Rethinking Administrative Law's Chenery Doctrine: Lessons from Patent Appeals at the Federal Circuit

Amy R. Motomura

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RETHINKING ADMINISTRATIVE LAW’S
CHENERY DOCTRINE: LESSONS FROM PATENT
APPEALS AT THE FEDERAL CIRCUIT

Amy R. Motomura*

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* Associate, Morrison & Foerster LLP. J.D., Stanford Law School, 2012.
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INTRODUCTION

Administrative law plays a key role in mediating the allocation of power among the branches of government. Between the executive and judicial branches, administrative law governs how courts can review agency decisions, and what rules apply to that review.¹ These principles involve the oft-discussed questions of standards of review and deference to agency decisions, including the widely studied Chevron

doctrine. Much less discussed, though equally important in mediating the allocation of power, is the Chenery doctrine. This doctrine provides that a court reviewing an agency action may only affirm that action on the grounds articulated by the agency when it made its decision.²

In imposing this limit on judicial review, Chenery protects the proper separation of powers between branches of the federal government.³ In particular, Chenery protects the authority delegated to agencies by Congress from usurpation by the courts. By denying courts the ability to substitute their own decisionmaking process for an agency’s, it keeps power within those institutions most competent to exercise it. But in spite of its place as a “‘fundamental’ and ‘bedrock’” principle of administrative law,⁴ relatively little scholarship has analyzed exactly how courts apply Chenery in practice.⁵ This dearth in scholarship may be partly attributable to a basic premise of administrative law—that there are fundamental principles, like the Chenery doctrine, relating to agency action and judicial review thereof that are

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². SEC v. Chenery Corp. (Chenery I), 318 U.S. 80, 95 (1943). SEC v. Chenery Corp. (Chenery II), 332 U.S. 194 (1947), is also associated with another doctrine of administrative law—that agencies have discretion over the procedural form of their actions. See Chenery II, 332 U.S. at 203; M. Elizabeth Magill, Agency Choice of Policymaking Form, 71 U. CHI. L. REV. 1383 (2004).


transsubstantive, applying in the same way to widely divergent areas of law.\textsuperscript{6} In practice, however, the effect and application of administrative principles such as \textit{Chenery} can differ substantially across agencies, areas of law, and courts.\textsuperscript{7} As a consequence, attempts to reach a fundamental understanding of the \textit{Chenery} doctrine can be hindered—or at least confused—by the broad range of ways in which the doctrine is actually applied by different courts and in different substantive areas.

In this Article, I seek to better understand the \textit{Chenery} doctrine with a case study: its application to Federal Circuit review of U.S. Patent and Trademark Office (PTO) decisions to reject patent applications. While there is a growing body of scholarship examining the relationship between patent and administrative law, it has focused on standards of review, largely leaving \textit{Chenery} out of the picture.\textsuperscript{8} Despite the focus on standards of review, scholars have noted that these standards have more symbolic than practical importance in patent cases, rarely affecting the outcomes.\textsuperscript{9} In contrast, whether and how courts apply \textit{Chenery} has real, tangible effects on judicial review. This Article is an effort to rethink \textit{Chenery}'s on-the-ground mechanics and its implications for

\textsuperscript{6} See Levy & Glicksman, \textit{supra} note 3, at 499 & n.1 (describing this basic premise and stating that it “certainly holds true for iconic administrative law decisions like \textit{Chenery}”).

\textsuperscript{7} See id. at 499–500 (“Judicial precedents tend to rely most heavily on other cases involving the agency under review, even for generally applicable administrative law principles. As the courts repeated the verbal formulations or doctrinal approaches reflected in those cases, both the articulation and application of the doctrine often began over time to develop their own unique characteristics within the precedents concerning the specific agency. In some cases, these formulations deviated significantly from the conventional understanding of the relevant principles as a matter of ‘administrative law.’”).

\textsuperscript{8} The exception is the recent article by Professor Kumar, \textit{supra} note 5, at 267–74.

\textsuperscript{9} Clarisa Long, \textit{The PTO and the Market for Influence in Patent Law}, 157 U. PA. L. REV. 1965, 1978 (2009) (“Orin Kerr has called \textit{Zurko}'s pondering of the level of deference to give to the PTO's factual findings ‘a question with more symbolic than practical importance,’ the results of which are not ‘likely to have a significant impact on the functioning of the patent system.’ . . . [T]he number of cases affected by the difference is small—as the Supreme Court in \textit{Zurko} itself noted, the functional difference between an ‘unsupported by substantial evidence’ standard and a ‘clearly erroneous’ standard is vanishingly small . . . .” (citing Orin S. Kerr, \textit{Rethinking Patent Law in the Administrative State}, 42 WM. & MARY L. REV. 127, 168 (2000))).
the allocation of power between agencies and courts, as a matter of administrative law generally, and more specifically between the Federal Circuit and the PTO. By undertaking this study, this Article also addresses an important but yet relatively unexplored aspect of how administrative law is translated (and sometimes mistranslated) into the realm of patent law.

Three factors combine to make appeals from the PTO an especially interesting area for examining the scope and application of Chenery. First, the exclusive jurisdiction of the Federal Circuit over appeals of patent application denials by the PTO creates a uniform framework to study the doctrine’s application. Second, the Federal Circuit has taken a more aggressive stance on Chenery than most other courts, holding that it applies to fewer types of agency decisions, thus limiting judicial review in fewer circumstances. This view of Chenery is consistent with other instances of Federal Circuit exceptionalism in administrative law as applied to the PTO, which result in the Federal Circuit often according the PTO less deference than most other agencies are accorded. This more limited view of Chenery, combined with the complicated doctrinal structure of patent law, reveals ambiguities in the doctrine. Third, the more limited authority of the PTO as compared to other agencies highlights the Chenery doctrine’s role in mediating the balance of power between agencies and courts. Thus, a focused inquiry into Chenery’s application in patent law ultimately leads to insights about the power relationship between the Federal Circuit and the PTO, as well as about the fundamental meaning and effects of Chenery that are applicable to administrative law more generally.

Part I of this Article provides an overview of the origins of the Chenery doctrine and its doctrinal evolution. Part II explores specific instances in which the Federal Circuit has discussed Chenery in appeals from PTO decisions. I highlight several inconsistencies and ambiguities in the application of

11. See infra Part II.C.
Chenery. If the doctrine’s application is unpredictable—as I argue it is—that is troubling because the unpredictability undermines Chenery’s purpose of ensuring the appropriate separation of powers between the judicial and executive branches when courts review agency action. In particular, uncertainty about when Chenery applies gives a court greater control over whether it will defer to agency reasoning or whether it will instead substitute its own. The consequence is a significant danger of court encroachment on congressionally delegated agency power. While this concern applies across administrative law, it is particularly acute in the context of the Federal Circuit’s review of PTO decisions, where there is significant evidence of Federal Circuit resistance to granting the agency deference. Part III draws lessons from this case study for both patent appeals and the role of Chenery more generally. I discuss a range of ways to rethink Chenery, focusing on how the doctrine can be made more predictable while having an appropriate scope. I ultimately propose a better Chenery doctrine for patent law based on the doctrine’s costs and benefits, and on fundamental separation of powers considerations. This rethought Chenery doctrine reflects a more cogent approach to the relationship between the decisions by administrative agencies and the courts.

I. THE CHENERY DOCTRINE

A. The General Principle

In reviewing a lower court decision, an appellate court will generally affirm the lower court’s judgment on any ground established by the record, regardless of whether the lower court relied on that ground.13 But when a court reviews an administrative decision, SEC v. Chenery Corporation provides that “an administrative order cannot be upheld unless the grounds upon which the agency acted in exercising its powers were those upon which its action can be

13. See Helvering v. Gowran, 302 U.S. 238, 245 (1937) (“In the review of judicial proceedings the rule is settled that if the decision below is correct, it must be affirmed, although the lower court relied upon a wrong ground or gave a wrong reason.”).
The decision must be judged based on the grounds relied upon in the record—not on post hoc justifications—and the court cannot substitute its own rationale for the decision.\textsuperscript{15}

SEC v. Chenery Corporation (Chenery I) arose out of the Securities and Exchange Commission's (SEC) duty under the Public Utility Holding Company Act (PUHCA) of 1935 to reorganize public utility holding companies.\textsuperscript{16} During reorganization of the Federal Water Service Corporation, the SEC concluded that the corporation's directors, officers, and controlling stockholders could not purchase preferred stock.\textsuperscript{17} The SEC's rationale was that such purchases would violate the established fiduciary duties of the directors, officers, and controlling stockholders.\textsuperscript{18} The corporation challenged this decision. When the case reached the U.S. Supreme Court, the Court held that established judicial precedents did not dictate that their fiduciary duties precluded the purchases.\textsuperscript{19} The Court reversed the SEC's decision and remanded to the agency.\textsuperscript{20} The Court suggested that the SEC could have prohibited the purchase arrangement under PUHCA, but it held that because the SEC's decision was based on an incorrect interpretation of the judicial precedent on fiduciary duties, the Court could not affirm it. Instead, the Court could affirm only on a rationale articulated by the agency.\textsuperscript{21}

On remand, the SEC said once again that the purchases were prohibited.\textsuperscript{22} This time, though, it based its decision on a different ground: two sections of PUHCA disallowed the purchases.\textsuperscript{23} When the case again reached the Supreme Court in Chenery II, the Court affirmed based on the new

\begin{footnotes}{
17. Id. at 85.
18. Id.
19. Id. at 88–89.
20. Id. at 95.
21. Id. at 87–88.
23. See id.
}
rationale. In doing so, the Court reiterated the lesson of *Chenery I*—that a court, when reviewing agency action, must base its review on a ground actually invoked by the agency. The reviewing court may not substitute what it considers a more adequate or proper basis for the agency action, because doing so would intrude on the domain of exclusive agency authority created by Congress.

B. *Subsequent Development and Divergence in the Doctrine*

After *Chenery*, a series of cases modified the scope of the doctrine, with some variation between appellate courts. In some ways, the case law expanded the doctrine’s scope, applying it to a broad range of administrative decisionmaking. In other ways, the case law limited the doctrine’s scope by introducing several exceptions to the general rule. These developments—particularly in a handful of courts, including the Federal Circuit—have cast doubt on the coherence and predictability of the *Chenery* doctrine.

1. *A Framework for Analysis*

Before turning to these changes, understanding how *Chenery* has evolved requires a brief overview of the framework for judicial review of agency actions. Judicial review of agency actions can be understood as having two relevant axes that determine the form of review. First, the form of review depends on the mode in which the action was carried out—how formal was the proceeding? Proceedings fall into four categories—informal adjudication, informal rulemaking (called notice-and-comment rulemaking), formal adjudication, and formal rulemaking. Second, the form of judicial review depends on the type of agency action—is it a finding of fact, a determination of law, or an exercise of

24. *Id.* at 209.
25. *Id.* at 196 (“When the case was first here, we emphasized a simple but fundamental rule of administrative law. That rule is to the effect that a reviewing court, in dealing with a determination or judgment which an administrative agency alone is authorized to make, must judge the propriety of such action solely by the grounds invoked by the agency. If those grounds are inadequate or improper, the court is powerless to affirm the administrative action by substituting what it considers to be a more adequate or proper basis. To do so would propel the court into the domain which Congress has set aside exclusively for the administrative agency.”).
2013] RETHINKING THE CHENERY DOCTRINE 825

judgment or discretion?

For each combination of mode and type of agency action, the Administrative Procedure Act (APA) or case law sets out a default standard of review that applies when a court reviews an agency’s action, absent alternative statutory provisions. The standard of review determines with how much deference a court will scrutinize an agency’s action. These standards of review are often seen as the heart of administrative law. But they do not capture another important dimension of judicial review—what will a reviewing court examine in deciding whether the standard of review is met? The Chenery doctrine addresses this missing dimension. When Chenery applies, judicial review is limited to the agency’s own explanation.


27. Id. For instance, a finding of fact by an agency during a formal adjudication or rulemaking would generally be reviewed under the “substantial evidence” standard, as dictated by the APA. 5 U.S.C. § 706(2)(E) (2006). On the other hand, during an informal adjudication or notice-and-comment rulemaking, a finding of fact would generally be reviewed under the “arbitrary and capricious” standard, Citizens to Preserve Overton Park, Inc. v. Volpe, 401 U.S. 402, 414 (1971), and the same standard of review applies to agency policy decisions and exercises of discretion. See 5 U.S.C. § 706(2)(A) (2006). Questions of law also receive varying levels of deference depending on the type of proceeding, as well as on the type of legal question. For agency interpretations of an unclear statute, the default deference is Skidmore deference. Benjamin & Rai, supra note 12, at 295. Skidmore deference gives an agency’s decision weight based on “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.” Skidmore v. Swift & Co., 323 U.S. 134, 140 (1944). However, if Congress has “delegated authority to the agency generally to make rules carrying the force of law, and . . . the agency interpretation claiming deference was promulgated in the exercise of that authority,” the agency interpretation of an unclear statute receives greater Chevron deference, United States v. Mead Corp., 533 U.S. 218, 226–27 (2001), which is described in Part III.B.2. When an agency interprets its own regulation, it receives Auer deference, which gives the agency interpretation “controlling weight unless it is plainly erroneous or inconsistent with the regulation.” Bowles v. Seminole Rock & Sand Co., 325 U.S. 410, 414 (1945).

28. See generally Breyer, supra note 1, at 191.

29. See Stack, supra note 4, at 971–72.
2. Modes of Decisionmaking: Rulemaking or Adjudication, Formal or Informal?

Keeping in mind this framework for judicial review of agency action, we can now turn back to the post-Chenery case law. The Chenery case itself involved review of an agency decision made through formal adjudication.\(^{30}\) Immediately after the Court’s Chenery decisions, it was unclear whether the principle would apply to other modes of agency decisionmaking.\(^{31}\) Because the Chenery decision articulated the significance of the record for judicial review, it might have been expected that the Supreme Court would restrict its application to formal, on-the-record administrative proceedings.\(^{32}\) Despite this initial uncertainty, subsequent cases gradually expanded Chenery’s application to informal agency decisionmaking.\(^{33}\) In the early 1970s, the Supreme Court applied the Chenery principle to informal adjudications,\(^{34}\) and in 1983, it first applied the principle to notice-and-comment rulemaking.\(^{35}\) Thus, the Chenery principle is now treated as a general rule of judicial review, applying to all modes of agency decisionmaking.\(^{36}\)

3. Types of Decisionmaking: Policy, Fact, and Law

With respect to the type of agency decisionmaking (policy, fact, or law), it is less clear when Chenery applies. In the Chenery case itself, the agency based its decision on an

\(^{30}\) Id. at 962. Although Chenery I was decided before the APA was enacted, the procedure followed by the SEC fell within what would become the APA’s definition of formal adjudication. Id. at 962 n.29.

\(^{31}\) Id. at 962.

\(^{32}\) See id.

\(^{33}\) Id.


\(^{35}\) See Stack, supra note 4, at 962–63 (discussing and citing cases applying Chenery to notice-and-comment rulemaking).

