her particular case and the underlying regulation.¹²⁶ She claimed that the adjudication was not in line with the regulations and that the regulation exceeded the PTO's authority.¹²⁷ The Federal Circuit found that *Chevron* applied because the PTO was "specifically charged with administering the statute," and that the regulation had been promulgated in accordance with that power.¹²⁸ It then followed the *Chevron* two-step test and, finding the PTO's interpretation reasonable, deferred to that interpretation.¹²⁹

Revisiting the intersection of substantive law and substantive effect, Table 2 summarizes the Federal Circuit's jurisprudence regarding the PTO's authority. The gray upper left quadrant indicates that, under *Merck*, rules that both regard substantive law and have substantive effect are outside the statutory authority of the PTO. For the purposes of determining what level of deference to grant such rules, they are treated as if they were not promulgated to have substantive effect.¹³⁰ In other words, rules from the upper-left quadrant slide down into the lower-left quadrant when determining the proper level of deference.

¹²² See *Merck*, 80 F.3d at 1549–50 (“[T]he broadest of the PTO’s rulemaking powers . . . authorizes the Commissioner to promulgate regulations directed only to ‘the conduct of proceedings in the [PTO]’” (second alteration in original)).

¹²³ See *Gerritsen v. Shirai*, 979 F.2d 1524, 1527 n.3 (1992) (citing 35 U.S.C. § 6(a) (1988)).

¹²⁴ 441 F.3d 1380 (Fed. Cir. 2006)

¹²⁵ *Id.* at 1382.

¹²⁶ *Id.*

¹²⁷ *Id.*

¹²⁸ *Id.* at 1383.

¹²⁹ *Id.*

¹³⁰ See *Merck v. Kessler*, 80 F.3d 1543, 1550 (Fed. Cir. 1996) (“Because Congress has not vested the Commissioner with any general substantive rulemaking power, the [regulation] at issue in this case cannot possibly have the ‘force and effect of law.’ Thus, the rule of controlling deference set forth in *Chevron* does not apply.” (citation omitted)).

Table 2. Federal Circuit Jurisprudence Regarding the PTO's Authority.

	Substantive Law	Not Substantive Law
Substantive Effect	Exceeds the PTO's statutory authority (<i>Merck</i>)	Procedural—Within PTO's authority (<i>Lacavera</i>)
No Substantive Effect	Interpretative—Within PTO's authority (<i>ALDF</i>)	Interpretative and Procedural—Within PTO's authority (<i>Cooper</i>)

Table 2 places *Cooper* in the lower-right quadrant, which deals with rules that are neither related to substantive law nor have substantive effect. Recall that *Cooper* held that the PTO had the authority to promulgate the rule in question “because [it] both governs the conduct of proceedings in the Patent Office, not matters of substantive patent law, and is a prospective clarification of ambiguous statutory language.”¹³¹ In other words, the rule was proper because it both did not deal with substantive law and did not have substantive effect.¹³²

In determining the proper level of deference to give to the PTO's interpretation of the term “original application,” the court first examined the rule in relation to its own precedent of deferring to the PTO on procedural matters, but not substantive law.¹³³ It inquired whether the rule fell within the PTO's statutory authority to “govern the conduct of proceedings in the [PTO].”¹³⁴ Because the rule in question explicitly dealt with a new procedure, the court found that the PTO's “plenary authority over PTO practice”

¹³¹ *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336 (Fed. Cir. 2008).

¹³² There is an alternate reading of this language from *Cooper* which suggests that “both” refers to the reasons, not the requirements. In that case, the rule would fall into the statutory authority of the PTO if it were either interpretative or procedural. If this were the meaning, it seems that it would have been clearer to say “both because [it is procedural and interpretative.]” Several other factors indicate that the alternate reading may not be correct. First, if the alternate reading was correct, the court could simply have applied deference to the rule as procedural, without investigating its interpretative nature. After all, granting *Chevron* deference to an interpretative rule is unusual, especially where there is suspicion that the rule may be procedural (and therefore, under *Merck*, 80 F.3d at 1550, may have substantive effect). Finally, the court sua sponte raised the issue of *Chevron* deference, instead of examining the rule under *Skidmore*, by which it also could have granted deference. These last two issues are discussed in more detail *infra* Part III and Part IV.A, respectively.

¹³³ *Cooper*, 536 F.3d at 1335–36.

¹³⁴ *Id.* at 1335 (citing 35 U.S.C. § 2(b)(2)(A) (2006)).

covered the subject matter of the rule.¹³⁵ This first determination is summarized in Table 3.

Table 3. Federal Circuit Jurisprudence Regarding the PTO's Authority, According to Cooper.

Substantive Law	Not Substantive Law
Exceeds the “broadest of the [PTO’s] rulemaking powers”	PTO has “broad authority to govern the conduct of proceedings before it”

Second, the Federal Circuit examined whether the rule had substantive effect.¹³⁶ The *Cooper* court found the rule to be “interpretative,” and therefore within the authority of the PTO.¹³⁷ The court based its decision on the fact that the PTO’s interpretation did not change existing law or policy, and was a “prospective clarification of ambiguous statutory language.”¹³⁸ However, this investigation into whether the rule had a substantive effect on the parties was unnecessary. The Federal Circuit’s precedent had been clear that the PTO had authority to issue procedural rules—not dealing with substantive law—whether or not they had substantive effect on parties.¹³⁹ In *Cooper*, the Federal Circuit misapplied precedent related to substantive law when addressing the question of whether the regulation had substantive effect. *Cooper* cited *Merck* for the proposition that the PTO had no authority to issue substantive rules, but then cited *ALDF* for the distinction between substantive and interpretative rules.¹⁴⁰ *Merck*, however, does not establish that the PTO can never issue rules with substantive effect. Instead, its holding is only that if a rule is not procedural—and therefore is related to substantive law—it cannot have substantive effect.¹⁴¹ In other words, to support its proposition that the PTO has no authority to issue rules with substantive effect, *Cooper* cites a case that says only that the PTO has no authority to

¹³⁵ *Id.* (quoting *Stevens v. Tamai*, 366 F.3d 1325, 1333 (Fed. Cir. 2004)) (internal quotation marks omitted).

¹³⁶ *See id.* at 1336.

¹³⁷ *Id.*

¹³⁸ *Id.*

¹³⁹ *See Lacavera v. Dudas*, 441 F.3d 1380, 1383 (Fed. Cir. 2006) (PTO’s authority extended to binding regulation regarding requirements to practice before PTO); *see also supra* Part ILC and Table 2 (describing the PTO’s plenary authority over procedure).

¹⁴⁰ *Cooper*, 536 F.3d at 1336.

¹⁴¹ *See Merck v. Kessler*, 80 F.3d 1543, 1550–51 (Fed. Cir. 1996).

issue rules related to substantive law. *Cooper's* view of the Federal Circuit precedent is summarized in Table 4.

Table 4. Federal Circuit Jurisprudence Regarding the PTO's Authority, According to Cooper.

	Substantive Law	Not Substantive Law
Substantive Effect	Exceeds the PTO's authority (<i>Merck</i>)	Procedural—Not within PTO's authority (<i>Merck</i>)
No Substantive Effect	Exceeds the PTO's authority	Procedural and Interpretative—Within PTO's authority

Cooper, therefore, placed a new constraint on the PTO's authority to create rules by limiting it to interpretative rules—those both having no substantive effect, even over matters of procedure, and not substantive law. In other words, although the precedent established that the PTO did have the authority to promulgate rules not relating to substantive law, whether or not they had substantive effect (compare the right-hand column of Table 2 with Table 4), and rules that did not have substantive effect, whether or not they related to substantive law (compare the bottom row of Table 2 with Table 4), *Cooper* appears to restrict the PTO's authority to rules that are not related to substantive law *and* have no substantive effect (compare lower right quadrant of Table 2 with Table 4).

III. GRANTING *CHEVRON* DEFERENCE TO INTERPRETATIVE RULES

Once the Federal Circuit found the rule in *Cooper* to be procedural and interpretative, and therefore within the PTO's statutory authority, it applied *Chevron* deference.¹⁴² Just as the dual requirement of being procedural and interpretative appears to conflict with Federal Circuit precedent, applying *Chevron* deference to an interpretative rule appears to conflict with other circuits' established law. To the extent that *Chevron* deference was granted *because* the rule was interpretative—otherwise it would have been outside the scope of the PTO's authority—granting *Chevron* deference seems to conflict with the Supreme Court's statement in *Mead* that "interpretive rules . . . enjoy no *Chevron* status as a class."¹⁴³ The ambiguity of this statement has caused confusion among the circuits. But on any interpretation of this language, *Mead* asserts that *Chevron* deference only applies to

¹⁴² *Cooper*, 536 F.3d at 1337.

¹⁴³ *United States v. Mead Corp.*, 533 U.S. 218, 232 (2001).

an interpretative rule—if ever—in spite of, and not because of, its interpretative nature. This Part describes the circuits' various approaches to granting *Chevron* deference to an interpretative rule—one not intended to have a substantive effect—when the agency has promulgated it with notice-and-comment procedures. It then discusses the propriety of granting *Chevron* deference to the rule in *Cooper*.

Recall that interpretative rules are excepted from the requirement of notice-and-comment procedures.¹⁴⁴ As discussed above, the question of whether a rule is interpretative is usually only asked after the rule has been challenged.¹⁴⁵ Rules promulgated with notice-and-comment procedures are not often examined to determine whether they are interpretative or not because, for agencies that have authority to issue rules with substantive effect, a defense of the rule as interpretative usually comes in defending a rule that has not been promulgated with notice-and-comment procedures—i.e., if the rule was promulgated with notice-and-comment procedures by an agency with the authority to issue rules with substantive effect, there would be no need to determine whether the rule was interpretative. The Federal Circuit has held that the PTO's authority to grant rules with substantive effect is limited to those not addressing substantive law.¹⁴⁶ This means that the PTO cannot necessarily rely on the use of notice-and-comment procedures to garner deference. The question, then, is: what effect, if any, does the use of those procedures have on the level of deference given to the PTO?

The dual meanings of substantive rule discussed above—related to substantive law and having substantive effect—are further complicated by two possible ways in which rules may be considered to have substantive effect. Up to this point, substantive effect has meant that the agency *intended* to bind third parties by the rule. This substantive effect intent would be absent where an agency promulgates a rule that is a prospective clarification of existing law. While such a rule might bind the parties practically, it does not bind them legally any more than the existing law being interpreted does.¹⁴⁷ Substantive effect, however, also can suggest that an agency took the proper rulemaking *measures* to bind third parties. Courts do not always appreciate this distinction.¹⁴⁸ Because the courts often face the issue of whether to give *Chevron* deference to a rule that did not undergo substantive effect *measures*—typically notice-and-comment procedures—they of-

¹⁴⁴ See 5 U.S.C. § 553(b)(A) (2006).

¹⁴⁵ See *supra* note 57 and accompanying text.

¹⁴⁶ See *supra* Part II.B.

¹⁴⁷ See Anthony, *Lifting the Smog*, *supra* note 73, at 13 (“The theory is that the agency’s interpretative document merely explains, but does not add to, the substantive law that already exists.”); Anthony, *Bind the Public*, *supra* note 74, at 1312 n.1 (noting interpretative rules can, however, bind the public as “a practical matter”).

¹⁴⁸ See Anthony, *Lifting the Smog*, *supra* note 73, at 2–3 (“The term ‘legislative rules’ . . . is widely used in two contradictory senses.”).

ten refer to such a rule as “interpretative,” whether or not there was substantive effect *intent* on the part of the agency.¹⁴⁹

Professor Robert Anthony clarifies the ambiguity between substantive effect *intent* and substantive effect *measures* by defining as “legislative” rules that “have been promulgated pursuant to statutory law-making authority and in accordance with the statutory procedures for making rules that carry the force of law,” that is, rules for which the agency has taken substantive effect measures.¹⁵⁰ Professor Anthony defines substantive rules as any rule promulgated by an agency that would affect the rights of parties, whether or not it was properly promulgated; to wit, any rule that the agency *intends* to affect the rights of parties.¹⁵¹ In Professor Anthony’s terminology, therefore, a substantive rule must be legislative to be valid.¹⁵² Professor Anthony’s terminology helps illuminate the ambiguity, and its consistent use by judges would go far toward clarifying court opinions. In the context of this Comment, which attempts to clarify opinions that use the ambiguous terms “legislative” and “substantive,” I would like to avoid repeating these terms. Therefore, I will refer to rules either as having substantive effect *intent*—“substantive” per Professor Anthony—or as having been promulgated with substantive effect *measures*—“legislative” per Professor Anthony.

Like the inquiries as to substantive law and substantive effect, the tests for substantive effect intent and substantive effect measures are independent of one another. Table 5 summarizes the interaction between substantive effect intent and substantive effect measures and its effect on deference to the agency. As can be seen, the circuit views diverge over rules that have no substantive effect intent but have been promulgated with substantive effect measures. I call this latter type of rule “overpromulgated” because the agency promulgated it with procedures not required for the rule. An agency might overpromulgate a rule to insulate the rule from a court finding, upon review, that the agency did more than simply clarify existing law.

¹⁴⁹ See, e.g., *Am. Mining Cong. v. Mine Safety & Health Admin.*, 995 F.2d 1106, 1111 (D.C. Cir. 1993) (distinguishing between legislative rules, properly those rules promulgated with substantive effect measures, and interpretative rules, those promulgated with no substantive effect intent); see also Anthony, *Lifting the Smog*, *supra* note 73, at 7–8 (noting that judicial opinions often create a dichotomy between “legislative” and “interpretive” rules).

¹⁵⁰ Anthony, *Lifting the Smog*, *supra* note 73, at 2.

¹⁵¹ *Id.* at 1–2 & n.2; see also *id.* at 3 (asserting that courts commonly, but incorrectly, define “legislative rules” as those that “should have been promulgated as legislative rules because the agency treated them as binding”).

¹⁵² *Id.* at 2–3 (“[L]egislative rules’ are those that have been promulgated pursuant to statutory law-making authority and in accordance with the statutory procedures for making rules that carry the force of law,” whereas courts often use the term to mean rules “that should have been promulgated as legislative rules because the agency treated them as binding.”). There are some exceptions to this requirement, by which a substantive rule can be promulgated without “legislative” procedures. See 5 U.S.C. § 553(a) (2006). These exceptions are based on the subject matter of the rule, and include rules that involve military or foreign affairs and rules regarding certain bureaucratic government affairs. *Id.*

Table 5. Intersection of Substantive Effect Intent and Substantive Effect Measures.

	Substantive Effect Intent	No Substantive Effect Intent
Substantive Effect Measures	Valid binding rule—Entitled to <i>Chevron</i> deference (<i>Christensen</i> , <i>Mead</i>)	“Overpromulgated” interpretative rule—Circuit views diverge
No Substantive Effect Measures	Improperly promulgated rule—Entitled only to <i>Skidmore</i> deference	Interpretative rule—Entitled only to <i>Skidmore</i> deference (<i>Mead</i>)

The divergent views over how to treat overpromulgated rules began with divergent views about *Chevron* itself.¹⁵³ Ambiguous language from *Mead* then amplified this confusion.¹⁵⁴ While the *Chevron* doctrine has had an undeniable impact on administrative law, its impact on laws that preceded it is still an open question.¹⁵⁵ Justice Stevens, the author of the *Chevron* opinion, intended the opinion simply to be a restatement of established law.¹⁵⁶ Justice Breyer, at the time a Court of Appeals Judge, appears to have shared those sentiments.¹⁵⁷ Under Stevens’ and Breyer’s understanding, whether or not to grant *Chevron* deference should involve a case-by-case determination of Congress’s intent to delegate the law-interpreting function to the agency.¹⁵⁸ Under this view, whether or not the agency used legislative measures might be a factor in determining whether deference was proper.¹⁵⁹

¹⁵³ See *infra* notes 158–161.

¹⁵⁴ *United States v. Mead Corp.*, 533 U.S. 218, 232 (2001) (“[I]nterpretive rules . . . enjoy no *Chevron* status as a class.”).

¹⁵⁵ See Sunstein, *supra* note 69, at 195–205 (contrasting then-Judge Breyer’s view that *Chevron* doctrine should draw heavily on the state of the law that preceded it with Justice Scalia’s view that *Chevron* calls for a dramatic departure from then-existing law).

¹⁵⁶ Thomas W. Merrill, *The Story of Chevron: The Making of an Accidental Landmark*, in ADMINISTRATIVE LAW STORIES 420 n.76 (Peter L. Strauss ed., 2006).