\(^{36}\) See id. at 956, 962 (“The principle now applies in review of every form of agency action, from agency rulemaking to informal adjudication, as well as in review of all manner of deficiencies in agency fact-finding and insufficient statements of reasons, not merely to agency reliance on legally erroneous grounds.” Id. at 956. “[T]he Supreme Court has extended the demand for explicit reason-giving to virtually every form of agency action and every conceivable type of deficiency in an agency’s stated justification for its action.” Id. at 962.).
erroneous legal conclusion—an incorrect interpretation of fiduciary duties.\(^37\) Yet, the jurisprudence regarding Chenery seems to have gone in the opposite direction. Courts and scholars agree that Chenery applies to findings of fact and exercises of judgment or discretion, but they disagree on whether and to what extent it applies to questions of law. Although most courts apply Chenery to questions of law,\(^38\) some courts and scholars have concluded that Chenery does not apply to questions of law.\(^39\)

37. Chenery I, 318 U.S. 80, 88–89 (1943); Stack, supra note 4, at 956.

38. Cf. Stack, supra note 4, at 965–66, 1008 (discussing the scope and limitations of Chenery's application).

39. See, e.g., HealthEast Bethesda Lutheran Hosp. & Rehabilitation Ctr. v. Shalala, 164 F.3d 415, 418 (8th Cir. 1998) (“[T]he Court also explicitly limited [the Chenery] ruling to cases in which an agency fails to make a necessary determination of fact or policy.”); Ark. AFL-CIO v. FCC, 11 F.3d 1430, 1440 (8th Cir. 1993) (“[T]he Supreme Court clearly limited Chenery to situations in which the agency failed to make a necessary determination of fact or of policy.”); Ry. Labor Execs.' Ass'n v. Interstate Commerce Comm'n, 784 F.2d 959, 969 (9th Cir. 1986) (“Generally, a reviewing court may only judge the propriety of an agency decision on the grounds invoked by the agency. However, the court is not so bound when, as here, the issue in dispute is the interpretation of a federal statute.” (citation omitted)); N.C. Comm'n of Indian Affairs v. U.S. Dep't of Labor, 725 F.2d 238, 240 (4th Cir. 1984) (“We do not, however, perceive there to be a Chenery problem in the instant case because the question of interpretation of a federal statute is not 'a determination or judgment which an administrative agency alone is authorized to make.'” (quoting Chenery II, 332 U.S. 194, 196 (1947))); Milk Transport, Inc. v. Interstate Commerce Comm'n, 190 F. Supp. 350, 354–55 (D. Minn, 1960) (“The first Chenery case did hold that a reviewing court must judge an agency order only on the grounds on which the order was based, but the court limited this rule to determinations which the administrative agency alone is authorized to make. . . . We are interpreting the scope of a federal statute and this task is not peculiar to an administrative agency.”); Krent, supra note 3, at 204 (“[T]he Chenery doctrine applies to the policy and factual bases that support an agency action . . . .”); Patrick J. Glen, "To Remand, or Not to Remand": Ventura's Ordinary Remand Rule and the Evolving Jurisprudence of Futility, 10 RICH. J. GLOBAL L. & BUS. 1, 2 (2010) (stating that with the Chenery decision, “the Court gave voice to what would become the courts' deferential stance to agency factual findings and discretionary determinations, and its continuing authority to review legal and constitutional claims de novo”). Professor Stack cites some courts as taking this approach, but he argues that it is an implausible position, at least when Chevron deference applies. Stack, supra note 4 at 1008–10 (“Some courts have concluded that the Chenery principle applies only to lapses in agency factfinding or policymaking rationales but does not extend to an agency's failure to articulate the basis for its interpretation of statutes that the agency administers. Regardless of whether that was a plausible position prior to Chevron, it does not make sense once Chevron is in the picture.” Id. at 1008.).
This divergence of views seems to originate from three statements by the Supreme Court in the original *Chenery* cases. In *Chenery I*, the Court stated that a court cannot intrude into an agency's domain “[i]f an order is valid only as a determination of policy or judgment which the agency alone is authorized to make and which it has not made.” 40 In *Chenery II*, the Court made a similar statement, describing the rule of *Chenery I* as applying to a “determination or judgment which an administrative agency alone is authorized to make.” 41 Some courts and scholars view these statements as excluding determinations of law from *Chenery*'s scope because legal determinations and interpretations of statutes are not exclusively entrusted to agencies. For instance, in *North Carolina Commission of Indian Affairs v. U.S. Department of Labor*, the Fourth Circuit relied on the statement from *Chenery II* in concluding that *Chenery* did not prevent the court from affirming the administrative law judge’s (ALJ) order based on a statutory interpretation that differed from the ALJ’s interpretation. 42 The court stated: “We do not . . . perceive there to be a *Chenery* problem in the instant case because the question of interpretation of a federal statute is not ‘a determination or judgment which an administrative agency alone is authorized to make.’” 43 The Federal Circuit, in *In re Comiskey*, similarly relied on the statement from *Chenery I* to limit the rule’s scope. 44

The third statement that courts have cited in limiting *Chenery*'s scope comes from *Chenery I*. The Court stated that it was not “disturb[ing] the settled rule” from *Helvering v. Gowran* that an appellate court must affirm a lower court’s decision reaching the correct result “‘although the lower court relied upon a wrong ground or gave a wrong reason,’” explaining that “[i]t would be wasteful to send a case back to a lower court to reinstate a decision which it had already made but which the appellate court concluded should properly be based on another ground within the power of the

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41. *Chenery II*, 332 U.S. at 196.
42. *Comm’n of Indian Affairs*, 725 F.2d at 240.
43. Id. (quoting *Chenery II*, 332 U.S. at 196). The district court in *Milk Transport* also relied on this statement in declining to apply *Chenery* to a question of law. *See Milk Transport*, 190 F. Supp. at 354–55.
44. *See In re Comiskey*, 554 F.3d 967, 974 (Fed. Cir. 2009).
appellate court to formulate."  
Although this statement quite plainly refers to review of decisions of courts, not of agencies, courts have pointed to this language as a clear statement that *Chenery* does not apply to agencies' determinations of law. In *Arkansas AFL-CIO v. FCC*, for example, the Eighth Circuit quoted this language to support its statement that "the Supreme Court clearly limited *Chenery* to situations in which the agency failed to make a necessary determination of fact or of policy."  
The Federal Circuit, in *In re Comiskey* and *In re Aoyama*, similarly referred to this language regarding lower court decisions in explaining why *Chenery* did not apply to a determination of law. In *Comiskey*, the Federal Circuit described the Supreme Court as having "made clear that a reviewing court can (and should) affirm an agency decision on a legal ground not relied upon by the agency if there is no issue of fact, policy, or agency expertise."

The reliance on this third statement to exclude questions of law from *Chenery*'s scope is analytically questionable. Though the Supreme Court stated later in the same paragraph that "[l]ike considerations govern review of administrative orders," the Court was there referring to a *limitation of the principle from Gowran*: that the appellate court, in reviewing a lower court, still may not take the place of the jury. Thus, the better reading of the Court's statement in *Chenery I* is that the appellate court, just as it cannot intrude into the jury's domain by becoming a factfinder, cannot intrude into the agency's domain when reviewing an agency's action. While the Supreme Court's language may leave room for argument about what constitutes the agency's domain, it is a misreading of *Chenery* to say that the motivations behind *Gowran* similarly apply to review of agency decisions, or that the Court encouraged a reviewing court to affirm an agency decision on a new legal

47. *In re Aoyama*, 656 F.3d 1293, 1299 (Fed. Cir. 2011); *Comiskey*, 554 F.3d at 974.
48. *Comiskey*, 554 F.3d at 974.
50. *See id.*
Even if the first two statements from *Chenery I* and *II* lend some support to the narrower view of the doctrine, that view seems at odds with the original facts of *Chenery*, since that case involved a legal error by the SEC.\(^{51}\) Moreover, declining to apply *Chenery* to questions of law is inconsistent with other characterizations of the doctrine by the Supreme Court in dicta. In *Federal Election Commission v. Akins*, for instance, the Court cited *Chenery I* for the proposition that “[i]f a reviewing court agrees that the agency misinterpreted the law, it will set aside the agency’s action and remand the case.”\(^{52}\)

In contrast to the courts and scholars who believe *Chenery* is limited to questions of fact and policy, most others view *Chenery* more broadly.\(^{53}\) Under this interpretation, *Chenery* applies to most questions of law, thus limiting a court’s rationales for affirmance in more cases. These courts and scholars read *Chenery II*’s statement that its principle applies to a “determination or judgment which an administrative agency alone is authorized to make”\(^{54}\) to be a much less substantial limitation on *Chenery*’s scope. They interpret the language to mean that *Chenery* does not apply to interpretations of statutes that are not committed to that

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51. One court taking the narrower view of *Chenery*, however, reframed the agency’s error in the original case. The Eighth Circuit, in discussing the facts of *Chenery* in *Arkansas AFL-CIO v. FCC*, described the Supreme Court as unable to affirm the SEC’s decision not because it had made an erroneous legal determination, but rather because the SEC had failed to make the subsidiary factual findings that underlay the legal determination. The Eighth Circuit described the SEC as having “made no factual findings with regard to misuse of the fiduciary position, honesty, fair dealings, or fair pricing. Thus, the SEC recited no factual grounds for the decision it made.” *AFL-CIO*, 11 F.3d at 1440. The Eighth Circuit repeated this view of the SEC’s error five years later. See *HealthEast Bethesda Lutheran Hospital and Rehabilitation Center v. Shalala*, 164 F.3d 415 (8th Cir. 1998).


53. *See, e.g.*, *Interstate Commerce Comm’n v. Bhd. Of Locomotive Eng’rs*, 482 U.S. 270, 291 (1987) (Stevens, J., concurring) (“[W]hen an agency explains that it has denied a petition for reopening based on its understanding of the underlying statute, a reviewing court may only uphold the agency decision if that reasoning withstands review. . . . If the court of appeals finds legal error, it must remand the case to the agency . . . . This is the lesson of *Chenery* and its progeny . . . .”); *cf. Stack, supra* note 4, at 965–66, 1008–13 (discussing the scope and limitations of *Chenery*’s application).

particular agency's discretion—for instance, the APA—but that it otherwise generally applies to interpretations of the agency's enabling statutes when the language is ambiguous.55

Even when courts interpret Chenery's scope broadly, however, it is worth noting that they do not apply it in all applicable situations. Courts have developed several exceptions that soften the doctrine's application in cases where the costs of remand seem to significantly outweigh the benefits.56 The “harmless-error” doctrine says that a case should not be remanded under Chenery “when a mistake of the administrative body is one that clearly had no bearing on the procedure used or the substance of the decision reached.”57 Another exception applies when the agency's decision is of “less than ideal clarity” but “the agency's path may reasonably be discerned.”58 Courts have also applied an exception when agency action is statutorily compelled, and thus remand would be “but a useless formality.”59

II. THE CHENERY DOCTRINE IN APPEALS OF PATENT DENIALS

Broad variation in courts' interpretations of the Chenery doctrine and in the administrative decisionmaking to which Chenery is applied makes it difficult to study the doctrine across different areas of law and different courts. In this Article, I undertake a more focused analysis of Chenery's application in Federal Circuit review of patent denials by the PTO. Focusing on one court and one substantive area of law

55. See Bank of Am. v. FDIC, 244 F.3d 1309, 1319 (11th Cir. 2001) (“Most . . . decisions apply Chenery during analysis involving Chevron's second step . . . . That is the proper place for Chenery considerations to come into Chevron analysis.”); Am.'s Cmty. Bankers v. FDIC, 200 F.3d 822, 835 (D.C. Cir. 2000) (stating that the principle of Chenery “applies as well to our review of statutory interpretations under the second prong of Chevron”); Stack, supra note 4, at 965–66, 1008–09.

56. See Ginsburg, supra note 5, at 613 (describing the “soften[ing] in [the rule's] application” (quoting 3 KENNETH CULP DAVIS, ADMINISTRATIVE LAW TREATISE § 14:29, at 130 (2d ed. 1980))); cf. Note, Rationalizing Hard Look Review After the Fact, supra note 5, at 1919–21 (discussing a weak form of the Chenery rule and making a proposal for a similar “not particularly rigorous” conception of Chenery).


59. Friendly, supra note 5, at 210.
allows for direct comparisons between different instances in which Chenery has been addressed. The Federal Circuit is particularly interesting because unlike most other courts, it has taken the narrower view of Chenery that distinguishes between issues of law and fact and thus allows for more active judicial review of agency decisions. Exploring the Federal Circuit’s application of Chenery thus also sheds further light on how the doctrine mediates the balance of power between the Federal Circuit and the PTO, and between courts and agencies more generally.

A. Statutory Provisions for Judicial Review of PTO Decisions

Before turning to the Federal Circuit’s application of Chenery, it is important to understand how PTO adjudication of a patent application gets to the point of judicial review. The PTO administers the Patent Act,\(^6\) which authorizes the PTO to examine patent applications and issue patents for applications meeting the requirements set forth in the governing statute and regulations.\(^6\) Applications are first reviewed by patent examiners,\(^6\) who have training in the relevant area of technology.\(^6\) The examination focuses on the application’s claims, which define the intellectual property rights that the resulting patent would confer, if granted.\(^6\) If an examiner rejects a claim twice, the applicant can appeal the decision to a panel of three administrative patent judges.\(^6\) Thispanel was previously called the Board of Patent Appeals and Interferences (BPAI),\(^6\) and was renamed


\(^{63}\) All patent examiners have a technical undergraduate degree, and many have higher degrees. Craig Allen Nard, Deferece, Defiance, and the Useful Arts, 56 OHIO ST. L.J. 1415, 1506 (1995).

\(^{64}\) Claims are often analogized to the “metes and bounds” of a deed for real property. ROBERT P. MERGES, PETER S. MENELL & MARK A. LEMLEY, INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE 131 (5th ed. 2010).


the Patent Trial and Appeal Board in 2012. Like the decisions of most administrative agencies, an adverse decision by the Board can be appealed by the applicant to an Article III court. In appeals of such Board rejections of patent applications, the Federal Circuit has exclusive jurisdiction. In conducting its review, the Federal Circuit is limited to “the record before the Patent and Trademark Office.”

The Federal Circuit also reviews patent-related decisions by other institutions—namely on appeal from the International Trade Commission (ITC) and from district

(1996).


68. See Breyer, supra note 1, at 753–54 (describing that “[j]udicial review is sometimes authorized by an agency’s organic statute . . . [m]ost commonly, specific statutory provisions provide that a party may petition the federal court of appeals to have an order set aside,” and “in the absence of a specific statutory review provision applicable to the agency action in question, a person can now ordinarily obtain review . . . by invoking one of the general or special jurisdictional statutes to get into federal district court and invoking the APA as the basis for the court to review the legality of the agency’s actions,” and as a result, “[j]urisdictional problems in cases involving federal agency review have virtually disappeared”).

69. 35 U.S.C.A. § 141 (West 2012). Alternatively, an applicant whose application is denied by the Board may file a civil action against the Director of the PTO in district court. 35 U.S.C.A. § 145 (West 2012). The venue for § 145 actions was previously the District Court for the District of Columbia, 35 U.S.C. § 145 (2006), but was changed by the America Invents Act to the District Court for the Eastern District of Virginia. Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 9, 125 Stat 284, 316 (2011); 35 U.S.C.A. § 145 (West 2012); Kappos v. Hyatt, 132 S. Ct. 1690, 1694 n.1 (2012). A § 145 action cannot be filed if the applicant has already appealed under § 141; by filing a § 141 appeal, the applicant waives his or her right to file an action under § 145. 35 U.S.C.A. § 141(a) (West 2012). A § 145 civil action is not technically an appeal, and the applicant can introduce new evidence that is not in the administrative record. Hyatt, 132 S. Ct. at 1700–01. If the applicant introduces new evidence on a disputed question of fact, the court makes de novo findings of fact based on the new evidence and the record, id. at 1701, rather than following the substantial evidence standard of review applied in Federal Circuit review of the PTO’s factual findings in § 141 proceedings. Id. at 1694.


In this Article, however, I focus on *Chenery’s* application to appeals from the PTO. These appeals involve the situation classically addressed by *Chenery*—direct appeal of an agency’s decision. Appeals from the ITC also involve direct review of agency decisions, and *Chenery* does apply. However, the Federal Circuit has applied *Chenery* in only a handful of patent-related ITC cases. The Federal Circuit also reviews PTO decisions through indirect routes, but it is not at all clear that *Chenery* should apply to these routes of review, and in any event, there is no Federal Circuit precedent applying *Chenery* in such cases. Studying the

73. 28 U.S.C.A. § 1295(a)(1) (West 2012). In addition to reaching the Federal Circuit through an appeal from a district court’s decision in a § 145 action, patent issues can also reach the Federal Circuit from a district court’s decision in an infringement suit. After a patent is granted, it can be asserted by a patentee in a civil action for infringement. 35 U.S.C.A. § 281 (West 2012) (“A patentee shall have remedy by civil action for infringement of his patent.”). In an infringement suit, the defendant will often use patent invalidity—in essence, an assertion that the PTO was wrong in granting the patent—as a defense. See 35 U.S.C.A. § 282 (West 2012). In such cases, the patent has a presumption of validity, *id.*, but the presumption is rebuttable by clear and convincing evidence. Microsoft Corp. v. i4i Ltd. P’ship, 131 S. Ct. 2238, 2242 (2011). These issues could also arise from an action for a declaratory judgment.


75. These routes include the civil actions arising under 35 U.S.C. § 145 or 35 U.S.C. § 281, discussed above. See *supra* notes 69 and 73.

76. Addressing any potential role for *Chenery* in these appeals would require answering fundamental questions as to what role *Chenery* has in quasi-collateral attacks on agency decisions. It is likely that there is no doctrinal grounding for *Chenery*’s application in collateral or quasi-collateral attacks on agency decisions, as would be the case in § 145 and § 281 actions. In three of the classic cases applying the principle of *Chenery*—*Chenery* itself, *Overton Park*, and *State Farm*—the agency’s decisions were challenged under statutory provisions for judicial review in the enabling act or APA. See *Motor Vehicle Mfrs. Ass’n of the United States v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 34 (1983) (“The Act also authorizes judicial review under the provisions of the [APA] of all ‘orders establishing, amending, or revoking a Federal motor vehicle safety standard,’ 15 U.S.C. § 1392(b). Under this authority, we review today whether NHTSA acted arbitrarily and capriciously . . . .”); *Citizens to Preserve Overton Park, Inc. v. Volpe*, 401 U.S. 402, 410–413 (1971) (finding petitioners entitled to judicial review under § 701 of the APA); *Chenery I*, 318 U.S. 80, 81

In contrast, § 145 provides that an applicant dissatisfied with the Board’s decision may “have remedy by civil action against the Director.” 35 U.S.C.A. § 145 (West 2012). This language is clearly distinct from a direct provision of judicial review, and thus the extent to which *Chenery* should or would apply is unclear. While § 145 does not have the precise language providing for judicial review or direct appeal, it is not a de novo proceeding, and to the extent that no evidence were introduced at all, or no new evidence were introduced on a particular issue, the proceeding would be very similar to that under § 141. Thus, whether *Chenery* applies may depend on whether *Chenery*’s application is dependent on formal distinctions—direct versus collateral attack, or explicit provision of “judicial review” or “appeal” versus a “civil action”—or is dependent on functional ideas about the role of the court’s consideration.

One classic Supreme Court case applying *Chenery*, *Burlington Truck Lines*, did present a situation closer to a civil action under 35 U.S.C. § 145. *Burlington Truck Lines, Inc. v. United States*, 371 U.S. 156 (1962). There, the district court’s review of the Interstate Commerce Commission’s order was under statutory provisions authorizing the plaintiff to file a civil action to seek the federal district court to restrain the order’s enforcement. *Burlington Truck Lines, Inc. v. Interstate Commerce Comm’n*, 194 F. Supp. 31 (S.D. Ill. 1961) rev’d sub nom. *Burlington Truck Lines, Inc. v. United States*, 371 U.S. 156. This suggests that there may be a role for *Chenery* in civil actions under § 145. Ultimately, however, I think it is extremely unlikely that *Chenery* would apply in § 145 actions, at least in regard to issues on which new evidence were introduced. In *Kappos v. Hyatt*, in which the Supreme Court addressed the standard of review in § 145 actions where new evidence was presented to the district court on a disputed question of fact, the Court concluded that the district court “does not act as the ‘reviewing court’ envisioned by the APA,” 132 S. Ct. 1680, 1686 (2012) (citing 5 U.S.C. § 706), and that it was “not persuaded . . . that § 145 proceedings are governed by the deferential principles of agency review.” *Id.* at 1697. Although *Chenery* may not be part of the APA scheme, see *infra* note 253, the broader meaning of the Court’s opinion in *Hyatt* suggests *Chenery* would not apply.

It is even less likely that *Chenery* would apply in an action under § 281, which provides only that “[a] patentee shall have remedy by civil action for infringement of his patent.” 35 U.S.C.A. § 281 (West 2012). Review of a patent’s validity in a § 281 action is not directly provided for at all; it is a result of the affirmative defense of patent invalidity in § 282. 35 U.S.C.A. § 282 (West 2012). Thus, considerations about formal distinctions in statutory provisions strongly indicate that *Chenery* would not apply in § 281 actions. Furthermore, without serious overhaul of the current system of patent adjudication, applying *Chenery* to patent validity in § 281 actions would seem to impermissibly
Federal Circuit’s review of appeals of PTO patent denials thus provides the greatest insight into *Chenery*.

**B. Standards of Review Applied in Federal Circuit Review of PTO Decisions**

For most of the period since administrative law began to develop and grow, patent law has largely existed apart from the general body of administrative law principles.\(^\text{77}\) In reviewing PTO decisions, the Federal Circuit has deviated from administrative law in significant ways. For instance, as recently as 1998, the Federal Circuit denied that the APA applied to its review of factual decisions by the PTO.\(^\text{78}\) The Federal Circuit has also repeatedly stated that it gives no deference to legal determinations by the PTO,\(^\text{79}\) despite

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\(^\text{77}\) See Benjamin & Rai, supra note 12, at 270 (“[T]he patent law community has tended to pay little attention to administrative law.”); Adam Mossoff, *The Use and Abuse of IP at the Birth of the Administrative State*, 157 U. PA. L. REV. 2001, 2002 (2009) (“[A]dministrative lawyers did not discuss intellectual property, and intellectual property lawyers similarly did not discuss administrative law. Throughout the twentieth century, administrative law and intellectual property law seemed as if they were hermetically sealed off from each other in both theory and practice.”); Wm. Redin Woodward, *A Reconsideration of the Patent System as a Problem of Administrative Law*, 55 HARV. L. REV. 950, 950 & fn.1 (1942) (noting that the American Bar Association’s proposed general revision of administrative procedure and review and the bill of the Attorney General’s Committee on Administrative Procedure both excepted the Patent Office).

\(^\text{78}\) *In re Zurko (Zurko II)*, 142 F.3d 1447, 1449 (Fed. Cir. 1998) (en banc).

\(^\text{79}\) See, e.g., PharmaStem Therapeutics, Inc. v. ViaCell, Inc., 491 F.3d 1332, 1359 (Fed. Cir. 2007) (“Obviousness is a legal conclusion that we review de novo.”); Arnold P’ship v. Dudas, 362 F.3d 1338, 1340 (Fed. Cir. 2004) (“This court reviews statutory interpretation, the central issue in this case, without deference.” (citing Merck & Co. v. Kessler, 80 F.3d 1543, 1549–50 (Fed. Cir. 1996))).
administrative law doctrine suggesting at least some deference should be given.\textsuperscript{80}

The landscape changed with the 1999 U.S. Supreme Court decision in \textit{Dickinson v. Zurko (Zurko III)}.\textsuperscript{81} In earlier stages of the litigation—\textit{Zurko I} before the Federal Circuit,\textsuperscript{82} and \textit{Zurko II} before the court en banc\textsuperscript{83}—the Federal Circuit held that factual findings by the PTO are reviewed under the “court/court” standard of review rather than the more deferential “agency/court” standard of review under the APA.\textsuperscript{84} On certiorari, however, the Supreme Court reversed the Federal Circuit, holding that the Federal Circuit must review PTO decisions of fact under the standards set forth in the APA for review of administrative agency action.\textsuperscript{85}

Since the Supreme Court’s decision in \textit{Zurko III}, many scholars have addressed the standards of review that should apply to different decisions by the PTO, and whether the Federal Circuit is applying the standards correctly.\textsuperscript{86} But these analyses have largely ignored the question of what evidence or reasoning the reviewing court can consider in assessing whether the necessary standard is met.\textsuperscript{87} This, as

\begin{itemize}
\item \textsuperscript{80} See Benjamin & Rai, \textit{supra} note 12, at 300; \textit{infra} note 263. The Federal Circuit has also given decisions by the ITC less deference than it may be due under general administrative law principles. \textit{See generally} Kumar, \textit{supra} note 60 (discussing the Federal Circuit’s failure to grant the ITC \textit{Chevron} deference and arguing that the ITC’s patent validity and enforceability decisions should be granted \textit{Chevron} deference).
\item \textsuperscript{81} Dickinson v. Zurko (\textit{Zurko III}), 527 U.S. 150 (1999).
\item \textsuperscript{82} \textit{In re Zurko (Zurko I)}, 111 F.3d 887, 889 (Fed. Cir. 1997).
\item \textsuperscript{83} \textit{Zurko II}, 142 F.3d at 1449 (“We believe section 559 of the Administrative Procedure Act permits, and \textit{stare decisis} warrants, our continued application of the clearly erroneous standard in our review of these fact-findings.”).
\item \textsuperscript{84} \textit{Zurko III}, 527 U.S. at 153–54.
\item \textsuperscript{85} \textit{Id}. at 152.
\item \textsuperscript{87} The exception is the recent article by Professor Kumar, \textit{supra} note 5, at
\end{itemize}
Part I explained, is the Chenery question.

C. Chenery’s Declared Scope in the Federal Circuit

The Federal Circuit’s declared rule for applying Chenery has not always been clear, but it now seems settled that the Federal Circuit adopts the narrower view of the doctrine’s scope. If the question is one of fact, the court may affirm only on a ground articulated by the agency. But if the question is one of law, the court need not remand, and it may affirm on a ground not previously articulated by the agency in the record. But the route to this current prevailing Federal Circuit view has not been straightforward.

Soon after its creation in 1982, the Federal Circuit applied the Chenery doctrine for the first time in In re Hounsfield, an appeal from an application for reissue of a patent. There, the Commissioner of Patents and

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88. In addition to articulating this law/fact divide, the Federal Circuit has adopted some of the exceptions to the Chenery doctrine in reviewing PTO denials. In reviewing PTO decisions, the Federal Circuit has used the exception of harmless error once. See In re Watts, 354 F.3d 1362, 1370 (Fed. Cir. 2004). It has applied the exception of reasonable discernability twice. See In re Applied Materials, Inc., 692 F.3d 1289, 1294–95 (Fed. Cir. 2012); In re Huston 308 F.3d 1267, 1281 (Fed. Cir. 2002). The Federal Circuit has used the exception that Chenery does not apply when the outcome is dictated by statute in reviewing decisions by other agencies, though not in reviewing decisions by the PTO. See Winters v. Gober, 219 F.3d 1375, 1380 (Fed. Cir. 2000) (reviewing a decision of the Board of Veterans’ Appeals).


90. In re Hounsfield, 699 F.2d 1320, 1321 (Fed. Cir. 1983). A reissue application allows a patent owner to fix certain types of problems in an issued patent. If, for instance, the patent owner finds a piece of prior art that invalidates one of her issued claims, she can submit a reissue application to the PTO to narrow that claim, making it valid in light of the newly discovered prior art. See 35 U.S.C.A. § 251 (West 2012); ROBERT PATRICK MERGES & JOHN FITZGERALD DUFFY, PATENT LAW AND POLICY 1074 (4th ed. 2007).

The Federal Circuit’s predecessor court, the Court of Customs and Patent Appeals (CCPA), Bennett, supra note 89, at 7, had invoked the Chenery doctrine once. See Sealed Air Corp. v. U.S. Int’l Trade Comm’n, 645 F.2d 976 (C.C.P.A. 1981). In that case, the CCPA seemingly misapplied Chenery completely, citing it for the proposition that “[t]he ITC’s mistaken belief that it required in personam jurisdiction was not determinative of the result, and its decision must be affirmed where the result is correct, notwithstanding its reliance on a wrong ground or a wrong reason.” Id. at 986 (citing Chenery I, 318 U.S. 80, 88 (1942)). The dissent vigorously disagreed with the majority’s use of Chenery, discussing
Trademarks attempted to provide a *post hoc* rationalization for the Board’s decision. The court rejected this attempt, citing *Chenery*, though the court did not specifically address the scope of the doctrine or why the court should apply *Chenery* in that case.

The Federal Circuit first articulated a narrower view of the doctrine in 1985 in *Spears v. Merit Systems Protection Board*, a non-patent case. In an appeal from a decision by the Merit Systems Protection Board, the court suggested that *Chenery* was properly applied only when the agency had made a policy determination or exercised discretion. The court stated that “it would be wasteful to remand the case based on [Chenery], because any action by the MSPB would not involve policymaking or discretion.”

Despite this initial suggestion that *Chenery* had a narrowed scope, the Federal Circuit applied the doctrine with no such limitation for the greater part of the next decade. Less than five months after *Spears*, the court applied *Chenery* to remand a decision that turned on a question of law. In reviewing a decision by the PTO to deny a requested filing date, the Federal Circuit cited *Chenery* in holding that “since the Commissioner’s decision rested on faulty legal premises, such action cannot be sustained.” From 1985 to 1992, none of the Federal Circuit’s other references to *Chenery* articulated a narrow view of the doctrine. Instead, the Federal Circuit described the rule more generally with statements such as “[w]e are powerless to affirm an administrative action on a ground not relied upon by the

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*Chenery* in detail and arguing that “[n]ot even the broadest reading of [Chenery]” allowed the majority’s approach. *Id.* at 996–98 (Nies, J., dissenting). More details about this case can be found in the text accompanying footnotes 327–333.}

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91. *Hounsfield*, 699 F.2d at 1324. More details about this case can be found in the text accompanying footnotes 327–333.
92. *Hounsfield*, 699 F.2d at 1324.
94. *Id.*
agency,” or “[w]e must review the Board’s decision on the grounds on which it was made.” In these opinions, it is unclear whether the court viewed Chenery’s scope more broadly, or whether the context simply made it unnecessary to discuss Chenery’s scope in more detail.

The first suggestion that Chenery applied to questions of fact but not law (with no mention of whether it applied to policy determinations) came in Killip v. Office of Personnel Management in 1993, also an appeal from a Merit Systems Protection Board decision. There, the Federal Circuit stated that it was not bound by the general rule of Chenery because the decision did “not depend upon making a determination of fact not previously made by the Board,” and because “courts are free to review the interpretation of the federal statute authorizing an agency to act.” Later that year, the court reiterated this view using almost identical language in Cain v. Office of Personnel Management.

Since Killip and Cain, the Federal Circuit has repeatedly invoked the limitation that Chenery does not apply to questions of law, and thus does not limit judicial review in such cases. After restating this view several times outside.

97. NEC Home Electronics, Ltd. v. United States, 54 F.3d 736, 743 (Fed. Cir. 1995).
98. Drumheller v. Dep’t of the Army, 49 F.3d 1566, 1573 (Fed. Cir. 1995).
100. Id. at 1569.
102. The Federal Circuit has not invoked the limitation in every case involving Chenery, however. In a number of cases, the court has described the doctrine in general terms, without indicating whether there are limitations on its scope. In appeals from Board patent denials, see, for example, In re Nouvel, 2012 WL 3716769, *4 (Fed. Cir. 2012) (“The Board’s judgment must be reviewed on the grounds upon which the Board actually relied . . . . Alternative grounds supporting the Board’s decision are not considered.”); In re Daneshvar, 366 Fed. Appx. 171, 173 (Fed. Cir. 2010) (“At this stage, we are limited to reviewing the grounds relied on by the agency.”); In re Wheeler, 304 Fed. Appx. 867, 870 (Fed. Cir. 2008) (“Our appellate review is limited to the grounds relied on by the agency.”).