¹⁵⁷ See Sunstein, *supra* note 69, at 202 (summarizing the view of then-Judge Breyer that “*Chevron* should be taken to codify the best understanding of then-existing law”).

¹⁵⁸ See *id.* at 200 (citing Stephen Breyer, *Judicial Review of Questions of Law and Policy*, 38 ADMIN. L. REV. 363, 370 (1986)).

¹⁵⁹ See *id.* at 201 (describing Breyer’s view as the belief that “[n]o simple formula could fit so many different types of circumstances, including different statutes, different kinds of application, dif-

The view of Justice Scalia, however, is that *Chevron* was a revolutionary decision.¹⁶⁰ Justice Scalia believes that *Chevron* created “an across-the-board presumption that, in the case of ambiguity, agency discretion is meant.”¹⁶¹ Therefore, Justice Scalia agreed not only that *Chevron* deference should be granted to agencies based on legislative intent, but also that this intent should be presumed. Under such a view, it would seem that agency intent might be enough to grant the agency deference, even if the rule was not promulgated with legislative measures.¹⁶²

The conflict between the views of Justice Breyer and Justice Scalia played out in *Mead*. Breyer’s majority opinion held that before a court can grant *Chevron* deference to an agency, the court must determine that “Congress delegated authority to the agency generally to make rules carrying the force of law, and that the agency interpretation claiming deference was promulgated in the exercise of that authority.”¹⁶³ Justice Scalia, on the other hand, opposed the narrowing of *Chevron* deference, and especially lamented what he saw as the resurrection of *Skidmore*.¹⁶⁴ In Justice Scalia’s view, *Chevron* deference should be given to the agency whenever Congress gives it statutory authority to interpret a statute, and its interpretation is authoritative (even if it does not have the force and effect of law).¹⁶⁵ It is clear, therefore, that under Justice Scalia’s view, revealed in his *Mead* dissent, overpromulgated rules, like interpretative rules in general, should be entitled to *Chevron* deference. It is not clear, however, what deference the majority opinion would afford to overpromulgated rules.

The Court’s opinion in *Mead* claims that “interpretive rules . . . enjoy no *Chevron* status as a class.”¹⁶⁶ This can have two possible meanings. It may mean that the entire class of rules is categorically denied *Chevron* deference—that is, that no interpretative rule ever qualifies for *Chevron* deference. This would include overpromulgated rules. Alternatively, the *Mead* opinion may mean simply that the entire class of interpretative rules does not automatically qualify for *Chevron* deference, but that some rules in the interpretative class may qualify for *Chevron* deference. Even if *Mead* suggests that some, but not all, interpretative rules deserve *Chevron* deference, it remains unclear what criteria courts should use to evaluate whether an interpretative rule is entitled to *Chevron* deference. Specifically, *Mead* leaves

ferent substantive regulatory or administrative problems, and different legal postures” (quoting Stephen Breyer, *Judicial Review of Questions of Law and Policy*, 38 ADMIN. L. REV. 363, 373 (1986)).

¹⁶⁰ See *id.* at 198.

¹⁶¹ Antonin Scalia, *Judicial Deference to Administrative Interpretations of Law*, 1989 DUKE L.J. 511, 516.

¹⁶² See *id.* (asserting that the theoretical justification for *Chevron* is that when Congress leaves an ambiguity in the statute, the presumption is that the agency has the discretion to resolve the ambiguity).

¹⁶³ *United States v. Mead Corp.*, 533 U.S. 218, 226–27 (2001).

¹⁶⁴ *Id.* at 239–40 (Scalia, J., dissenting).

¹⁶⁵ *Id.*

¹⁶⁶ *Id.* at 232.

open the question of what effect promulgation through substantive effect measures has on an interpretative rule. Professor Thomas Merrill has noted that *Mead* leaves an “area of uncertainty” about whether *Chevron* deference is appropriate for “interpretative regulations adopted after notice-and-comment procedures.”¹⁶⁷ Professor Adrian Vermeule, on the other hand, has treated *Mead* as providing a “safe harbor” of *Chevron* deference for rules promulgated with notice-and-comment procedures.¹⁶⁸ The circuit courts have taken varying approaches to applying *Chevron* deference to overpromulgated rules, based on both *Chevron* itself and the ambiguous language in *Mead*.

A. *The Second and Seventh Circuits—Categorical Exclusion*

While facing slightly different questions, the Second Circuit and Seventh Circuit have both subscribed to the view that interpretative rules—even overpromulgated interpretative rules—are categorically excluded from receiving *Chevron* deference.

In *Atchison, Topeka and Santa Fe Railway Co. v. Pena*, the Seventh Circuit held that agencies without authority from Congress to promulgate rules with substantive effect never merit *Chevron* deference.¹⁶⁹ *Atchison* considered a rule promulgated by the Federal Railroad Administration (FRA) which had not been granted rulemaking authority by Congress.¹⁷⁰ The court found that without rulemaking authority the FRA could not promulgate rules that have the force and effect of law.¹⁷¹ And without the force and effect of law, the rule was denied *Chevron* deference.¹⁷² Therefore, an agency that has not been authorized to promulgate rules with substantive effect is unable to issue any rules entitled to *Chevron* deference.¹⁷³

¹⁶⁷ See Thomas W. Merrill, *The Mead Doctrine: Rules and Standards, Meta-Rules and Meta-Standards*, 54 ADMIN. L. REV. 807, 821 (2002).

¹⁶⁸ Adrian Vermeule, *Introduction: Mead in the Trenches*, 71 GEO. WASH. L. REV. 347, 350 (2003) (explaining that *Mead*'s safe-harbor categories are formal adjudication or rulemaking, and notice-and-comment rulemaking); see also *Coke v. Long Island Care at Home, Ltd. (Long Island Care I)*, 376 F.3d 118, 132 n.6 (2004) (reading Vermeule's article as “treating notice and comment procedures as affording the agency a ‘safe harbor’ entitlement to *Chevron* deference”).

¹⁶⁹ See 44 F.3d 437, 441 (7th Cir. 1994).

¹⁷⁰ *Id.*

¹⁷¹ *Id.* at 442 (“In instances in which the agency does not have rule-making authority, however, we consider the agency’s application of statutory provisions ‘interpretive rules.’”). This is an example of the scenario discussed above, in which a court refers to the rule as interpretative because it has not undergone substantive effect measures, irrespective of the content of the rule itself. See *supra* note 149 and accompanying text.

¹⁷² *Atchison*, 44 F.3d at 441–42.

¹⁷³ *Id.* at 441 (“The Supreme Court made clear in *Chevron* that only statutory interpretations by agencies with rule-making powers deserve substantial deference.” (citations omitted)). *Atchison* predated but was not overruled by *Mead*. As recently as 2006, the Northern District of Illinois cited *Atchison* and *Mead* as the basis for finding that “[the regulation in question] is an interpretive rule . . . and, as

Under this analysis, it does not appear that overpromulgating the rule by subjecting it to notice-and-comment procedures would lead to any more deference.¹⁷⁴ *Atchison* is especially relevant to the issue of deference to the PTO because the Federal Circuit cited *Atchison* in *Merck* when it held that the PTO does not deserve *Chevron* deference for its nonprocedural rules.¹⁷⁵ While *Atchison* addresses the situation in which Congress has not granted any authority to make rules with substantive effect, *Merck* applies it to the PTO for rules that merely fall outside of the statutory grant of rulemaking power. In *Merck*, this included rules dealing with substantive law.

Because the Seventh Circuit was dealing with an agency without the power to make any rules with substantive effect, it is unclear whether it would grant *Chevron* deference to an overpromulgated rule from an agency that did have some power to make such rules. In *Coke v. Long Island Care at Home, Ltd. (Long Island Care I)*, however, the Second Circuit denied *Chevron* deference to an overpromulgated rule from an agency that did have rulemaking power.¹⁷⁶ In *Long Island Care I*, the Department of Labor promulgated a rule interpreting the term “companionship services” for the purposes of determining the scope of an exemption to Fair Labor Standards Act requirements.¹⁷⁷ Although the Department of Labor used notice-and-comment procedures, the court held that it still was not entitled to *Chevron* deference.¹⁷⁸ The court acknowledged the ambiguity of *Mead*, and while the court, in a footnote, denied that it was choosing between the two interpretations from *Mead*,¹⁷⁹ the reasoning of the opinion indicates that notice-and-comment procedures did not affect whether the agency deserved *Chevron* deference:

such, it is entitled to something less than so-called *Chevron* deference.” *Gillespie v. Trans Union, LLC*, 433 F. Supp. 2d 908, 912 (N.D. Ill. 2006).