Moreover, in one appeal of a patent rejection by the Board, the Federal Circuit seemingly endorsed the broader view of Chenery as applying to questions of law. See In re Lee, 277 F.3d at 1345–46 (Fed. Cir. 2002). In In re Lee, when the PTO proposed an alternative ground for affirmance on appeal before the Federal Circuit, the court declined to consider the alternative ground, quoting the U.S. Supreme Court’s statement in Federal Election Commission v. Akins that “[i]f a reviewing court agrees that the agency misinterpreted the law, it will set aside the agency’s action and remand the case—even though the
the patent realm, the Federal Circuit first directly articulated this narrow view of *Chenery’s* scope in an appeal of a PTO decision in *In re Comiskey* in 2007. When the opinion was revised after rehearing en banc in 2009, the court retained its discussion of *Chenery*. In the *Comiskey* opinions, the Federal Circuit discussed *Chenery* in depth, concluding that “*Chenery* not only permits us to supply a new legal ground for affirmance, but encourages such a resolution where, as here, ‘[i]t would be wasteful to send’ the case back to the agency . . . .” The Federal Circuit again stated that *Chenery* does not apply to questions of law in two other patent appeals from the Board in 2009, one in 2011, and

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103. These decisions included *Stoyanov v. Merit Systems Protection Board*, involving review of the Board’s dismissal of appeals for lack of jurisdiction, 218 Fed. Appx. 988, 992–93 (Fed. Cir. 2007) (“[T]he Board argues . . . because the Board’s jurisdiction is a legal question not involving deference and does not require additional fact finding, we should affirm the Board’s decision despite its factual error. . . . [W]e agree . . . .”), *Defenders of Wildlife v. Hogarth*, involving review of a decision by the National Marine Fisheries Service, 330 F.3d 1358, 1368 (Fed. Cir. 2003) (“In this case, there is not a *Chenery* problem for two reasons. . . . [W]e are not required to make additional factual findings, as was the case in *Chenery*. . . . [W]e conclude that the agency would have reached the same conclusion had it addressed the legal issue on which we rest our judgment.”), and *Koyo Seiko Co. v. United States*, involving review of an antidumping proceeding by the Department of Commerce, 95 F.3d 1094, 1101 (Fed. Cir. 1996) (“In the present case . . . the sole issue is one of statutory construction . . . . That is not ‘a determination or judgment which an administrative agency alone is authorized to make.’” (quoting *Chenery II*, 332 U.S. 194, 196 (1947))).

104. *In re Comiskey*, 499 F.3d 1365, 1372 (Fed. Cir. 2007), withdrawn and superseded on rehg by *In re Comiskey*, 554 F.3d 967 (Fed. Cir. 2009) (“We have repeatedly applied *Chenery* and have said that ‘[w]e may, however, where appropriate, affirm the [agency] on grounds other than those relied upon in rendering its decision, when upholding the [agency’s] decision does not depend upon making a determination of fact not previously made by the [agency].’” (quoting *Killip v. Office of Pers. Mgmt.*, 991 F.2d 1564, 1568–69 (Fed. Cir. 1993))).

105. See *Comiskey*, 554 F.3d at 974.

106. See id. at 973–75; *Comiskey*, 499 F.3d at 1372–73; see also supra notes 44, 47–48 and accompanying text.

107. See *Comiskey*, 554 F.3d at 975 (quoting *Chenery I*, 318 U.S. 80, 88 (1943)); *Comiskey*, 499 F.3d at 1373 (quoting *Chenery I*, 318 U.S. at 88).

108. See *In re POD-NERS, L.L.C.*, 337 Fed. Appx. 901, 904 (Fed. Cir. 2009) (per curiam) (“*[Chenery]* does not necessarily apply in full force where the agency decision was on a legal issue and did not involve any exercise of its
one in 2012, citing the discussion in Comiskey. The Federal Circuit has also applied this view of Chenery in an appeal from an investigation regarding patents at the ITC.

D. The Federal Circuit’s Application of the Doctrine

Although the Federal Circuit now consistently articulates the view that Chenery applies to questions of fact but not law, the actual application of this approach has proven to be unpredictable. Several cases in which the Federal Circuit has discussed Chenery illustrate two reasons why the Federal Circuit’s application of the doctrine has been inconsistent. First, whether the question before the court is one of law or fact depends on the level of generality with which the court views the question. Second, the court is inconsistent in identifying the relevant question.
1. Inconsistency Due to Level of Generality

One primary reason for the apparent inconsistency in *Chenery’s* application is that whether a particular question is one of law or fact often depends on the level of generality at which the court views the question. As compared to many other substantive areas in which *Chenery* is applied, the relationship between law and fact in patent law is especially intertwined.\(^{113}\) The basic framework for law and fact is that most issues of patent validity are questions of law with underlying issues of fact, while patent infringement is a question of fact with underlying issues of law.\(^{114}\) Within statutory requirements for patent validity, issues of law with underlying issues of fact include: whether claims are patentable subject matter;\(^{115}\) whether claims are barred because the invention was already on sale or in public use;\(^{116}\) whether claims are enabled\(^{117}\) and definite;\(^{118}\) whether there is obvious-type double-patenting;\(^{119}\) and whether claims are obvious.\(^{120}\) Yet, other requirements for validity are questions of fact, sometimes with underlying questions of law: whether the invention meets the utility requirement;\(^{121}\) whether a

\(^{113}\) Professors Allen and Pardo point to patent law as one of “the more salient areas where the law-fact distinction plays a significant role.” Ronald J. Allen & Michael S. Pardo, *The Myth of the Law-Fact Distinction*, 97 Nw. U. L. Rev. 1769, 1787 (2003). But they have a pessimistic view about the meaningfulness of the law/fact divide and describe *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996), in which the Supreme Court held that the scope of patent claims is a question of law, as “yet another demonstration of the analytically empty but pragmatically important concept of ‘questions of law.’ ” Allen & Pardo, supra, at 1784. They describe “legal” as meaning simply “judge decides” but having no more meaningful basis. See id. at 1787.

\(^{114}\) Merges & Duffy, supra note 90, at 1063. Infringement decisions are not made by the PTO, but by district courts, so I will not discuss the division of law and fact in infringement in any detail.


\(^{118}\) Carl Zeiss Stiftung v. Renishaw PLC, 945 F.2d 1173, 1181 (Fed. Cir. 1991).


\(^{121}\) Newman v. Quigg, 877 F.2d 1575, 1581 (Fed. Cir. 1989).
claim is anticipated; and whether the written description and best mode requirements are met.

Thus, at a higher level of generality a question may be one of law, but at a more specific level it may depend on a question of fact—or vice versa. As a result, whether the Federal Circuit applies Chenery can be highly dependent on the level of generality at which the question is framed. This makes the court’s decisions regarding Chenery sometimes unpredictable and seemingly inconsistent with each other.

i. Layered Law and Fact in Obviousness Rejections

One area of mixed questions of law and fact where the application of the Chenery doctrine is particularly unpredictable is in obviousness determinations. An invention is patentable only if it is not “obvious.” An invention is obvious if it would have been obvious to a person with ordinary skill in the field, given the already-existing inventions, at the time the invention was made. Though the ultimate determination of obviousness is one of law, it relies on several inquiries that the Supreme Court has held to be questions of fact. These include “the scope and content of the prior art,” the “differences between the prior art and the claims at issue,” and “the level of ordinary skill in the pertinent art.” Thus, if the question is framed at a more general level, focusing on obviousness itself, the question is one of law, and Chenery does not apply, leaving judicial review broad. But if the question is framed at a more specific level, the question is one of fact, and Chenery applies.

123. Falkner v. Inglis, 448 F.3d 1357, 1363 (Fed. Cir. 2006).
126. Id. at § 103(a) (“A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.”).
narrowing judicial review.

An example of the how the layering of law and fact in obviousness determinations can arise in a case implicating Chenery is the 2011 Federal Circuit decision in In re Klein. There, the examiner and Board had relied on five pieces of prior art in an obviousness rejection.\textsuperscript{128} Klein, the applicant, argued that these pieces of prior art could not be the basis for an obviousness rejection because they were not “analogous” prior art.\textsuperscript{129} The Federal Circuit agreed with Klein.\textsuperscript{130} On appeal, the PTO tried to raise a new argument for why the prior art was analogous, but the Federal Circuit relied on Chenery in rejecting the argument.\textsuperscript{131} Although the ultimate question of obviousness is a question of law, the subsidiary question of whether prior art is analogous is a question of fact.\textsuperscript{132} Because the Federal Circuit identified the relevant issue for Chenery purposes as the subsidiary factual question, the court applied Chenery. If the court had instead focused more broadly on whether the claims were obvious—a question of law—it would not have applied Chenery and could have considered the PTO’s new arguments.

The court’s identification of the dispositive issue as the subsidiary factual question, and the resulting application of Chenery, seems reasonable in Klein. But in other cases, the Federal Circuit’s decisions about whether the Chenery doctrine should apply seem more tenuous. In two patent rejections that were quite similar to each other, the court acted in different ways, applying the Chenery doctrine in one, and not applying it in the other. In In re POD-NERS, L.L.C., the Federal Circuit focused on the more general question of obviousness, thus concluding that Chenery did not apply because the issue was one of law.\textsuperscript{133} There, the Board held

\begin{itemize}
  \item \textsuperscript{128} In re Klein, 647 F.3d 1343, 1346–47 (Fed. Cir. 2011).
  \item \textsuperscript{129} Id. at 1350–52. If a piece of prior art is not analogous, it cannot be considered in determining whether a patent is obvious. See Innovation Toys, L.L.C. v. MGA Entm’t, Inc., 637 F.3d 1314, 1321 (Fed. Cir. 2011). Prior art is analogous if it is “from the same field of endeavor” or if it is “reasonably pertinent to the particular problem” the inventor is trying to address. Klein, 647 F.3d at 1348.
  \item \textsuperscript{130} Klein, 647 F.3d at 1350, 1352.
  \item \textsuperscript{131} See id. at 1351 n.1, 1352 n.2.
  \item \textsuperscript{132} Id. at 1347.
  \item \textsuperscript{133} In re POD-NERS, L.L.C., 337 Fed. Appx. 901 (Fed. Cir. 2009) (per curiam). This opinion, and several others I discuss in this Article, are
\end{itemize}
that an application’s claims related to a bean plant were invalid on multiple grounds, including obviousness.\textsuperscript{134} The Board based its conclusion on the bean’s similarity to another well-known bean,\textsuperscript{135} relying on a published study and a declaration from a seed specialist.\textsuperscript{136} On appeal, the Federal Circuit determined that the Board “did not explain its conclusion in detail” in finding the claims obvious.\textsuperscript{137} The court acknowledged that \textit{Chenery} generally required it to review Board decisions based on the grounds articulated by the agency.\textsuperscript{138} Nonetheless, the court concluded that the doctrine did not restrict its ability to affirm this particular decision, because the Board “unequivocally h[e]ld the claims to be obvious, which was a legal determination,” and \textit{Chenery} did not “necessarily apply in full force where the agency decision was on a legal issue and did not involve any exercise

unpublished. Many Federal Circuit opinions are unpublished: from 1982 to 2003, approximately seventy-seven percent were unpublished. See Beth Zeitlin Shaw, \textit{Please Ignore this Case: An Empirical Study of Nonprecedential Opinions in the Federal Circuit}, 12 GEO. MASON L. REV. 1013, 1026 tbl.1(b) (2004). In appeals from the PTO, approximately forty-two percent were unpublished. \textit{Id.} at 1027 tbl.1(a). Before 2006, unpublished opinions could not normally be cited by parties before the Federal Circuit. See \textit{id.} at 1018. But in 2006, the Supreme Court adopted Federal Rule of Appellate Procedure 32.1, which bars courts from restricting citations to unpublished opinions issued in 2007 or later. FED. R. APP. P. 32.1 (2007). The Federal Circuit has stated that though the “decision itself receives due care,” these opinions “do not represent the considered view of the Federal Circuit regarding aspects of a particular case beyond the decision itself,” and “they are not intended to convey this court’s view of law applicable in other cases.” Hamilton v. Brown, 39 F.3d 1574, 1581 (Fed. Cir. 1994). It is therefore important to draw conclusions from unpublished opinions with care. However, the Federal Circuit cannot be excused from consistent application of \textit{Chenery} simply because a case is unpublished. It must be held accountable for how it applies the doctrine in all cases—the court can encroach on agency power by substituting its own reasoning in an unpublished decision just as in a published one.

\textsuperscript{134} \textit{POD-NERS}, 337 Fed. Appx. at 902. The proceeding combined a reexamination and reissue. \textit{Id} at 901. For an explanation of reissue, see supra note 90. Reexamination allows for reconsideration of the patentability of the patent based on prior art patents and printed publications. See U.S. PATENT & TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE § 2209 (8th ed. 2001).

\textsuperscript{135} \textit{POD-NERS}, 337 Fed. Appx. at 902.


\textsuperscript{137} \textit{POD-NERS}, 337 Fed. Appx. at 904.

\textsuperscript{138} \textit{Id.}
of its expert discretion."\textsuperscript{139} Thus, by identifying the relevant question as the ultimate legal determination of obviousness, not as the underlying factual determinations, the court could supply its own explanation of why the prior art rendered the claims obvious and affirm the decision.\textsuperscript{140}

The Federal Circuit's approach in \textit{POD-NERS} was seemingly inconsistent with that of an earlier case, \textit{In re Thrift}. The court in \textit{Thrift} similarly addressed an obviousness rejection, but that time the court focused on the underlying factual determinations, therefore concluding that \textit{Chenery} did apply to limit judicial review. In \textit{Thrift}, the patent examiner rejected claims in a patent application for voice-activated hypermedia systems.\textsuperscript{141} The examiner concluded that two of the claims were obvious because the technique they described was "old and well known in the art of speech recognition as a means of optimization which is highly desirable."\textsuperscript{142} The Board affirmed the examiner's rejection of these claims on appeal and denied the request to reconsider on rehearing.\textsuperscript{143} The Federal Circuit found the examiner's and Board's conclusions insufficiently supported. The court stated that "the Board's ground of rejection is simply inadequate on its face."\textsuperscript{144} The rejection was faulty, the court explained, because it was based only on a "very general and broad conclusion of obviousness."\textsuperscript{145} More specifically, the court critiqued the agency for not addressing each of the individual elements of the claims.\textsuperscript{146}

In its brief to the Federal Circuit, the PTO provided new justifications for affirming the Board's rejection. With respect to the first of the two claims, the PTO argued that the

\begin{itemize}
  \item \textsuperscript{139} \textit{Id.}
  \item \textsuperscript{140} \textit{See id.} at 903–04.
  \item \textsuperscript{141} \textit{In re Thrift}, 298 F.3d 1357, 1359, 1362 (Fed. Cir. 2002). "Hypermedia" is "a database format similar to hypertext in which text, sound, or video images related to that on a display can be accessed directly from the display." \textit{Hypermedia Definition}, MERRIAM-WEBSTER, http://www.merriam-webster.com/dictionary/hyper-media (last visited Jan. 7, 2013).
  \item \textsuperscript{142} \textit{Thrift}, 298 F.3d at 1362. The claims required that the system allow a user to create a specific phrase, called a "grammar," that could be linked to a web address. \textit{Id.} at 1360–61.
  \item \textsuperscript{143} \textit{Id.} at 1362.
  \item \textsuperscript{144} \textit{Id.} at 1366.
  \item \textsuperscript{145} \textit{Id.}
  \item \textsuperscript{146} \textit{Id.}
applicants had not raised their arguments before the Board in a timely manner, and they therefore had waived those arguments.147 With respect to the second claim, the PTO argued that one of the cited references disclosed information making the claim limitations obvious.148 The court, however, relied on Chenery to dismiss both arguments, saying that because the Board had not relied on these grounds for rejection, they could not be the basis for Federal Circuit affirmance.149

The outcomes in POD-NERS and Thrift are hard to reconcile. Both involved insufficiently detailed rejections for obviousness. In POD-NERS, the court said that “the Board did not explain its conclusion in detail,”150 and in Thrift, the Board based its rejection on a “very general and broad conclusion of obviousness.”151 We might therefore expect the Federal Circuit to apply the Chenery doctrine in both cases because the underlying factual findings were unsatisfactory, or to apply it in neither case because the general conclusions of obviousness were unsatisfactory. Instead, in POD-NERS, the court focused on the agency’s broad conclusion of obviousness, thus avoiding Chenery,152 in Thrift, the court focused on the lack of particular subsidiary findings, thus applying Chenery.153 In isolation, either approach seems reasonable—but the inconsistency between the two decisions is troubling. Though it is certainly possible ex post to craft arguments for why Chenery should apply in Thrift but not POD-NERS, confidently predicting these outcomes would

147. Id. at 1366 & n.1; Brief for Appellee Director of the U.S. Patent and Trademark Office at 20–26, In re Thrift, 298 F.3d 1357 (Fed. Cir. 2002) (No. 01-1445), 2001 WL 34624101.
149. Id.
151. Thrift, 298 F.3d at 1366.
152. See supra text accompanying notes 139–140.
153. In Thrift, unlike POD-NERS, the court did not explicitly address Chenery’s scope and the distinction between questions of law and fact. Therefore, it is also possible that the court applied Chenery not because it identified the question as one of fact, but because it took a broader view of Chenery. In a later case, however, the Federal Circuit pointed to Thrift as properly applying Chenery because affirmance would require factual determinations not originally considered by the PTO. See In re Comiskey, 554 F.3d 967, 974–75 & n.5 (Fed. Cir. 2009).
have been quite difficult.

ii. Federal Circuit Recognition of Layered Law and Fact

Some Federal Circuit decisions involving Chenery do recognize implications of layered law and fact. In In re Comiskey, the examiner and Board rejected the applicant’s claims as obvious.\(^{154}\) Although the agency based its decision on obviousness, the Federal Circuit, hearing the appeal en banc, requested supplemental briefing after oral argument on another possible ground for rejection—whether Comiskey’s claims described patentable subject matter.\(^ {155}\) In his supplemental brief, Comiskey argued that the Federal Circuit could not affirm the rejection of the claims based on the claims’ failure to describe patentable subject matter because the examiner and Board had not raised that ground for rejection.\(^ {156}\) But the Federal Circuit dismissed Comiskey’s argument. It reasoned that although the agency had not addressed the issue of patentable subject matter, the court could nonetheless properly affirm the rejection based on it.\(^ {157}\) The court explained that because whether a claim is patentable subject matter is a question of law, Chenery did not apply.\(^ {158}\) It did recognize, however, that “there may be cases in which the legal question as to patentable subject matter may turn on subsidiary factual issues.”\(^ {159}\) The court implied that in those cases, Chenery would bar a new reason for affirmance.

\(^{154}\) Id. at 972.
\(^{155}\) Id. 35 U.S.C. § 101 limits the types of things that can be patented: “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C.A. § 101 (West 2012).
\(^{156}\) Comiskey, 554 F.3d at 972; Appellant Supplemental Letter Brief, In re Comiskey, 554 F.3d 967 (Fed. Cir. 2009) (Nos. 2006-1286), 2007 WL 869874.
\(^{157}\) Comiskey, 554 F.3d at 975.
\(^{158}\) Id. (“It is well-established that ‘whether the asserted claims . . . are invalid for failure to claim statutory subject matter under 35 U.S.C. § 101, is a question of law . . . .’ As a question of law, lack of statutory subject matter is a ‘ground [for affirmance] within the power of the appellate court to formulate.’” (quoting AT&T Corp. v. Excel Comms Inc., 172 F.3d 1352, 1355 (Fed. Cir. 1999) and Chenery I, 318 U.S. 80, 88 (1943))).
\(^{159}\) Comiskey, 554 F.3d at 975.
The Federal Circuit again recognized that a legal issue might turn on underlying factual findings in *In re Aoyama*, a 2011 decision.160 There, the court affirmed a rejection on a new ground that was a question of law.161 The court concluded that *Chenery* did not bar affirmance on the new ground, even though it might be “predicated upon ‘a determination of policy or judgment which the agency alone is authorized to make,’” because the underlying factual determination had already been made in a different context.162 As in *Comiskey*, the court distinguished the case from “‘situations that required factual determinations not made by the agency.’”163

Although the Federal Circuit recognized in *Comiskey* and *Aoyama* that a legal issue might turn on a subsidiary factual issue—and therefore that *Chenery* would apply to the broader legal issue—other cases suggest that the Federal Circuit does not always keep this complexity in mind. For instance, recall that in *In re POD-NERS* the court said that *Chenery* did not preclude affirmance, because the Board’s determination of obviousness was a legal one.164 This fails to acknowledge that any obviousness rejection by the PTO requires a set of factual determinations: the scope and content of the prior art, the differences between the prior art and the applicant’s claims, and the level of ordinary skill in the art.165 *POD-NERS* reflected the type of situation described in *Comiskey*—a case in which the legal question turned on subsidiary factual determinations that had not been clearly articulated by the agency—yet the court still held that *Chenery* did not apply.

**iii. Layered Law and Fact in Anticipation Rejections**

It is even more clear in anticipation rejections that the court does not always keep these implications of layered law and fact in mind. To obtain a patent, the applicant’s

160. *In re Aoyama*, 656 F.3d 1293 (Fed. Cir. 2011). For a more detailed discussion of this case, see the text accompanying notes 183–188.
161. *Aoyama*, 656 F.3d at 1299, 1301.
162. *Id.* at 1300 (citing *Chenery I*, 318 U.S. 80, 88 (1943)). The dissent criticized the court’s opinion as “defying the requirements for appellate review of agency action,” citing *Chenery*. *See id.* at 1304 (Newman, J., dissenting).
163. *Id.* at 1299 (quoting *Comiskey*, 554 F.3d at 974).
invention cannot be “anticipated.” If every element of a claim was previously disclosed in a single piece of prior art—that is, if the invention is not new—it will be rejected as anticipated.166 Unlike obviousness, anticipation is a question of fact.167 Determining whether patent claims are anticipated, however, involves a two-step analysis that includes first construing the claims, which is a question of law.168 If, as the Federal Circuit recognized in Comiskey and Aoyama, a subsidiary issue of fact underlying a question of law could cause Chenery to apply, then by analogy a subsidiary question of law (e.g., claim construction) surely could not insulate the broader question of fact (e.g., anticipation) from the Chenery doctrine.

Yet, the Federal Circuit has used a claim construction issue within an anticipation rejection to avoid the constraints of Chenery. The applicant in In re Skvorecz applied for reissue of a patent for a wire chafing stand, a device used by caterers to hold hot pans of food.169 The examiner rejected one of Skvorecz’s claims as anticipated by another patent, and the Board affirmed the rejection.170 On appeal, the Federal Circuit rejected the Board’s reasoning. The court held that the Board had misunderstood the invention in the other patent, and that it did not in fact have all of the elements in Skvorecz’s claim.171 In response, the PTO argued that there

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167. See Brown v. 3M, 265 F.3d 1349, 1351 (Fed. Cir. 2001).
168. In re Aoyama, 656 F.3d 1293, 1296 (Fed. Cir. 2011); see also Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1456 (Fed. Cir. 1998) (“We therefore reaffirm that, as a purely legal question, we review claim construction de novo on appeal including any allegedly fact-based questions relating to claim construction.”); Markman v. Westview Instruments, Inc., 52 F.3d 967, 970–71 (Fed. Cir. 1995) (“The interpretation and construction of patent claims, which define the scope of the patentee’s rights under the patent, is a matter of law exclusively for the court.”).
169. In re Skvorecz, 580 F.3d 1262, 1263 (Fed. Cir. 2009).
170. Id. at 1265–66.
171. Id. at 1267. The claim at issue in Skvorecz’s patent required that each of the stands’ wire legs have lateral offsets near the rim, allowing the stands to nest closely when stacked, without becoming wedged together and difficult to separate. See id. at 1263, 1265. The other patent (the “Buff patent”) appeared to have several legs without any lateral offsets, but the examiner and Board concluded that these were not actually “legs” but “transverse members.” Therefore, the Buff patent could anticipate Skvorecz’s claims without these elements having offsets. Id. at 1267. The Federal Circuit held on appeal that
was an alternative way to construe the claim that would support rejecting it as anticipated. 172 Although the PTO was suggesting a new reason for affirmance, the Federal Circuit said Chenery did not bar the new reason. 173 The court stated that such post hoc rationalization “did not raise an issue of the Chenery doctrine” and was thus permissible, because claim construction is a matter of law. 174 Thus, by focusing on the subsidiary legal issue of claim construction, the court circumvented the constraints of Chenery, even though that legal issue bore ultimately on a question of fact. 175

As I have illustrated above, by limiting Chenery to questions of fact and not applying it to questions of law, the Federal Circuit has introduced inconsistency in its application. Of course, it is not unique to patent law or the Federal Circuit that identifying an issue as one of law or fact is a difficult task or one that is susceptible to manipulation. Ambiguities similar to those I highlight here will also appear in other courts that make a distinction between law and fact when deciding whether to apply Chenery. Indeed, the potential for this problem can be seen in interpretations of the original situation in Chenery itself. While most courts and scholars describe the SEC’s error as one of law, 176 the error has also been reframed more narrowly as one of fact. In Arkansas AFL-CIO v. FCC, the Eighth Circuit focused on the agency’s lack of subsidiary factual findings “with regard to misuse of the fiduciary position, honesty, fair dealings or fair

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the “transverse members” in Buff were in fact legs. Because these legs did not have the offsets required in Skvorecz’s claims, the Buff patent did not anticipate the claims. Id. at 1267–68.

172. Id. The PTO argued that the language of Skvorecz’s claim could be construed such that not all legs were required to have an offset: “[C]laim 1 is anticipated because it can be construed to include wire legs without offsets, because the claim uses the open-ended transition term ‘comprising.’ ” Id.

173. However, the court rejected the argument on the merits. Id. at 1268.

174. See id. at 1267 n.2.

175. It could be argued that because the finding of anticipation had already been made by the Board, albeit on a different basis, the finding of fact in Skvorecz was not a new finding of fact, and therefore was not barred by Chenery. That argument conflicts with the purposes of Chenery, however, see infra Part III.A, since the Board’s finding of anticipation was based on a misunderstanding of the other patent.

176. See, e.g., Stack, supra note 4, at 964 (“Nor have courts cabined Chenery’s application to the particular deficiency at issue in Chenery—agency reliance on a legal error.”).
pricing,” instead of describing the agency’s error as an erroneous legal conclusion. That said, these problems of framing are exacerbated in patent law by the especially complicated nature of the distinction between law and fact.

2. Inconsistency Due to Identification of the Relevant Issue

In addition to the unpredictability in Chenery’s application due to whether questions are framed more generally or specifically, the Federal Circuit’s opinions reveal another troubling inconsistency: they seem to disagree on what the dispositive issue is. The Federal Circuit has described the relevant issue—that is, the issue that must be identified as one of law or of fact—as both the determination at the agency level and as the potential alternative reasoning on which the Federal Circuit might affirm the decision.

This difference is an important one. Suppose that the PTO rejected a claim for a reason that was unambiguously a question of fact. Then, on appeal, the Federal Circuit concluded that the PTO was wrong on the finding of fact, but the court had an alternative rationale that was clearly a question of law to affirm the rejection. Would Chenery apply because the original error was a question of fact? Or would Chenery not apply because the Federal Circuit’s alternative rationale was a question of law?

In this scenario, most of the Federal Circuit’s opinions point to the alternative rationale as the relevant issue for deciding if Chenery applies. In Killip v. Office of Personnel Management, the Federal Circuit stated that it could affirm on grounds not relied upon by the agency “when upholding the Board’s decision does not depend upon making a determination of fact not previously made by the Board.” This approach focuses on the potential alternative rationale for affirmance. Similar is In re Comiskey, where the Federal Circuit held that Chenery did not restrict its ability to affirm the rejection on a different basis—patentable subject matter—because “whether the asserted claims . . . are invalid for failure to claim statutory subject matter under 35

U.S.C. § 101, is a question of law.”179 There the court focused not on the error the PTO made, but on the new reasoning being proposed to affirm the decision. The court took a similar approach in In re Škvorecz, where the court said that Chenery did not apply because the post hoc rationalization provided by the PTO—claim construction—was a matter of law.180

Yet the Federal Circuit has also taken the opposite approach, focusing instead on the PTO’s error as the dispositive question for the law/fact distinction. In In re POD-NERS, the court clearly rested its reasoning on the error by the agency in concluding that Chenery did not restrict its ability to supply a new reason for affirmance.181 It stated: “In ruling that the claims would have been obvious, the Board did not explain its conclusions in detail. It did, however, unequivocally hold the claims to be obvious, which was a legal determination. In these circumstances, [SEC v. Chenery] does not preclude us from affirming the Board” because “the agency decision was on a legal issue and did not involve any exercise of its expert discretion.”182

The importance of consistency in identifying the relevant issue can be seen in the situation presented in In re Aoyama.183 There, the Board rejected two claims based on anticipation.184 The Federal Circuit stated that the claims

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179. In re Comiskey, 554 F.3d 967, 975 (Fed. Cir. 2009) (quoting AT&T Corp. v. Excel Comm’ns, Inc., 172 F.3d 1352, 1355 (Fed. Cir. 1999)).
180. In re Škvorecz, 580 F.3d 1262, 1267 n.2 (Fed. Cir. 2009). The Federal Circuit also took this approach in In re Aoyama, discussed in notes 183–188 infra and the accompanying text.
182. Id. The Federal Circuit similarly implied that the error was dispositive in In re Thrift, where it said that “[h]ere the Chenery rule is implicated because the Board failed to provide an adequate ground for sustaining the rejection.” In re Thrift, 298 F.3d 1357, 1366 (Fed. Cir. 2002). There, however, the court did not make the limitation to questions of fact explicit. The Eighth Circuit also pointed to the agency error as being dispositive in HealthEast Bethesda Lutheran Hospital and Rehabilitation Center v. Shalala, 164 F.3d 415 (8th Cir. 1998). The court stated that the ability of the Secretary of Health and Human Services to make a new legal argument before the court for the agency’s decision was not barred because “[t]he case before us does not involve an alleged failure on the part of the Secretary to make a necessary finding of fact or policy.” Id. at 418.
183. In re Aoyama, 656 F.3d 1293 (Fed. Cir. 2011).
184. Id. at 1294.
were not anticipated, but instead, they were invalid because they were indefinite. 185  Whereas anticipation is a question of fact, indefiniteness is a question of law. 186  Should Chenery apply in this case? The Federal Circuit did not end up applying Chenery; it said that indefiniteness (the new reason for affirmance) was a question of law, and therefore concluded that Chenery did not apply. 187  But if the court had instead looked to the agency error, Chenery would have applied, and the Federal Circuit would have been forced to vacate and remand. 188  Of course, in many cases, inconsistency in identifying the relevant issue has no practical effect because both the agency determination and the court’s alternative are questions of law, or both are questions of fact. 189  But in cases


186. See Aoyama, 656 F.3d at 1296; Personalized Media, 161 F.3d at 702.

187. See Aoyama, 656 F.3d at 1299.

188. Actually, in this case, had the court looked to the agency’s error, it would have implicated a level-of-generality question: the Board incorrectly found the claim anticipated (a question of fact) because it incorrectly construed the claims (a question of law). See id. at 1294.