¹⁷⁴ While the court in *Athison* did note that the notice-and-comment process was what “entitles the administrative rules to judicial deference,” 44 F.3d at 442, it did so in the context of discussing congressional intent to give the agency rulemaking authority. *Id.* at 441–42 (“The principal rationale underlying this deference is that in this context the agency acts as a congressional proxy. . . . But Congress typically does not permit the agency to run free in this endeavor [of fleshing out operational details].”). Therefore, if Congress has not authorized an agency to promulgate rules with substantive effect, the agency does not properly act as a congressional proxy, and it does not seem that engaging in notice-and-comment rulemaking would suffice to force courts to give deference to the agency’s rules.

¹⁷⁵ *Merck & Co., Inc. v. Kessler*, 80 F.3d 1543, 1549 (Fed. Cir. 1996).

¹⁷⁶ 376 F.3d 118 (2d Cir. 2004), *rev’d*, 551 U.S. 158 (2007). While the reversal means that *Long Island Care I* is no longer good law, the case may still indicate the reasoning the court might use in approaching overpromulgated rules. At the very least it shows a possible approach. As discussed below, the Supreme Court’s reversal did not condemn the reasoning of the Second Circuit that notice-and-comment procedures would fail to qualify a rule not intended to have substantive effect for *Chevron* deference. *See infra* notes 183–186.

¹⁷⁷ *Long Island Care I*, 376 F.3d at 121.

¹⁷⁸ *Id.* at 131.

¹⁷⁹ *Id.* at 132 n.6.

In this case, the agency undertook a notice and comment procedure for an interpretative regulation despite the fact that the procedure was not required. While *Mead* does not offer specific guidance on whether putting a proposed interpretation out for notice and comment has any effect on deference, following the notice and comment procedure, at most, buttresses a claim that the agency gave consideration to what it did; it does not alter the fact that the agency did not act pursuant to legislative authority.¹⁸⁰

The Second Circuit specifically declined to read the notice-and-comment procedures as evidence of the agency's intent for the rule to have substantive effect.¹⁸¹ In other words, the court declined to "bootstrap" a showing of the agency's intent for the regulation to have substantive effect from the agency's use of notice-and-comment procedures.¹⁸²

In *Long Island Care at Home, Ltd. v. Coke (Long Island Care II)*, the Supreme Court in a unanimous opinion by Justice Breyer reversed the Second Circuit, determining that the rule in question filled an explicit statutory gap and therefore was not merely interpretative.¹⁸³ The Court based this determination partly on the fact that the agency had promulgated the rule with notice-and-comment procedures, precisely what the Second Circuit declined to do, and therefore might be seen as bootstrapping in a way the Second Circuit chose not to.¹⁸⁴

It is notable, however, that the *Long Island Care II* Court did not hold that *any* interpretative rule would be entitled to *Chevron* deference if promulgated with notice-and-comment procedures. The distinction is subtle, but important. The Court did not hold that the method of promulgation entitled an interpretative rule to *Chevron* deference. Rather, the Court held that because Congress had explicitly granted the Department of Labor the power to define the scope and definition of "companionship services," the rule was not a mere interpretation of ambiguous language, but a rule meant to be a "binding application of [the Department of Labor's] rulemaking authori-

¹⁸⁰ *Id.* at 132.

¹⁸¹ *Id.*

¹⁸² *Id.* ("[W]e decline the DOL's invitation to bootstrap an entitlement to *Chevron* deference for an interpretative regulation from this substandard notice and comment procedure." (footnote omitted)). *Cf.* FED R. EVID. 801(d)(2)(C)–(E) (permitting the consideration of an out-of-court statement itself to determine whether the declarant had the requisite relationship to the party to make the out-of-court statement admissible under the same rule); Patrick J. Sullivan, Note, *Bootstrapping of Hearsay Under Federal Rule of Evidence 801(d)(2)(E): Further Erosion of the Coconspirator Exemption*, 74 IOWA L. REV. 467 (1989) (offering a historical overview and summary of the practice of "bootstrapping" under the co-conspirator exemption to hearsay). The court did not decide whether they would have accepted the invitation to bootstrap had the notice-and-comment procedures not been substandard. *Long Island Care I*, 376 F.3d at 132 n.6.

¹⁸³ 551 U.S. 158, 172–73 (2007).

¹⁸⁴ *Id.* at 173 (observing that one consideration weighing in favor of finding the agency intended for the rule to be binding was that in "promulgating the rule, the agency used full public notice-and-comment procedures, which under the Administrative Procedure Act an agency need not use when producing an 'interpretive' rule.").

ty.”¹⁸⁵ In other words, because the agency meant the rule to have substantive intent effect, it should not have been treated as interpretative. And because it was promulgated with substantive effect measures—notice-and-comment procedures—it deserved *Chevron* deference.¹⁸⁶ Where the Second Circuit analyzed the rule as an overpromulgated interpretative rule, the Supreme Court analyzed it as a properly promulgated rule meant to bind the public.

In fact, instead of clarifying the *Mead* ambiguity, the Court seemed to exacerbate it by noting that interpretative rules “describe an agency’s view of what a statute means [and] may ‘persuade’ a reviewing court [under *Skidmore*], but will not necessarily ‘bind’ a reviewing court.”¹⁸⁷ Indeed, the opinion then quotes the ambiguous language from *Mead* that “interpretive rules . . . enjoy no *Chevron* status as a class.”¹⁸⁸

The Second and Seventh Circuits, therefore, lead the circuits in applying the categorical no-*Chevron* approach to overpromulgated interpretative rules. The Federal Circuit appeared to follow this Seventh Circuit precedent in *Merck* in its categorical denial of *Chevron* deference to overpromulgated rules regarding substantive law.¹⁸⁹

B. The Ninth Circuit—The Importance of Legislative Procedures

The Ninth Circuit, though never addressing the issue of overpromulgated rules directly, has often determined whether to grant *Chevron* deference based on the whether the rule underwent substantive effect measures. This focus implies that the presumption of the Ninth Circuit is that interpretative rules presumptively are not due *Chevron* deference, but that overpromulgation of those rules might overcome the presumption. Two Ninth Circuit opinions in particular, *McLean v. Crabtree*¹⁹⁰ and *Erringer v. Thompson*,¹⁹¹ indicate that the court might be willing to extend *Chevron* deference to an interpretative rule promulgated by the agency with notice-and-comment procedures.

First, in *McLean*, the Ninth Circuit held that “[p]roperly promulgated regulations, subject to the rigors of the Administrative Procedure Act, 5 U.S.C. § 553, are entitled to full *Chevron* deference.”¹⁹² “Properly promul-

¹⁸⁵ *Id.* at 172.

¹⁸⁶ *See id.* at 174 (finding notice-and-comment procedures were not legally defective).

¹⁸⁷ *Id.* at 172 (emphasis added).

¹⁸⁸ *Id.* (quoting *United States v. Mead Corp.*, 533 U.S., 218, 232 (2001)). Of course, emphasizing the ambiguous language makes it clearer only in the same way that speaking louder to someone who does not speak your language will make him more likely to understand you.

¹⁸⁹ *See Merck v. Kessler*, 80 F.3d 1543, 1549 (Fed. Cir. 1996) (quoting *Atchison, Topeka & Santa Fe Ry. Co. v. Pena*, 44 F.3d 437, 441 (7th Cir. 1994)).

¹⁹⁰ 173 F.3d 1176 (9th Cir. 1999).

¹⁹¹ 371 F.3d 625 (9th Cir. 2004).