189. This was true in the Zurko litigation, which I discussed earlier in Part II.B, on remand from the Supreme Court. In re Zurko (Zurko IV), 258 F.3d 1379 (Fed. Cir. 2001). There, the examiner rejected the claims as obvious, and the Board affirmed the rejection. The examiner and Board relied on two references, finding that they either inherently or implicitly disclosed a particular limitation of the applicant’s claims. Id. at 1384. Before the Federal Circuit, the Commissioner conceded that neither of the references relied upon by the agency actually disclosed the limitation. Id. at 1385. (The Federal Circuit had previously held the limitation was not disclosed in the references when the case was before the court in Zurko I. Zurko I, 111 F.3d 887, 889 (Fed. Cir. 1997)). The Commissioner argued instead that the limitation could be found in four other pieces of prior art in the record. Therefore, the Commission argued, the Federal Circuit could affirm the presence of the limitation in the prior art, and in turn the obviousness of the claims, based on these other references. The Federal Circuit responded by refusing to affirm the rejection based on the other references because of Chenery. In this case, the Commissioner attempted to fix the cited references’ failure to disclose the relevant limitation (a question of fact) by pointing to other references with that limitation (also a question of fact). See Zurko IV, 258 F.3d at 1385. Viewed at a broader level, the Commissioner attempted to fix a flawed obviousness rejection (a question of law) with a valid obviousness rejection (also a question of law). Whether or not Chenery applied did not depend, therefore, on whether the court focused on the error or the suggested solution, as long as it viewed the error and the solution at consistent
III. TOWARD A BETTER CHENERY

So far, I have highlighted two sources of ambiguities in the Chenery doctrine. The resulting inconsistency in Chenery’s application undermines the quality of decisionmaking in initial agency determinations and appeals. During agency decisionmaking, uncertainty about the doctrine’s scope can lead to wasted resources through development of records that are unnecessarily detailed or that set out unnecessary alternative rationales to avoid remand. During appeals, unpredictable tests for Chenery’s application can lead to uncertainty amongst litigants regarding the acceptable scope of argument.

More fundamentally, uncertainty in the application of Chenery is troubling because it undermines one of the primary functions of the doctrine. Chenery mediates the separation of powers between the judicial and executive branches when courts review agency action. If the levels of generality.

190. It is likely that there is even more inconsistency than I have outlined here. I have only compared those cases where the Federal Circuit’s majority opinion applied Chenery or explicitly chose not to apply it. There may be more inconsistency if the court is not applying (or discussing) Chenery in cases where it should be applied. Indeed, there have been a number of Federal Circuit cases where the dissent has critiqued the court’s decision as disregarding Chenery. See, e.g., Velander v. Garner, 348 F.3d 1359, 1379 (Fed. Cir. 2003) (Gajarsa, J., dissenting) (stating, in an appeal from an interference proceeding, “although the majority opinion traces through a very unclear Board decision and tries with a substantial degree of specificity to supply a reasoned basis for the Board’s decision, I respectfully dissent from the majority opinion because there is no reasoned basis for the Board’s decision and there is no substantial evidence to support the PTO’s finding of obviousness,” citing Chenery). For examples in non-patent Federal Circuit cases, see Turman-Kent v. Merit Systems Protection Board, 657 F.3d 1280, 1291 (Fed. Cir. 2011) (Reyna, J., dissenting), Carley v. Department of the Army, 413 F.3d 1354, 1359–60 (Fed. Cir. 2005) (Newman, J., dissenting), Hynix Semiconductor, Inc. v. United States, 424 F.3d 1363, 1374 (Fed. Cir. 2005) (Dyk, J., dissenting in part), Novosteel SA v. United States, 284 F.3d 1261, 1276 (Fed. Cir. 2002) (Dyk, J., dissenting in part), and Maxima Corp. v. United States, 847 F.2d 1549, 1560 (Fed. Cir. 1988) (Nies, J., dissenting).
application of Chenery is unpredictable or manipulable, courts will have greater control over when they defer to agency reasoning, and when they will instead substitute their own. This leads to a significant danger of court encroachment on the power that Congress has delegated to agencies.

While this concern applies across administrative law, it is particularly acute in the context of the Federal Circuit’s review of PTO decisions. Even after the Supreme Court’s decision in Zurko, the Federal Circuit has continued to resist giving the agency the deference typically accorded to agencies under standard administrative law. 191 For instance, the Federal Circuit gives PTO legal determinations no deference at all, 192 although under standard administrative law principles, it should give at least Skidmore deference. 193 Scholars have also noted other contexts, besides Chenery, in which the Federal Circuit manipulates the divide between law and fact to minimize deference to the PTO. By treating questions of mixed law and fact as questions of pure law, the court avoids applying the more deferential standard of review that applies to judicial review of questions of fact. 194

Given the Federal Circuit’s divergence from standard administrative law principles in ways that minimize deference to the PTO, we should be particularly wary of ambiguities in Chenery’s application. With significant flexibility in whether it will apply Chenery or not, the Federal

191. See Kumar, supra note 5, at 232, 258–69; Arti K. Rai, Engaging Facts and Policy: A Multi-Institutional Approach to Patent System Reform, 103 COLUM. L. REV. 1035, 1052, 1055 (2003) (arguing that Dickinson v. Zurko will have “some impact” on Federal Circuit review of questions the court acknowledges as factual, but “it will have no impact on review in the many cases . . . in which the Federal Circuit refuses to recognize the existence of factual disputes,” and pointing to the court’s “continued resistance to deference”).

192. See supra note 79 and accompanying text.

193. See Benjamin & Rai, supra note 12, at 300; infra note 263.

194. See Kumar, supra note 5, at 264–67; cf. Arti K. Rai, Specialized Trial Courts: Concentrating Expertise on Fact, 17 BERKELEY TECH. L.J. 877 (2002) (discussing, in the context of review of district court decisions, the Federal Circuit’s “alchemy” of making fact-dependent inquiries into questions of pure law, particularly in claim construction—which applies equally well to the Federal Circuit’s review of the PTO). Professor Rai also argues that the Federal Circuit has shown resistance even to deference to PTO factual determinations. She argues that in Zurko IV, after the Supreme Court mandated review under the APA standards, the Federal Circuit in effect refused to apply the correct standard. See Rai, supra note 191, at 1056.
Circuit can quietly usurp power from the agency. In contrast to the more transparent reduction in deference to the agency when the Federal Circuit openly narrows *Chenery*’s scope to questions of fact, flexibility in how the court applies its declared rule is a subtle but insidious threat.

In the following sections, I consider a number of ways that the Federal Circuit’s application of *Chenery* could be improved. My first goal is to explore how *Chenery*’s application can be made more uniform and predictable. Uniformity in applying *Chenery* is the first step in protecting the agency’s congressionally delegated power. Beyond uniformity, however, my exploration of different alternatives also addresses the validity of the Federal Circuit’s narrow interpretation of *Chenery*’s scope, as well as whether a broader or even narrower *Chenery* doctrine would be normatively desirable or doctrinally permissible.

A. Benefits and Costs of the *Chenery* Doctrine

In assessing how the ambiguities in *Chenery*’s application ought to be resolved, it is important to consider the benefits and costs of the *Chenery* doctrine in administrative law generally, and how persuasively they apply to review of PTO decisions.

1. In Administrative Law Generally

In administrative law generally, the benefits attributed to *Chenery* can be grouped into two categories: preserving the power of agencies and leading to better decisions.

i. *The Benefit of Preserving an Agency’s Power*

*Chenery* plays a role in preserving the power delegated to agencies by Congress. *Chenery* protects the agency’s power from two potential intruders. First, *Chenery* prevents courts from infringing on the power delegated to agencies. In *Burlington Truck Lines v. United States*, the U.S. Supreme Court explained that the purpose of the *Chenery* doctrine “is not to deprecate, but to vindicate, the administrative process, for the purpose of the rule is to avoid ‘propel[ling] the court into the domain which Congress has set aside exclusively for
the administrative agency.” Relying on a court-supplied rationale may allow affirmance of an agency’s decision in one instance. But in the long term it may encroach on an agency’s power because “reasons have greater generality than the outcomes they support.” Thus, a reason supplied in one case may lead to particular outcomes in another.

Second, Chenery prevents the lawyers within an agency from infringing on the power delegated to the agency as a whole. Without Chenery, an agency’s lawyers would have significant control over the development of the agency’s decisionmaking because in litigation they would be able to formulate post hoc rationales before the reviewing court. The result would be similar to allowing court-supplied rationales for affirmance; while it would benefit the agency in a single case, it might ultimately diminish the influence of the decisions reached in the normal course of agency decisionmaking by more technically trained agency experts.

ii. The Benefit of Better Agency Decisionmaking

Chenery can also lead to better agency decisionmaking by influencing both who must provide rationales for decisions and when those rationales must be provided. Both effects may lead to better decisions. A classic justification for the administrative state is that agencies are delegated power by Congress because they are better suited, as experts, to make decisions in complicated or technical areas. Just as agency decisionmakers are presumed to be better than Congress at making these decisions, they may also make better decisions than more generalist courts or lawyers within the agency.

196. Stack, supra note 4, at 997; see id. 997–1000.
197. See Stack, supra note 4, at 997–1000.
198. See Krent, supra note 3, at 200; Stack, supra note 4, at 993.
199. See Stack, supra note 4, at 993–94.
200. See Krent, supra note 3, at 199–200.
201. See Stack, supra note 4, at 961.
202. See generally James M. Landis, The Administrative Process (1938), which is described in Matthew C. Stephenson, Public Regulation of Private Enforcement: The Case for Expanding the Role of Administrative Agencies, 91 Va. L. Rev. 93, 127 n.111 (2005), as the “classic statement” of the agency expertise justification.
203. It is for this reason that some judges and scholars advocate that courts
If agencies have the expertise to be better decisionmakers than generalists, agencies might be better at formulating the right rationales as well. Holding agencies accountable by requiring them to provide the rationales for decisions, rather than having courts or lawyers provide them, may also result in better decisions because it increases political accountability and because it limits an agency’s power to make decisions without public scrutiny.

Chenery may also lead to better decisionmaking by requiring agencies to articulate rationales when a decision is made, rather than allowing post hoc rationalization. On the front end, this encourages agencies to think through their reasoning thoroughly before making a decision, since they (or their lawyers) cannot rely on formulating convincing arguments if and when an appeal forces them to do so after the agency’s decision is made. On the back end, Chenery allows for better quality-control, since a requirement that rationales be set forth in the record allows judges to check agency decisions more effectively. Moreover, using a post hoc rationale not on the agency record to affirm an agency decision denies interested third parties the opportunity to challenge the new rationale before the agency. Remand because of Chenery, on the other hand, forces agencies to reopen the proceedings and reconsider the issue, allowing interested parties to have their voices heard.

should scrutinize the procedural mechanisms by which agencies make decisions, but they should not scrutinize the underlying substance on which courts are not experts. See Ethyl Corp. v. Envtl. Prot. Agency, 541 F.2d 1, 66 (D.C. Cir. 1976) (Bazelon, C.J., concurring) (“[I]n cases of great technological complexity, the best way for courts to guard against unreasonable or erroneous administrative decisions is not for the judges themselves to scrutinize the technical merits of each decision. Rather, it is to establish a decision-making process that assures a reasoned decision . . . .”).

204. See Stack, supra note 4, at 993–96.
205. See Krent, supra note 3, at 198; Stack, supra note 4, at 995–96.
206. See Friendly, supra note 5, at 208–09; Stack, supra note 4, at 957–58.
207. See Krent, supra note 3, at 199; cf. Stack, supra note 4, at 999–1000 (suggesting that Chenery restricts the domain of reasons a court can consider, making “review more manageable”).
208. See Krent, supra note 3, at 198–99.
iii. Chenery's Costs

There are, however, significant costs to applying Chenery. It increases the resources that agencies expend in making decisions, since it creates a systematic incentive for agencies to formulate longer and more thorough explanations for each decision. If the decisions are still found insufficient under Chenery and a court remands the case back to the agency, this imposes further costs upon the agency (and the court system if the case returns on appeal). These effects significantly increase burdens on agencies, leading some scholars to describe Chenery as contributing to the "ossification" of the administrative state.

2. As Applied to Review of PTO Decisions

To what extent do these benefits and costs of Chenery influence the answer to the normative question of how it should be applied in the specific context of reviewing patent denials?

i. The Benefit of Protecting an Agency's Power

Some of Chenery's benefits may be less pronounced in the review of PTO decisions as compared to other agency contexts. In particular, the benefit of protecting the agency's power from lawyers and courts may be less persuasive because Congress has delegated significantly less power to the PTO than to many other agencies. The PTO does not have general substantive rulemaking authority. To the extent that Chenery is best "justified as an incident of delegation," then, the doctrine may apply less forcefully to the PTO. Further, if Chenery is important because "reasons
have greater generality than the outcomes they support,"214 this effect is not likely to infringe on the PTO’s delegated power if the PTO does not have substantive rulemaking authority in the first place. Notwithstanding the PTO’s lack of substantive rulemaking authority, however, Chenery can still play a role in protecting the PTO’s explicitly delegated authority to administer the Patent Act through the adjudication of individual patent applications.215

Yet, even if the PTO has power to be protected by Chenery, the agency may only seldom exercise that power to make the types of decisions in which allowing courts or lawyers to supply post hoc rationales would considerably diminish agency control. Most PTO decisions do not have significant implications for future policies or patent adjudications. One reason is that the vast majority of Board decisions do not chart new doctrinal territory, and indeed, are designated as nonprecedential.216 Because denials of patent applications are generally based on a limited and recurring set of reasons—obviousness, anticipation, etc.—the benefit to the PTO of articulating the rationales may be minimal. Moreover, the adjudication of each patent application is highly fact-specific, so in most cases, the decision on any one application is not particularly likely to be relevant to the decision on another.

On the other hand, a number of Board decisions have introduced new interpretations of the law and are designated as precedential for future Board decisions.217 Moreover,

214. Id. at 997; see supra text accompanying notes 196–197.
215. See 35 U.S.C.A. § 2(a)(1) (West 2012) (“The [PTO] . . . . shall be responsible for the granting and issuing of patents . . . .”). Professor Stack suggests that the nondelegation argument for Chenery is most persuasive in the context of rulemaking, not adjudication. However, he concludes that nondelegation justifies Chenery in adjudication because, under another principle articulated in Chenery II, agencies have discretion whether to proceed via rulemaking or adjudication. Stack, supra note 4, at 1012. That the PTO does not have this discretion to proceed via either approach may be another reason the nondelegation justification is not a persuasive one in patent law.
217. See id. at 2–3 (identifying the criteria for Board decisions to be made precedential).
scholars have argued that the PTO exercises its discretion and makes policy decisions to a greater degree than the Federal Circuit acknowledges. Professors Benjamin and Rai have criticized the Federal Circuit for failing to recognize policy decisions as a separate type of PTO decisionmaking, and Professor Kumar has argued that it is hard to understand how the Federal Circuit can fail to recognize that decisions regarding patentable subject matter involve policy. Thus, the potential benefits of *Chenery* may be greater than initial appearances would suggest.

**ii. The Benefit of Better Agency Decisionmaking**

The idea that *Chenery* can improve agency decisionmaking by requiring articulated rationales has mixed applicability to PTO decisions. As for who articulates the rationales, PTO examiners and administrative law judges are particularly good examples of technically trained experts making decisions in an area where lay judges and lawyers are significantly less qualified. This is particularly true for findings of fact.

Some of this expertise-based argument may be tempered by the expertise that the Federal Circuit gains through its exclusive jurisdiction in appeals from PTO patent denials. This exclusive jurisdiction—combined with the court’s exclusive jurisdiction in appeals of district court patent

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218. See Benjamin & Rai, *supra* note 12, at 305–08.
219. See Kumar, *supra* note 5, at 272–73.
220. Cf. Nard, *supra* note 63, at 1471–72 (suggesting that the relative expertise of the PTO as compared to the Federal Circuit is relatively greater than that of the other agencies whose decisions the Federal Circuit reviews). All patent examiners have a technical undergraduate degree, and many have higher degrees. *Id.* at 1506. Many of the administrative judges on the Board are former senior patent examiners, Gechter v. Davidson, 116 F.3d 1454, 1459 (Fed. Cir. 1997), and all are required to be “persons of competent legal knowledge and scientific ability.” 35 U.S.C.A. § 6 (West 2012). In contrast, there is no such requirement for judges on the Federal Circuit. Four of the ten active judges in 2012 had a technical degree. Kumar, *supra* note 5, at 246.
221. For those issues that the Federal Circuit has labeled ones of law, but that are in fact highly fact-intensive, agency decisionmakers’ expertise is still extremely valuable. See *supra* note 194 and accompanying text; cf. Rai, *supra* note 194, at 881–82 (discussing how, although claim construction is a question of law, judges are unlikely to be able to correctly interpret the language, and in most cases, “would be well-advised to turn to the testimony of experts”).
infringement cases—allows the Federal Circuit to develop more expertise in patent law than appellate courts typically have in any particular area of substantive law.  