¹⁹² *McLean*, 173 F.3d at 1181.

gated” may describe a rule that undergoes substantive effect measures and that the agency intended to have substantive effect. As such, it might exclude overpromulgated rules because they are “improperly” promulgated, undergoing unnecessary substantive effect measures. This understanding of “properly promulgated” is consistent with the categorical exclusion approach endorsed by the Second and Seventh Circuits. The *McLean* court’s focus on the “rigors” of the APA suggests, however, that a rule put through notice-and-comment procedures deserves *Chevron* deference, even if the agency did not intend it to have substantive effect.¹⁹³ *McLean* concerned two rules promulgated by the Bureau of Prisons that created conditions on prisoners’ eligibility for a sentence reduction based on participation in a substance abuse treatment program.¹⁹⁴ The first rule—a “community requirement”—required the treatment to include a community-based program, such as transitional treatment conducted outside the federal prison.¹⁹⁵ The second rule—a “detainer exclusion”—made prisoners ineligible for the sentence reduction if they would not be able to complete the community-based portion of the treatment “due to custodial considerations,” for example because a warden refused to allow a prisoner to participate in community treatment.¹⁹⁶ Both the community requirement and the detainer exclusion were promulgated through notice-and-comment procedures.¹⁹⁷ The agency published the community requirement rule in the Code of Federal Regulations and the detainer exclusion rule in the Federal Register.¹⁹⁸ Because of this difference in publication, the court granted *Chevron* deference to the community requirement rule, but denied it for the detainer exclusion rule.¹⁹⁹ This distinction highlights the weight the Ninth Circuit places on the means by which a rule is promulgated in determining whether it has substantive effect. The court’s focus on promulgation implies that it might grant *Chevron* deference to an overpromulgated interpretative rule because it is subjected to the “rigors” of the APA.

¹⁹³ See *id.* at 1181; see also 5 U.S.C. § 553 (2006) (describing the procedures that constitute the “rigors” of the APA).

¹⁹⁴ See *McLean*, 173 F.3d at 1180.

¹⁹⁵ *Id.* at 1180 n.3.

¹⁹⁶ *Id.* at 1180 n.4.

¹⁹⁷ *Id.* at 1184.

¹⁹⁸ *Id.*

¹⁹⁹ *Id.* at 1182–84. Though the court does not reference *Skidmore* deference, it appears to have applied *Skidmore*-like deference to the non-*Chevron* rule. See *id.* at 1184 (noting that at least some deference is required to the rule and looking at the procedures that were taken by the agency in deciding to defer to the agency’s rule). *McLean* was a pre-*Mead* decision, and at the time it was issued the practice of evaluating what procedures had been followed based on what type of rule was promulgated had been defined only by the *Chevron* test. See *supra*, Part I.B. The same evaluation and result is possible after *Mead*, but the analysis likely would be performed under *Chevron* step zero. See *supra* note 69 and accompanying text.

In *Erringer v. Thompson*, the Ninth Circuit addressed a rule related to the repayment of certain medical services under Medicare.²⁰⁰ The Secretary of Health and Human Services promulgated the rule in question, which guided Medicare contractors in their determination of whether a service was “reasonable and necessary” and therefore eligible for repayment.²⁰¹ The case discussed at length whether a rule was “interpretive and not legislative.”²⁰² As discussed above, this is a false dichotomy.²⁰³ A rule that is interpretative—i.e., the agency has no substantive effect intent—can either be legislative, i.e., promulgated with substantive effect measures, or not.²⁰⁴ Though the court noted in a footnote that it was using “the terms ‘legislative’ and ‘substantive’ interchangeably,”²⁰⁵ it seemed to use “legislative” to mean the agency intended substantive effect.²⁰⁶ This use of “legislative” is what Professor Anthony would term “substantive” because it looked to whether the rule was the type of rule that requires substantive effect measures, not whether those measures were used.²⁰⁷

One of the factors that led the court to find the rule was interpretative was that the agency did not explicitly invoke its authority to use “legislative power” delegated by Congress.²⁰⁸ While the court does not say explicitly what role substantive effect measures have on a finding that the agency explicitly invoked its authority, it would seem to weigh in favor of that finding. In addition, the failure of the court to distinguish the two meanings of “legislative” indicates that a rule promulgated with notice-and-comment procedures would require consideration of whether the rule was interpretative or not. This would be similar to the bootstrapping approach of *Long Island Care II*²⁰⁹ and, as explained in the next section, the D.C. Circuit.

C. *The D.C. Circuit—Bootstrapping*

The D.C. Circuit uses the presence of substantive effect measures to bootstrap a finding that an overpromulgated rule is entitled to *Chevron* deference.²¹⁰ The basis for this approach comes from *American Mining Con-*

²⁰⁰ 371 F.3d 625 (9th Cir. 2004). Professor Pierce has described *Erringer* as a “particularly well-reasoned opinion.” PIERCE, *supra* note 121, at 132.

²⁰¹ *Erringer*, 371 F.3d at 631.

²⁰² *Id.* at 629.

²⁰³ See *supra* Table 5 and related discussion.

²⁰⁴ See *id.*

²⁰⁵ *Erringer*, 371 F.3d at 629 n.8.

²⁰⁶ See *id.* at 630 (describing the test for whether a rule has the force of law as dependent on what effect the rule would have if properly promulgated, not on the promulgation procedures themselves).

²⁰⁷ See *supra* notes 150–152 and accompanying text.

²⁰⁸ See *Erringer*, 371 F.3d at 631.

²⁰⁹ Cf. *Long Island Care at Home, Ltd. v. Coke (Long Island Care II)*, 551 U.S. 158, 173 (2007) (considering the use of notice-and-comment procedures as evidence that the agency intended it to have substantive effect).

²¹⁰ For a description of bootstrapping, see *supra* note 182 and accompanying text.

gress v. Mine Safety & Health Administration.²¹¹ In *American Mining Congress*, the D.C. Circuit addressed whether “Program Policy Letters” issued by the Mine Safety and Health Administration were interpretative, and therefore exempted from notice-and-comment procedures.²¹² These letters communicated the agency’s view on when certain x-rays of miners constituted a diagnosis of disease that had to be reported to the agency.²¹³

In finding the letters were interpretative, and therefore exempt from notice-and-comment procedures, the court noted a number of ways in which an agency might choose to make clear that it “intended to exercise” its legislative power to create a substantive rule.²¹⁴ The court specifically addressed the issue of overpromulgated rules. The court noted that an agency might choose to promulgate an interpretative rule with notice-and-comment procedures “out of concern that its proposed action might be [held] invalid as an [interpretative rule.]”²¹⁵ The court went on to say that a court “would presumably treat [an overpromulgated] rule as an attempted exercise of legislative power” and therefore not consider it interpretative.²¹⁶ In that case, a court could use the substantive effect measures to bootstrap the conclusion that the agency’s rule had the force of law and therefore deserved deference as a substantive rule.²¹⁷ This is exactly the type of bootstrapping the Second Circuit rejected in *Long Island Care I*.²¹⁸

The hypothetical overpromulgated rule of *American Mining Congress* was realized in *National Mining Association v. Kempthorne*.²¹⁹ In *National Mining Association*, the D.C. Circuit addressed a rule promulgated by the Secretary of the Interior that interpreted the term “Valid Existing Rights” in a way that severely restricted mine operators from being able to begin new surface coal mining operations.²²⁰ The court referred to the rule as interpretative, but still granted *Chevron* deference.²²¹ In determining whether *Chevron* deference was owed to the agency’s statutory interpretation, the court first inquired whether there was “statutory ambiguity [that gave] rise to agency prerogative.”²²² The test the court applied asked whether Congress “would expect the agency to be able to speak with the force of law

²¹¹ 995 F.2d 1106 (D.C. Cir. 1993).

²¹² *Id.* at 1107–08.

²¹³ *Id.*

²¹⁴ *Id.* at 1109.

²¹⁵ *Id.* at 1111.

²¹⁶ *Id.*

²¹⁷ *See id.*

²¹⁸ *See supra* note 181 and accompanying text.

²¹⁹ 512 F.3d 702 (D.C. Cir. 2008).

²²⁰ *Id.* at 704.

²²¹ *Id.* at 712 (“The district court properly accorded *Chevron* deference to the Secretary’s interpretative rule.”).

²²² *Id.* at 709.

when it address[ed] ambiguity in the statute.”²²³ The court also cited the statute that empowered the Secretary to “publish and promulgate” rules and regulations.²²⁴ Having determined that the term in question was ambiguous, the court went on to step two of *Chevron*, deferring to the agency’s interpretation because it was reasonable.²²⁵ Evidently, the court intertwined its *Mead* analysis—asking whether there was statutory authority to issue a rule and whether the rule was issued pursuant to that authority—with its *Chevron* analysis. The fact that the Secretary promulgated the rule using substantive effect measures—notice-and-comment procedures²²⁶—therefore appears to have been a factor in granting *Chevron* deference.