Greater expertise in appellate review diminishes the benefit of having the agency, rather than the court, formulate rationales, thus making Chenery less important. But the Federal Circuit’s technological expertise still generally falls well short of the agency’s expertise. Chenery’s effect of having rationales developed by agency experts thus remains a powerful reason for Chenery in review of PTO decisionmaking.

As for when rationales are articulated, Chenery probably has little effect. The official guidelines for patent examiners, in editions published prior to either of the Supreme Court’s two Chenery decisions, dictated that a patent examiner describe his reasons for rejection and support them with specific references. Thus, the PTO practice of articulating the reasoning behind its decisions was in place well before Chenery, at least at the examiner level. Chenery is therefore unlikely to be a major force in encouraging the PTO to articulate its basic rationales during agency proceedings, though it may encourage the Board to be more thorough and clear in its opinions. The already existing practice of providing applicants with the rationales behind decisions also suggests that Chenery has limited benefit as far as making agency reasoning open to public scrutiny. In addition, because patent adjudication is an ex parte process, remanding to the agency to reopen proceedings does not, for the most part, have the benefit of allowing more interested parties to challenge the reasoning.

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228. Remanding does, however, allow the applicant to address a new rationale for the rejection. If the Federal Circuit affirms a rejection on a ground not relied upon by the agency, the applicant loses the ability to amend his application in consideration of the rejection or to submit new evidence to
iii. Chenery’s Costs

The PTO’s established process for adjudication of patent applications also means that applying Chenery may not add a significant burden. The PTO is certainly severely backlogged—in 2012, over 1.2 million applications were pending. The average time from filing a notice of appeal to the Board until a decision was approximately three years, with over twenty-six thousand pending appeals of patent applications. Chenery imposes direct costs on this system, since the Federal Circuit adds to the agency’s backlog when it remands a case rather than affirming it. But the indirect costs attributable to Chenery may be less than they could be. The examiner is already required, without regard to Chenery, to articulate her reasoning, so applying the doctrine may not significantly increase the time spent on each application in the first instance. Application of Chenery may, however, counteract pressures on the PTO to decrease its application backlog by cutting down the time examiners spend on each application, and it may force the Board to write more thorough opinions than it might otherwise.

overcome the rejection. In recognition of this risk when Chenery does not bar the new rationale, the Federal Circuit has affirmed on a new ground and then still remanded to the PTO to afford the applicant these protections. See In re Aoyama, 656 F.3d 1293, 1300 (Fed. Cir. 2011); In re Comiskey, 554 F.3d 967, 981–82 (Fed. Cir. 2009). The dissent in Aoyama argued that these protections were insufficient. See Aoyama, 656 F.3d at 1301 (Newman, J., dissenting).

There are also some ways for third parties to challenge the patentability of a patent application. For instance, members of the public can file protests against pending applications, see U.S. PATENT & TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE, supra note 134, at Ch. 1900, and requests for reexamination. See id. §§ 2203, 2612. The America Invents Act also added a new provision for third party submissions. See Leahy-Smith America Invents Act, Pub. L. 112-29, § 8, 125 Stat. 284, 315–16 (2011).


232. Indeed, there is some evidence that the Board is addressing its backlog by writing less detailed opinions. See Dennis Crouch, Today's Study: The BPAI’s Response to Its Backlog, PATENTLYO.COM, http://www.patentlyo.com
The added costs of Chenery may also be less in PTO decisionmaking for the same reason that Chenery might not have a large effect on the quality of decisionmaking. The PTO does not primarily make the type of decisions on which Chenery is thought to impose a large burden. The burdensome effects of Chenery have been most criticized in the context of the “hard look” doctrine. Under “hard look” review, courts closely scrutinize agency regulatory policy decisions, checking whether an agency considered all the factors Congress intended it to consider, did not consider inappropriate factors, made a decision supported by the evidence in front of it, and explained why every other viable alternative was not pursued. In contrast, most of the PTO's patent adjudications involve a limited scope of considerations and possible outcomes, and its decisions are rarely recognized as policy decisions or as involving exercises of discretion that would require hard look review. That said, because the PTO may exercise its discretion more than the Federal Circuit recognizes, there may in fact be more situations where Chenery could be a burden.

iv. Chenery's Role in Mediating Power Between the Federal Circuit and the PTO

More broadly, Chenery's scope affects the Federal Circuit's power to shape the development of substantive patent law. In re Comiskey is one of the best illustrations of this effect. Recall that in Comiskey, the PTO rejected the application's claims on obviousness grounds, but the Federal
Circuit upheld the rejection based on unpatentable subject matter. Professor Eisenberg has suggested that the Supreme Court’s grant of certiorari in an earlier case involving patentable subject matter put the Federal Circuit on notice: after a long period of not interfering with the Federal Circuit’s broad interpretation of patentable subject matter, the Supreme Court might be entering the arena. Professor Eisenberg describes the Federal Circuit’s request for supplemental briefing and affirmance on patentable subject matter as reflecting the court’s “eager[ness] for an opportunity to address the issue of patentable subject matter ahead of the Supreme Court” during a period of uncertainty about the scope of patentable subject matter. Limiting Chenery to questions of fact allowed the Federal Circuit to enter the patentable subject matter debate, even though the issue had not come up at the agency below. As a result, the Federal Circuit could shape substantive patent law without the involvement of the PTO. If Chenery had applied, the power to raise the issue would have remained in the first instance with the PTO.

To the extent that a desire for greater uniformity in patent law motivated the Federal Circuit’s creation,
Chenery thus seems to stand in the way.\textsuperscript{243} On the other hand, it is not clear that the Federal Circuit’s mandate justifies intrusion into the congressional delegation of patent adjudication to the PTO. The congressional mandate was largely intended to shift power over patent law from the regional circuits to the Federal Circuit—not away from the PTO.\textsuperscript{244} Indeed, Professor Kumar has criticized the Federal Circuit’s “heavy-handed review” in \textit{Comiskey} as violating the separation of powers by intruding upon the power granted to the PTO by Congress. She argues that such review transfers power from a politically accountable agency to a court whose decisions are insulated from review except by the Supreme Court.\textsuperscript{245}

I believe, however, that it is not entirely clear that a narrow \textit{Chenery} doctrine per se violates the separation of powers as applied to the PTO. The PTO has significantly less power than many other agencies, particularly in that it lacks substantive rulemaking power and receives less deference on legal determinations than other agencies.\textsuperscript{246} As such, it may not warrant the full range of protection that \textit{Chenery} typically provides agencies, as I discuss in more detail below.\textsuperscript{247} But it is more clear that when \textit{Chenery}’s ambiguities allow the court to manipulate the doctrine to further minimize deference, that violates the separation of powers. I therefore turn next to several possible ways to reduce the unpredictable and manipulable aspects of applying \textit{Chenery}. Because most of

\begin{thebibliography}{9}
\bibitem{footnote1} between the circuit courts, the CCPA, and the PTO. There was widespread forum shopping and significant uncertainty in how different forums would adjudicate the rights of patent owners. \textit{Id.} at 805; Rochelle Cooper Dreyfuss, \textit{The Federal Circuit as an Institution: What Ought We to Expect?}, 43 Loy. L.A. L. Rev. 827, 828 (2010).
\bibitem{footnote2} \textsuperscript{243} Cf. Kumar, supra note 5, at 273 (“The \textit{In re Comiskey} decision has arguably allowed the Federal Circuit to maintain uniformity in patent law.”).
\bibitem{footnote3} \textsuperscript{244} Cf. Rochelle Cooper Dreyfuss, \textit{The Federal Circuit: A Case Study in Specialized Courts}, 64 N.Y.U. L. Rev. 1, 6–7 (1989) (describing the problems motivating the Federal Circuit’s creation: (1) that the PTO and Court of Customs and Patent Appeals could develop their own views of patent law, but could not impose them on the other courts; (2) that patent law varied widely across the circuits, leading to rampant forum shopping and uncertainty about the value of a patent; and (3) overloaded dockets in appellate courts).
\bibitem{footnote4} \textsuperscript{245} See Kumar, supra note 5, at 273–74.
\bibitem{footnote5} \textsuperscript{246} See infra text accompanying notes 271–277 (discussing how legal determinations in patent denials do not receive \textit{Chevron} deference).
\bibitem{footnote6} \textsuperscript{247} See infra Part III.B.2.
\end{thebibliography}
these approaches involve adjusting Chenery's scope, in discussing them, I also explore just how much protection under Chenery PTO decisions should receive given both doctrinal constraints and normative goals.

B. Increasing the Predictability of Chenery’s Application

In the following sections, I address two types of approaches to achieving greater predictability in Chenery's application. The first type would minimize the inconsistencies that arise due to the Federal Circuit's rule for Chenery's application relying on unpredictable characterization of the relevant issue as law or fact. One such solution would be to eliminate the need for line-drawing by either never or always applying Chenery, regardless of whether the question is one of law or fact. An alternative solution of this type would be to clarify both the dispositive question and how to characterize it as law or fact. A second type of approach would break down the Chenery doctrine into its different functions, rather than rely on the distinction between law and fact. I ultimately conclude that solutions of the second type are best aligned with the underlying purposes of Chenery and existing administrative law doctrine.

1. Narrowing Chenery's Scope

The application of Chenery might be made more consistent by eliminating the need for line-drawing by either never applying Chenery, or always applying it, regardless of whether the question is one of law or fact. I first consider not applying it at all. Of course, in the context of most agency decisions, never applying Chenery would obviously contradict Supreme Court precedent. But is there an argument that the PTO is different?

In the context of the PTO, adopting this approach would allow the Federal Circuit to affirm the PTO's decision on any rationale supported by the record, regardless of whether the agency had articulated that rationale. The approach would likely be permissible as a matter of statutory authority. The patent statutes themselves do not require that Chenery be applied. Under 35 U.S.C. § 144, the Federal Circuit must review PTO decisions on appeal based on "the record before
the Patent and Trademark Office.248 Reviewing “on the record” simply means that the review must be based on the information in the record; new information cannot be brought in. The statute does not state that the court’s reasoning must be restricted to the reasoning relied upon in the record before the agency.249

Under the Supreme Court’s decision in Zurko III, however, it is unlikely that the Federal Circuit could stop applying Chenery altogether. Recall from Part II that under Zurko III, PTO decisions are subject to Federal Circuit review under the standards for review of administrative agency action set forth in the APA.250 It is true that Zurko III did not actually encompass the requirement that Chenery apply to questions of fact in patent. The Court’s specific holding was that APA § 706 applies to review of findings of fact, not that the entire APA scheme applies.251 And even if it had held that the entire APA scheme applied, it is not clear that this holding would have encompassed Chenery. Though some cases have suggested that Chenery has its origins in the scheme set up by the APA,252 Professor Stack has argued that Chenery cannot be justified as an APA requirement.253


249. While the record requirement might at first appear to be the same as Chenery for questions of fact, that is not necessarily the case. For instance, suppose the Board found the claim to be anticipated (a question of fact) based on the rationale that patent X disclosed all the limitations (also a question of fact). Suppose that elsewhere in the record the Board stated that patent Y had all the limitations of patent X, but the Board did not explicitly rely on patent Y’s anticipation as a rationale for the finding of anticipation. If the Federal Circuit found that patent X did not in fact anticipate the claims, but patent Y did, that rationale for affirming the anticipation rejection would be based entirely on the record but would not pass muster under Chenery (though a reasonable court might apply one of the exceptions).


251. Id. at 152.

252. See Allentown Mack Sales & Serv., Inc. v. NLRB, 522 U.S. 359, 374 (1998) (citing to Chenery, among other cases, as part of the “scheme of reasoned decisionmaking” established by the APA); Local Joint Exec. Bd. v. NLRB, 309 F.3d 578, 583 (9th Cir. 2002) (same).

253. See Stack, supra note 4, at 974–75 (arguing that Chenery cannot be justified as an APA requirement, either based on the APA’s requirement of
Although the application of Chenery appears to be beyond the precise holding of the Supreme Court in Zurko III, the decision has been described as a “symbolic” one.\textsuperscript{254} The Zurko III Court emphasized “the importance of maintaining a uniform approach to judicial review of administrative action.”\textsuperscript{255} It would certainly be at odds with Zurko III to conclude that the PTO is so different from other agencies that a major principle of administrative law does not apply to it at all. Such a conclusion would give the Federal Circuit significantly more power in reviewing the PTO than courts have in reviewing other agencies, and it would correspondingly give the PTO much less power than other agencies. Given Congress’s delegation of power to adjudicate patent applications to the PTO,\textsuperscript{256} failing to protect even factual findings by the PTO on judicial review would seem to contravene not only Zurko but also congressional intent. It would also mean losing the benefit of Chenery where that benefit is likely large—when technically trained experts make determinations of fact during the patent examination process.

2. Broadening Chenery’s Scope

As an alternative to not applying Chenery, courts might instead broaden its application to both questions of law and fact. While the Federal Circuit and a few other courts have held that Chenery does not apply to questions of law, most courts and scholars have not considered the doctrine to be so limited.\textsuperscript{257} One scholar has argued that the Federal Circuit’s

\begin{footnotes}
\footnotetext{254}{Kerr, supra note 9, at 128.}
\footnotetext{255}{Zurko III, 527 U.S. at 154.}
\footnotetext{257}{See, e.g., Fed. Election Comm’n v. Akins, 524 U.S. 11, 25 (1998) (“If a reviewing court agrees that the agency misinterpreted the law, it will set aside the agency’s action and remand the case—even though the agency (like a new jury after a mistrial) might later, in the exercise of its lawful discretion, reach the same result for a different reason.” (citing Chenery I, 318 U.S. 80, 87 (1943))); Interstate Commerce Comm’n v. Bhd. of Locomotive Eng’rs, 482 U.S. 270, 291 (1987) (Stevens, J., concurring) (“If the court of appeals finds legal error, it must remand the case to the agency . . . . This is the lesson of Chenery and its progeny . . . .”); Bond, supra note 5, at 2158 (“A court generally must remand to an agency if it finds the agency has committed legal error or has failed to address a material issue.”); Stack, supra note 4, at 965–66, 1008; see}
\end{footnotes}
failure to apply Chenery to questions of law not only misinterprets Supreme Court precedent but also violates separation of powers. That said, there is a plausible argument for why the Federal Circuit should not apply Chenery to PTO determinations of law (though neither the Federal Circuit, nor any other court declining to apply Chenery to questions of law, has considered the argument in its opinions).

The argument for not applying Chenery to PTO determinations of law stems from Chenery's relationship with Chevron deference, which is a form of judicial deference granted to some agency interpretations of a statute that the agency administers. Under Chevron, a court determines whether to defer to an agency's interpretation of a statute by first looking to whether the statute specifically addresses the precise issue before the agency (“Chevron Step One”). If the statute does not specifically address the issue, the agency's interpretation receives deference if the interpretation is reasonable (“Chevron Step Two”). Professor Stack argues, and courts have held, that Chenery applies at Chevron Step Two. Put differently, Chenery limits what a court considers in determining whether an agency's statutory interpretation is reasonable. Once a court finds in Chevron Step One that the statute does not unambiguously address the particular issue, the court must limit its analysis of the reasonableness of the agency's interpretation (Chevron Step Two) to the agency's articulated reasons for its interpretation. This means that Chenery applies to determinations of law when the statute is ambiguous.