There are two interesting things about the court’s approach. First, while the court recognized that the agency had promulgated the rule with notice-and-comment procedures, it still considered the rule “interpretative.”²²⁷ It therefore can be seen as at once appreciating that substantive effect intent and substantive effect measures are independent and rejecting the false dichotomy between interpretative and legislative rules. Second, while the court acknowledged the use of notice-and-comment procedures, it focused more on the agency’s authority to promulgate the rules than on the procedures themselves.²²⁸ This leaves open the possibility that an agency with the authority to promulgate rules that have substantive effect would still be granted *Chevron* deference for an interpretative rule, even if not promulgated with substantive effect measures.

While the circuits have employed a range of approaches for determining when interpretative rules qualify for *Chevron* deference, the approach of the Federal Circuit in *Cooper* does not appear to be consistent with any of them. According to *Cooper*, the PTO lacks the authority to make rules with substantive effect.²²⁹ Under the approach of the Seventh Circuit, then, the PTO can never issue rules that would qualify for *Chevron* deference.²³⁰ Under the Second Circuit’s reasoning in *Long Island Care I*, whether or not the PTO has such authority, an interpretative rule should never qualify for *Chevron* deference, even if promulgated with notice-and-comment procedures.²³¹ While the Ninth Circuit’s precedent hints that substantive effect measures might affect the propriety of granting *Chevron* deference to an overpromulgated rule,²³² the promulgation of the rule in *Cooper* had the ex-

²²³ *Id.* (quoting *United States v. Mead Corp.*, 533 U.S. 218, 229 (2001)).

²²⁴ *Id.* (quoting 30 U.S.C. § 1211(c)(2) (2006)).

²²⁵ *Id.*

²²⁶ *See id.* at 705.

²²⁷ *Id.* at 712.

²²⁸ *See id.* at 709.

²²⁹ *See Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336 (Fed. Cir. 2008) (“We have also previously held that [Congress has] not authorize[d] the Patent Office to issue ‘substantive’ rules.”).

²³⁰ *See supra* Part III.A.

²³¹ *See id.*

²³² *See supra* Part III.B.

act publication defect that the Ninth Circuit used to disqualify a rule from *Chevron* deference.²³³ The D.C. Circuit's bootstrapping approach seems to require a showing both that Congress has authorized the agency to promulgate rules with substantive effect and that substantive effect measures were used in promulgating the interpretative rule in order for *Chevron* deference to apply.²³⁴ The fact that *Cooper* specifically denied that the PTO had such authority²³⁵ seems to disqualify it for *Chevron* deference even under the broad approach of the D.C. Circuit.

IV. *COOPER* IS AN ATTEMPT TO CARVE OUT EXTREMELY LIMITED DEFERENCE TO THE PTO

The issue in *Cooper* is of limited relevance. It deals with the question of when a third party can initiate an inter partes reexamination.²³⁶ Presumably to avoid subjecting current patentholders to this new procedure, Congress designed the statute to apply only prospectively.²³⁷ The PTO's interpretation of "original application" brings more applications within the purview of this new procedure than a more restrictive interpretation would have.²³⁸ At some point in the near future, all patent applications will be subject to the new reexamination procedure. One way to view the PTO's interpretation of "original application" is that it merely moves that point closer in time. The PTO's interpretation, therefore, will not carry any long-standing significance.

Although the effect of upholding the PTO's interpretation of the specific rule at issue in *Cooper* will fade quickly, the effect of the administrative law precedent laid down by *Cooper* may have a long-lasting effect on the question of due deference, and therefore on the PTO's authority to issue procedural rules.

A. *Sua Sponte Chevron*

One indication that the *Chevron* deference applied in *Cooper* was less about the case at hand and more about future cases is that the court raised the issue *sua sponte*.²³⁹ The PTO had argued that the interpretation was en-

²³³ See *McLean v. Crabtree*, 173 F.3d 1176, 1184 (9th Cir. 1999) (denying *Chevron* deference to a rule that was published in the Federal Register but not in the Code of Federal Regulations).

²³⁴ See *supra* Part III.C.

²³⁵ See *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336 (Fed. Cir. 2008).

²³⁶ See *id.* at 1332.

²³⁷ See *id.*

²³⁸ See *id.* at 1331.

²³⁹ *Id.* at 1335 ("Though the Patent Office does not expressly argue that *Chevron* applies in this case, it has in other cases claimed that it is entitled to *Chevron* deference Accordingly, we first address whether *Chevron* deference applies.").

titled not to *Chevron* deference but to *Skidmore* deference.²⁴⁰ The PTO likely argued for *Skidmore* deference, and not *Chevron* deference, because it had not published the rule in the Code of Federal Regulations.²⁴¹ The PTO used the fact that it had published the rule in the Manual of Patent Examination and Procedure and its Official Gazette to show that, under *Skidmore*, it had made an informed judgment based on its experience and expertise and was therefore entitled to some respect.²⁴² The *Cooper* court noted the failure of the PTO to publish the rule in the Code of Federal Regulations, but said this fact did not “affect [its] analysis” in deciding whether to grant *Chevron* deference.²⁴³

The fact that the court independently raised the issue of *Chevron* deference is especially interesting because the court could have upheld the regulation through different analyses. First, the court could have applied *Skidmore* deference but still found that the PTO’s interpretation was adequately persuasive.²⁴⁴ This would have paralleled the analysis of *McLean v. Crabtree*, where the Ninth Circuit denied *Chevron* deference to a rule promulgated with notice-and-comment procedures because the rule was published in the Federal Register and not the Code of Federal Regulations, but still upheld the rule as a “valid exercise of the [agency’s] authority under the statute.”²⁴⁵

Second, the court could have followed the more lenient view of the D.C. Circuit and cited the notice-and-comment procedures to find that the rule deserved deference because the agency clearly intended it to be binding.²⁴⁶ As a procedural rule, it would clearly fall within the PTO’s statutory authority and therefore would be entitled to *Chevron* deference.²⁴⁷ While

²⁴⁰ Brief for Appellee—Jon W. Dudas, Director, United States Patent & Trademark Office at 14, *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330 (Fed. Cir. 2008) (No. 2008-1130) [hereinafter Brief for Appellee, *Cooper*].

²⁴¹ *Cooper*, 536 F.3d at 1337.

²⁴² Brief for Appellee, *Cooper*, *supra* note 240, at 14 (citing *Skidmore v. Swift & Co.*, 323 U.S. 134 (1944)).

²⁴³ *Cooper*, 536 F.3d at 1337 (“An agency’s interpretive rule of a statute relating to matters of procedure, subject to notice and comment if required, need not be published in the Code of Federal Regulations to be entitled to deference.”). Granting *Chevron* deference to a rule not published in the Code of Federal Regulations clearly conflicts with the Ninth Circuit’s analysis in *McLean v. Crabtree*, 173 F.3d 1176 (9th Cir. 1999), which denied *Chevron* deference to a rule because it was *not* published in the Code of Federal Regulations, while granting *Chevron* deference to a very similar rule that *was* published in the Code of Federal Regulations. *See id.* at 1184.

²⁴⁴ *See generally Skidmore*, 323 U.S. at 140 (“The weight of [deference to an agency interpretation] 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.”).

²⁴⁵ *McLean*, 173 F.3d at 1184. Though the Ninth Circuit did not explicitly apply *Skidmore*, it did note that the rule was due “some deference.” *Id.*

²⁴⁶ *See supra* Part III.C.

²⁴⁷ *See id.*

there is an argument that this is what the court in *Cooper* meant, such a reading is inconsistent with the *Cooper* court's application of *Chevron* deference after noting that the PTO has no authority to issue rules with substantive effect.²⁴⁸

B. Federal Circuit Cases Built on the Foundations of *Cooper*

In raising *Chevron* deference sua sponte, *Cooper* cited briefs in two pending cases in which the PTO had argued for *Chevron* deference.²⁴⁹ This section examines the issues in these cases, and what effect the *Cooper* decision had on them.

1. *Aristocrat Technologies v. International Game Technology.*—*Aristocrat Technologies Australia PTY Ltd. v. International Game Technology (Aristocrat II)*²⁵⁰ involved a rule that likely would have been within the PTO's plenary authority over PTO procedure before *Cooper*, but after *Cooper* might no longer qualify for *Chevron* deference. The case involved a video slot machine developer who had paid the filing fee for the domestication of a foreign patent one day late.²⁵¹ The PTO allowed the developer to "revive" the patent application because the delay was "unintentional."²⁵² When the developer sued a competitor for infringement of the patent, the competitor alleged that the patent was invalid because the PTO had incorrectly revived the patent for an unintended, but not unavoidable, delay.²⁵³ The district court found the patent was improperly revived and therefore invalid.²⁵⁴

Before *Cooper*, a rule allowing the revival of a patent application despite unintentional delay would likely have received the Federal Circuit's deference in light of the PTO's plenary authority on procedural matters, especially because the application revival was issued through substantive effect measures and the agency appeared to have the intent for it to have the force and effect of law.²⁵⁵ Prior to *Cooper*, such a procedural rule would

²⁴⁸ See *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336 (Fed. Cir. 2008).

²⁴⁹ *Id.* at 1335 (citing Brief for the Appellants at 21, *Tafas v. Doll (Tafas II)*, 559 F.3d 1345 (Fed. Cir. 2009) (No. 2008-1352); Brief for Amicus Curiae Director of the United States Patent & Trademark Office at 22–31, *Aristocrat Techs. Austl. PTY Ltd. v. Int'l Game Tech. (Aristocrat II)*, 543 F.3d 657 (Fed. Cir. 2008) (No. 2008-1016)).

²⁵⁰ 543 F.3d 657 (Fed. Cir. 2008).

²⁵¹ *Id.* at 659.

²⁵² *Id.* at 659–60.

²⁵³ *Id.* at 660.

²⁵⁴ *Id.*

²⁵⁵ See Brief for Amicus Curiae Director of the United States Patent & Trademark Office Supporting Reversal-in-Part at 27–28, *Aristocrat Techs. Austl. PTY Ltd. v. Int'l Game Tech. (Aristocrat II)*, 543 F.3d 657 (Fed. Cir. 2008) (No. 2008-1016), cited in *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1335 (Fed. Cir. 2008) (arguing that the Federal Circuit should grant *Chevron* deference because the rule was promulgated with notice-and-comment procedures and codified in the Code of Federal Regulations).

have been found to be within the PTO's statutory authority, and *Chevron* deference would have been appropriate. The PTO expressed this view of the rule in its amicus brief to the Federal Circuit in *Aristocrat II*.²⁵⁶ It argued that “[t]o the extent that any ambiguities or gaps exist [regarding the statutes that relate to reviving applications], the USPTO’s reasonable and contemporaneous interpretation of its governing statute is entitled to *Chevron* deference.”²⁵⁷

However, under *Cooper*’s new view that the PTO’s authority only covers rules that both do not involve substantive law and do not have any substantive effect, the rule might fail. If a court found that the rule was not a “prospective clarification of ambiguous statutory language,”²⁵⁸ but instead “effect[ed] a change in existing law or policy which affect[s] individual rights and obligations”—i.e., has substantive effect intent—it would not qualify for *Chevron* deference under *Cooper*.²⁵⁹ This is exactly how the district court viewed the rule, finding that instead of interpreting the statutory term “unavoidable,” the rule created a new right by allowing “unintentional” delays.²⁶⁰

While the district court,²⁶¹ the PTO,²⁶² and the parties²⁶³ thought that the *Aristocrat* controversy was about the PTO’s authority to revive the application in question, the Federal Circuit treated it as a question about the defense of invalidity.²⁶⁴ The Federal Circuit held that even if the PTO improperly revived the application, the revival would not affect the outcome because “‘improper revival’ may [not] be raised as an invalidity defense.”²⁶⁵ It did not “reach the parties’ alternative arguments, including those relating to whether the Patent Act permits revival for ‘unintentional’—as opposed to ‘unavoidable’—delay.”²⁶⁶ In this way, the Federal Cir-

²⁵⁶ *Id.* at 9.

²⁵⁷ *Id.*

²⁵⁸ *Cooper*, 536 F.3d at 1336.

²⁵⁹ *Id.* (second alteration in original) (quoting *Animal Legal Def. Fund v. Quigg (ALDF)*, 932 F.2d 920, 927 (Fed. Cir. 1991)).

²⁶⁰ *Aristocrat Techs. Austral. PTY Ltd. v. Int’l Game Tech. (Aristocrat II)*, 543 F.3d 657, 660 (Fed. Cir. 2008) (citing *Aristocrat Techs. Austral. PTY Ltd. v. Int’l Game Tech. (Aristocrat I)*, 491 F. Supp. 2d 916, 924–29 (N.D. Cal. 2007)).

²⁶¹ See *Aristocrat I*, 491 F. Supp. 2d at 935 (“[T]here is undisputed clear and convincing evidence on this record to conclude that the PTO abused its discretion . . .”).

²⁶² See Brief for Amicus Curiae Director of the United States Patent & Trademark Office at 9, *Aristocrat Techs. Australia PTY Ltd. v. Int’l Game Tech. (Aristocrat I)*, 491 F. Supp. 2d 916 (N.D. Cal. 2007) (No. 2008-1016).

²⁶³ See *Aristocrat I*, 491 F. Supp. 2d at 923–24 (summarizing the parties’ arguments for and against the PTO’s authority).

²⁶⁴ See *Aristocrat II*, 543 F.3d at 660–61.

²⁶⁵ *Id.*

²⁶⁶ *Id.* at 661 n.2.

cuit avoided confronting the issue of how *Cooper* had changed its view of rules not pertaining to substantive law but having substantive effect.²⁶⁷

2. *Tafas v. Doll*.—*Tafas v. Doll (Tafas II)*²⁶⁸ involved an appeal by the PTO from an unfavorable district court ruling. The lower court held that new rules promulgated by the PTO severely limiting the content of patent applications were “unlawful agency action” and “null and void” based on the court’s impression that they addressed substantive patent law.²⁶⁹ In *Tafas II*, the PTO argued that it deserves *Chevron* deference for the rules it promulgates under the statutory authority Congress granted to it.²⁷⁰

The PTO argued that the district court erred because it did not recognize Congress’s broad grant of authority to the PTO to conduct its own activities as an agency.²⁷¹ It cited many Federal Circuit cases that gave *Chevron* deference to the PTO for procedural rules.²⁷² The PTO then argued that the rules promulgated in *Tafas II* were procedural, and therefore fit into the statutory authority given by Congress and historically recog-

²⁶⁷ Because both *Cooper* and *Aristocrat II* were written by Judge Linn, it is unclear why *Aristocrat II* failed to build on the foundation laid down in *Cooper*. The difference may relate to the difference in panels and the timing in the two cases. Chief Judge Michel and Judge Lourie completed the *Cooper* panel, while Judges Bryson and Newman sat on the *Aristocrat* panel. Compare *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1331 (Fed. Cir. 2008) (listing judges Michel, Lourie, and Linn) with *Aristocrat II*, 543 F.3d at 659 (listing judges Newman, Bryson, and Linn). In addition, the oral arguments in *Aristocrat II* had already been heard when the *Cooper* opinion was written, so the panels were set. Compare *Cooper*, 536 F.3d at 1330 (published on August 19, 2008) with Oral Argument Recordings, http://www.cafc.uscourts.gov/index.php?option=com_audios&view=audio&layout=search&Itemid=13 (enter “2008-1016” in “Appeal Number” and click “Search”) (oral argument in *Aristocrat II* occurred on June 6, 2008). It is even possible that *Aristocrat II* was decided, but not written, before *Cooper* was penned. This would mean that *Cooper* was not available to the *Aristocrat II* panel for proper consideration.

²⁶⁸ 559 F.3d 1345 (Fed. Cir. 2009), *vacated*, 328 Fed. Appx. 658 (Fed. Cir. 2009).

²⁶⁹ *Tafas v. Dudas (Tafas I)*, 541 F. Supp. 2d 805, 808, 811 (E.D. Va. 2008).

²⁷⁰ Brief for the Appellants at 21, *Tafas v. Doll (Tafas II)*, 559 F.3d 1345 (Fed. Cir. 2009) (No. 2008-1352) [hereinafter Brief for the Appellants, *Tafas II*], *cited in Cooper*, 536 F.3d at 1335. The *Cooper* opinion came out after the initial appellant’s brief was filed in *Tafas* but before either of the appellees’ briefs was filed. The PTO’s brief in *Tafas* was filed July 18, 2008. *See id.* The *Cooper* decision was issued August 19, 2008. *See Cooper*, 536 F.3d at 1330. The briefs for Appellees GlaxoSmithKline and Triantafyllos *Tafas* both were filed on September 24, 2008. *See* Brief for Plaintiffs-Appellees GlaxoSmithKline, *Tafas v. Doll (Tafas II)*, 559 F.3d 1345 (Fed. Cir. 2009) (No. 2008-1352); Brief for Plaintiff-Appellee Triantafyllos *Tafas*, *Tafas v. Doll (Tafas II)*, 559 F.3d 1345 (Fed. Cir. 2009) (No. 2008-1352). Therefore, the Federal Circuit judges did not know the panel composition in *Tafas II* when they wrote the *Cooper* opinion. *See generally* U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, INTERNAL OPERATING PROCEDURES § 3.1, at 11 (2008), *available at* <http://www.cafc.uscourts.gov/images/stories/rules-of-practice/IOP.pdf> (“Cases are generally scheduled for a calendar approximately six weeks after the last brief and the appendix are filed.”).

²⁷¹ Brief for the Appellants, *Tafas II*, *supra* note 270, at 18.

²⁷² *Id.* at 20. For a discussion of this precedent, see *supra* Part II.C.

nized by the Federal Circuit.²⁷³ *Cooper*, however, changes the landscape and, therefore, undermined the PTO's argument in *Tafas II*. Instead of merely demonstrating that it had created a procedural rule (one not addressing substantive law), under *Cooper*'s new gateway to *Chevron* deference the PTO also had to show the rules had no substantive effect,²⁷⁴ a much higher bar for rules that were more than a prospective clarification of existing law. Now, the only way for the PTO to gain *Chevron* deference is by showing the court both that a rule is procedural and that it is interpretative because it stems directly from statutory language.²⁷⁵

What has been a heated battle over the PTO's authority to issue expansive new rules has ended with a whimper, not a bang. The Federal Circuit panel in *Tafas II* initially produced a fractured opinion, with each of the three judges writing separately.²⁷⁶ The Federal Circuit then granted a petition to rehear the case *en banc*, vacating the panel opinion.²⁷⁷ But after President Obama's nominee for Director of the PTO was confirmed,²⁷⁸ the PTO rescinded the rules in question.²⁷⁹ The parties together filed a motion to dismiss the case as moot, which the Federal Circuit granted.²⁸⁰ The Federal Circuit, however, did not vacate the district court's original judgment. This means that while the validity of the specific rule is no longer an issue,

²⁷³ *Id.* at 22 (noting that in *Eli Lilly & Co. v. Bd. of Regents*, 334 F.3d 1264, 1269 n.1 (Fed. Cir. 2003), the Federal Circuit had stated that “whether a procedural regulation promulgated by the PTO violates the statute’ is a ‘straightforward *Chevron* question”).

²⁷⁴ *See Cooper*, 536 F.3d at 1336.

²⁷⁵ Even though *Cooper* was published after the opening brief by the PTO, it is cited in both the response brief of the appellees as well as the reply brief of the PTO. The appellees claim *Cooper* prohibits the PTO from issuing rules with substantive effect. *See* Brief for Plaintiff-Appellee Triantafyllos Tafas, *supra* note 270, at 19 (“As this Court has just recently unequivocally re-confirmed in *Cooper* . . . [the PTO’s organic statute] does not empower the PTO to issue ‘substantive’ rules.”); Brief of Plaintiffs-Appellees GlaxoSmithKline, *supra* note 270, at 27 (arguing that it does not matter whether the rules are procedural because *Cooper* “recogniz[ed] that an interpretive rule, in contrast to a substantive rule, does not affect any change in existing law or policy, but ‘merely clarifies or explains existing law or regulations’” (quoting *Animal Legal Def. Fund v. Quigg (ALDF)*, 932 F.2d 920, 927 (Fed. Cir. 1991))). On the other hand, the PTO’s reply brief highlights *Cooper*’s language about the PTO’s authority over procedural rules, while not addressing the language that suggested the PTO lacked the authority to promulgate rules with substantive effect. *See* Reply Brief for the Appellants at 1, *Tafas v. Doll (Tafas II)*, 559 F.3d 1345 (Fed. Cir. 2009) (No. 2008-1352).

²⁷⁶ *See Tafas v. Doll (Tafas II)*, 559 F.3d 1345 (Fed. Cir. 2009), *vacated*, 328 Fed. Appx. 658 (Fed. Cir. 2009).

²⁷⁷ *Tafas v. Doll*, 328 Fed. Appx. 658, 658–59 (Fed. Cir. 2009).

²⁷⁸ David Kappos was confirmed as Director of the PTO on August 7, 2009. Gene Quinn, *David Kappos Confirmed as USPTO Director*, IPWATCHDOG, Aug. 8, 2009, <http://www.ipwatchdog.com/2009/08/08/david-kappos-confirmed-as-uspto-director/id=4813/>. The rules were rescinded on October 8, 2009. Press Release, PTO, USPTO Rescinds Controversial Patent Regulations Package Proposed by Previous Administration, PTO Press Release #09-21 (Oct. 8, 2009), *available at* http://www.uspto.gov/news/09_21.jsp.

²⁷⁹ *See Tafas v. Kappos*, 586 F.3d 1369, 1371 (Fed. Cir. 2009).

²⁸⁰ *Id.*

the district court's finding that the PTO lacked the authority to issue such rules stands.²⁸¹

The initial panel decision, while now moot, still shows that *Cooper* already has started to create confusion in the Federal Circuit. Both the opinion of the court by Judge Prost and the partial dissent by Judge Rader heavily cited *Cooper*.²⁸² However, the opinions are selective in how they use *Cooper*. Judge Prost's opinion looks solely to the requirement that rules promulgated by the PTO not address substantive law and ignores *Cooper*'s added requirement that they not have substantive effect.²⁸³ Judge Prost quotes from *Cooper*, "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."²⁸⁴ Judge Prost cites this same section of *Cooper* several times throughout the opinion to support the assertion that *Chevron* doctrine requires deference to particular rules because they are procedural.²⁸⁵

Judge Rader asserts that the majority opinion misapplied *Cooper* by "focus[ing] on the distinction between 'interpretative' and 'substantive' rules."²⁸⁶ Judge Rader, however, also misapplies *Cooper*. He describes *Cooper* as having found a rule to be procedural "because it was interpretative . . . rather than substantive."²⁸⁷ But while the rule in *Cooper* was found to be procedural and interpretative, it was not found to be procedural because it was interpretative.²⁸⁸ We see Judge Rader attempt to turn *Cooper*'s conjunctive test into a causal relationship. Judge Rader's view shifts the issue away from the distinction between rules related to substantive law and rules related to procedure, and toward the distinction between rules with substantive effect and those without it. This comports with his later analysis of the rules at issue in *Tafas II*, which focused on whether the rule "affect[s] individual rights and obligations."²⁸⁹

CONCLUSION

The decision in *Cooper* appears to establish a clear line for when the Federal Circuit will grant *Chevron* deference to a rule promulgated by the

²⁸¹ See *Tafas I*, 541 F. Supp. 2d at 811.

²⁸² See *Tafas II*, 559 F.3d at 1352, 1354–55, 1368, 1370.

²⁸³ See *id.* at 1354 (citing *Cooper* to show that the *Chevron* framework is applicable to review of procedural rules).

²⁸⁴ *Id.* (quoting *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1337 (Fed. Cir. 2008)).

²⁸⁵ *Id.* at 1362–63.

²⁸⁶ *Id.* at 1368 (Rader, J., concurring in part and dissenting in part).

²⁸⁷ *Id.* at 1369 (alteration in original) (internal quotation marks omitted).

²⁸⁸ See *Cooper*, 536 at 1335–36 (considering the procedural nature and the interpretative nature of the rule separately in distinct paragraphs).

²⁸⁹ *Tafas II*, 559 F.3d at 1369 (citing *Chrysler Corp. v. Brown*, 441 U.S. 281, 302 (1979)).

PTO. The decision, however, narrows the room for deference to the PTO going forward. The court reached its decision in *Cooper* by misapplying Federal Circuit precedent. Instead of following the previous jurisprudence of the Federal Circuit, which established that the PTO's authority is non-existent over substantive law yet plenary over procedure, *Cooper* leaves within the PTO's authority only those rules that neither address substantive law nor have substantive effect. Thus, *Cooper* prescribes *Chevron* deference for the very kinds of interpretative rules other circuits disqualify from winning *Chevron*'s protection.