258. See Kumar, supra note 5, at 273.
260. Id. at 843–44.
261. See Bank of Am. v. FDIC, 244 F.3d 1309, 1319 (11th Cir. 2001) (“Most . . . decisions apply Chenery during analysis involving Chevron's second step . . . . That is the proper place for Chenery considerations to come into Chevron analysis.”); see, e.g., Am.'s Cmty. Bankers v. FDIC, 200 F.3d 822, 835 (D.C. Cir. 2000) (stating that the principle of Chenery “applies as well to our review of statutory interpretations under the second prong of Chevron”).
262. Stack, supra note 4, at 1010.
263. When Chevron deference does not apply to an agency's interpretation of a statute, under standard administrative law, the review is not de novo.
While this broader interpretation of Chenery may work for most agencies, the problem with extending it to appeals from the PTO is that PTO decisions do not receive Chevron deference. In 2001, the Supreme Court significantly limited the application of Chevron as a general matter in its decision in United States v. Mead Corporation. The Court held that Chevron deference only applies when the agency has been delegated power to make decisions with the force of law, and the agency action is an exercise of that authority. The Court stated that it “is fair to assume generally” that Congress has delegated the power to make decisions with the force of law “when it provides for a relatively formal administrative procedure.” Thus, Mead has been interpreted as creating a “safe harbor” for agency actions carried out through rulemaking or formal adjudication. However, Mead also indicated that informal adjudications could, at least in theory, merit deference based on a variety of factors, including the agency’s practices in issuing the decisions, the precedential value or binding nature of the decisions, and the terms of the statute delegating authority to

Rather, Skidmore deference applies. Under Skidmore, the deference to an agency’s interpretation “depend[s] 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.” Skidmore v. Swift & Co., 323 U.S. 134, 140 (1944). Professor Stack has argued that Chenery cannot be applied if only Skidmore deference is warranted, because, he argues, as an incident of the nondelegation doctrine, Chenery cannot apply to decisions by an agency that lack authority to bind with the force of law. See Stack, supra note 4, at 1012. Whether Chenery applies in Skidmore deference may be a largely academic question. When a court decides that an agency’s reasoning is sufficiently persuasive, it adheres to the reasoning, and thus it follows Chenery. When a court decides the agency’s reasoning is not sufficiently persuasive, it does not adhere to the reasoning, and thus Chenery cannot apply. Thus, asking whether Chenery applies seems to add little to asking whether the court will defer under Skidmore.

265. Mead, 533 U.S. 218. The Federal Circuit did not apply Chevron to PTO decisions even before Mead limited its scope, see Merck & Co. v. Kessler, 80 F.3d 1543, 1550 (Fed. Cir. 1996), though scholars argued that it should. See Nard, supra note 63, at 1450–65.
266. See Mead, 533 U.S. at 226–27.
267. Id. at 229.
268. Id. at 246 (Scalia, J., dissenting).
269. Id. at 229–31 (majority opinion).
the agency.270

Under current law, PTO legal determinations in patent denials do not receive *Chevron* deference.271 Commentators have argued, however, that they could be. As a starting point, PTO determinations to grant or deny patents are informal adjudications, and are thus outside *Mead*'s safe harbor.272 In discussing whether *Chevron* should apply to PTO legal determinations, Professors Benjamin and Rai concluded that patent grants are unlikely to merit *Chevron* deference because they lack precedential value and are issued in great numbers by low-level officials.273 But Benjamin and Rai suggest that patent denials might merit *Chevron* deference, since they have gone through more levels of agency review.274 Denials might also be worthy of *Chevron* deference because Board decisions are issued in far fewer numbers than examiner decisions—under 10,000 decisions in ex parte appeals per year, as compared to over 500,000 examiner decisions per year in recent years.275 Moreover, appeals are decided by panels of three administrative law judges who issue written opinions,276 and in some cases, the Board designates the opinions as binding precedent for future Board decisions because they “add significantly to the body of law.”277

Following this logic, if patent denials received *Chevron* deference, *Chenery* could be applied to PTO determinations of law.278 Indeed, Professor Stack argues that if an agency's...
interpretive authority receives *Chevron* deference, it is no longer doctrinally plausible not to apply *Chenery* to interpretations of statutes that the agency administers.\(^{279}\) If *Chevron* and *Chenery* both applied to questions of law, the Federal Circuit could affirm a PTO decision only on a ground articulated by the PTO, unless the issue involved an unambiguous statute. The statute would almost always be ambiguous in determinations of patent validity. The patent statutes are rarely clear enough to resolve questions about whether a claim meets the requirements for validity.\(^{280}\) Thus, applying *Chevron* and *Chenery* to ambiguous interpretations of law would lead to *Chenery*’s application in almost all cases and would add significantly more certainty as to when the Federal Circuit would apply the *Chenery* doctrine.

Realistically, however, the Federal Circuit would certainly resist adopting this view of *Chenery* and *Chevron* without express direction from the Supreme Court, given the Federal Circuit’s resistance to increased deference to the PTO.\(^{281}\) Applying both *Chenery* and *Chevron* would dramatically increase the power held by the PTO relative to the Federal Circuit. The Supreme Court, in turn, almost certainly would not give such express direction. Though the Court indicated in *Mead* that informal adjudication could receive *Chevron* deference in theory, the Court has yet to apply *Chevron* in such a case.\(^{282}\) Thus, although applying *Chenery* to questions of law and fact might resolve the unpredictability of the Federal Circuit’s application of the doctrine, it is an unrealistic solution.

\(^{279}\) See Stack, *supra* note 4, at 1008.

\(^{280}\) Cf. Benjamin & Rai, *supra* note 12, at 297 (describing how the PTO is similar to other agencies in that the organic statute does not speak precisely to the question at issue, and allows for legal interpretation).

\(^{281}\) See *supra* notes 191–194 and accompanying text.

3. Clarifying the Question and the Proper Level of Generality

If current doctrine dictates that Chenery apply neither never nor always, one way to address the uncertainty of its application, without changing the Federal Circuit’s rule that Chenery applies to issues of fact but not law, would be to clarify the two ambiguities that I discussed earlier: (1) the dispositive question and (2) whether that question is one of law or fact.

i. The Right Question

For the purpose of deciding whether Chenery applies, the Federal Circuit has described the relevant question as both the determination at the agency level, as well as the potential alternative rationale on which the Federal Circuit might affirm the decision. As I described in Part II.D.2, when a court declines to apply Chenery to questions of law, consistent identification of the relevant question is crucial for protecting congressionally delegated agency power. Without consistent identification, a court can focus on the question that allows it to avoid Chenery and substitute its own reasoning.

The original statements in Chenery I and Chenery II that led to the distinction between questions of law and fact are ambiguous as to whether the agency determination or court alternative should be dispositive. The statements from Chenery I, that it “would be wasteful to send a case back” when “the appellate court concluded [a decision] should properly be based on another ground,”\(^\text{283}\) and that “[i]f an order is valid only as a determination of policy or judgment which the agency alone is authorized to make and which it has not made, a judicial judgment cannot be made to do service for an administrative judgment,”\(^\text{284}\) both seem to suggest that the court’s alternative is the relevant question. On the other hand, the statement in Chenery II that the court, “in dealing with a determination or judgment which an administrative agency alone is authorized to make, must judge the propriety of such action solely by the grounds

\(^{283}\) Chenery I, 318 U.S. 80, 88 (1943).
\(^{284}\) Id.
invoked by the agency, seems to suggest the opposite—that the agency’s determination is the relevant question.

Whether the focus is on the agency determination or court alternative profoundly affects the balance of power between a court and an agency. If the dispositive question is the agency determination, the court has much less power to determine the outcome or reasoning of cases. Suppose, in the context of the PTO, that the agency denies a patent application based on an erroneous finding of fact, but the agency could have denied the application based on a question of law. The court would need to remand, perhaps repeatedly, until the agency grounded its decision on a factual rationale with which the court agreed, or until it grounded its decision on any question of law—at which point the court could affirm the decision on any basis. This approach may seem to waste agency and court resources, but it preserves significant power in the agency. It also emphasizes thorough and accurate agency decisionmaking processes.

In contrast, if the relevant question is the alternative supplied by the reviewing court, and the court can find an alternative ground for affirmance that is an issue of law, then the court can affirm without regard to Chenery, regardless of the nature of the agency’s determination. If, however, the only alternative ground for affirmance is an issue of fact, Chenery restricts the court, and it must remand. By letting the court choose to affirm based on an issue of law (if it can find one), this approach gives the court more power over whether Chenery will apply, and in turn to decide individual cases and direct the development of the law.

*In re Aoyama* illustrates an example of the court’s increased power when the relevant question is the alternative ground for affirmance. Recall that in that case, the agency’s rejection was based on anticipation, which is a question of fact, but the Federal Circuit’s alternative ground for affirmance was indefiniteness, a question of law. Because

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286. Presumably, under this approach, if the court did not propose any alternative reason for affirmance but applied *Chenery*, that would imply that the only alternative the court could think of was factual, and thus could not be used.
287. See *In re Aoyama*, 656 F.3d 1293, 1294, 1298 (Fed. Cir. 2011); *supra* text accompanying notes 183–190.
the court treated the alternative ground as the dispositive question, and it was able to find a rationale for affirmance that was a question of law, it did not have to remand the case. Had the agency error been the dispositive question, the court would have been required to remand under Chenery. Similarly, In re Comiskey, where the Federal Circuit interjected itself into the patentable subject matter debate, suggests another way the Federal Circuit can take advantage of the power that comes with focusing on the alternative ground for affirmance.\(^{288}\) Because patentable subject matter is an issue of law, the Federal Circuit could affirm on patentable subject matter in any appeal without being barred by Chenery, allowing it to develop its patentable subject matter jurisprudence whenever it chose.

Because the relevant question for applying the law/fact distinction has a large impact on the balance of power, the best approach may depend on which agency’s decisions are being reviewed, and how much power Congress has delegated to that agency. Also crucial is to what extent the goal of applying Chenery is to improve agency decisionmaking. Focusing on the agency error better promotes that goal as a general matter. For the PTO, the argument may be slightly stronger for focusing on the court alternative rather than the agency determination. As I have discussed above, Chenery probably does not play a huge role in encouraging better PTO decisionmaking, and the PTO is a relatively weak agency with less delegated power. On the other hand, focusing on the court solution opens the door for overly aggressive review by the Federal Circuit. Either way, though, a first step would be simply to consistently identify the same question as the relevant one, regardless of whether it is the agency determination or the court alternative.

\[\text{ii. Law and Fact and the Proper Level of Generality}\]

Even if courts were consistent in identifying the relevant question, unpredictability in Chenery’s application would

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288. In re Comiskey itself is not an example of the effect of focusing on the alternative ground, since the PTO’s rejection there was for obviousness, also a question of law. In re Comiskey, 554 F.3d 967, 972 (Fed. Cir. 2009). But the effect would be seen in an identical case in which the PTO’s error was one of fact.
remains a significant problem in areas of law—like patent law—in which law and fact are intricately interwoven. As Part II.D.1 discussed, in many cases, whether a question involves an issue of law or fact depends on the level of generality with which the court frames the question. An effective solution would likely require tackling the underlying problem—the convoluted nesting in patent law of questions of fact within questions of law, and of questions of law within questions of fact. Scholars who believe there is no true difference between law and fact other than the functional effect of the designation 289 might support an overhaul of the doctrine such that questions identified as law and fact were not nested within each other. 290 But scholars who believe that there is an analytical distinction between the two, 291 even those who think that the current division is sometimes “hard to reconcile,” 292 “vexing,” 293 or “confusing and unhelpful,” 294 might resist such an overhaul. Reformulating

289. These include Ronald Allen and Michael Pardo, who, in describing the decision in Markman v. Westview Instruments, Inc., 517 U.S. 370 (1996), suggest that “the remarkable ease with which a traditional factual question can transmute into a legal question at the drop of a lawsuit casts further doubt on the proposition that we are dealing here with ontologically distinct species.” Allen & Pardo, supra note 113, at 1784; see also Gary Lawson, Proving the Law, 86 NW. U. L. REV. 859, 863 (1992).

290. Even if it were overhauled to limit nesting of questions of law and fact, as long as there were a divide somewhere, there would be ambiguities at the dividing line. See Henry P. Monaghan, Constitutional Fact Review, 85 COLUM. L. REV. 229, 233 (1985) (“[L]aw and fact have a nodal quality; they are points of rest and relative stability on a continuum of experience.”); JOHN DICKINSON, ADMINISTRATIVE JUSTICE AND THE SUPREMACY OF LAW IN THE UNITED STATES 55 (1927) (“They are not two mutually exclusive kinds of questions . . . . Matters of law grow downward into roots of fact, and matters of fact reach upward, without a break, into matters of law.”).

291. See, e.g., Rai, supra note 191, at 1042–44 (addressing the view that there is no meaningful distinction between law and fact and arguing that while it has some merit, in most cases either law or fact predominates; and, more generally, discussing the important role of fact in patent law).

292. MERGES & DUFFY, supra note 90, at 1064 (“But the reasons for other exceptions [to requirements for validity being questions of law are] not entirely clear. Judicial opinions typically state the classification of law or fact with nothing more than a citation to a previous opinion which, in turn, merely cites another previous opinion, and so on. Some exceptions are particularly hard to reconcile.”).


294. See Lawson, supra note 289, at 862–63 (“[T]he law-fact distinction is
the law/fact divide would have broad repercussions outside the context of the Chenery doctrine. Any proposed changes would need to carefully consider the effects on other areas of patent law, and should certainly not be undertaken based on implications for Chenery alone. Furthermore, even if it were theoretically possible to clarify the distinction, the Federal Circuit would likely resist doing so. Professors Benjamin and Rai have argued that the Federal Circuit “turn[s] facts and policy into law” in order to avoid giving deference to PTO determinations. While such a reformulation might be possible, it would be impractical to implement without other major changes in patent law.

C. An Alternative Approach: Three Cherneys

In the preceding sections, I have shown how questions of law and fact are so heavily intertwined in patent law that formalistic tests for Chenery’s application that hinge on the law/fact distinction lead to unpredictable and undesirable results. Though one response might be to never or always apply Chenery, both approaches are overcorrections that leave the PTO with less or more deference than it is due. Attempting to clarify the current rule’s application is similarly unsatisfying. Here, I consider an alternative approach, and one that I believe is ultimately the most promising. My proposal provides a more predictable method for dividing between those appeals in which Chenery will apply and those in which it will not. My proposal also takes better account of when Chenery ought to apply by more carefully considering separation of powers concerns and the doctrine’s costs and benefits.

In considering how best to apply Chenery, it is important to remember that fundamentally, the scope of Chenery, when combined with the standards for judicial review, determines the level of deference given to agency decisions. To some extent, the Federal Circuit’s approach—applying Chenery to issues of fact, but not issues of law, seems reasonable. It reflects the assumption evident throughout administrative

sometimes criticized as confusing and unhelpful . . . ”).  

law that courts should have more power in the realm of legal issues, while agencies should have more power in the realm of factfinding. The foundation for such an assumption is particularly strong for an agency like the PTO that does not have substantive rulemaking power, and whose statutory interpretations do not receive *Chevron* deference. Yet, in areas of jurisprudence where law and fact are highly intertwined—like patent law—the divisions between law and fact are at best imprecise measures of how much deference an agency’s decisions ought to receive. Therefore, I propose that the Federal Circuit rely instead on more precise indicators to determine whether and how *Chenery* should be applied.

1. *Chenery Revisited*

The first step in identifying more precise indicators is recognizing that the Federal Circuit and other courts apply *Chenery* in multiple types of situations. In a 1969 law review article, Judge Henry Friendly examined the application of the *Chenery* doctrine since its first articulation. He concluded that when courts referred to the “*Chenery* doctrine,” they were referencing what were actually three distinct bases for remand to the agency. First, the court may remand when the agency has not adequately explained its reasoning. Second, the court may remand when the agency has relied on an unsustainable rationale for its decision. This was the situation in *Chenery* itself. Third, the court may remand when the agency has relied on “insufficient or erroneous” determinations in supporting a rationale that would otherwise be correct. Despite Judge Friendly’s article, courts have often continued to use *Chenery* to refer to all three ideas without distinguishing among them. Reconsidering these different uses of *Chenery* is the starting place for identifying more precise indicators of when an agency’s decisions ought to receive deference.

296. *Friendly, supra* note 5.
297. *Id.* at 206.
298. *Id.* at 209. Judge Friendly argued this was the only situation in which the true *Chenery* doctrine applied. *Id.*
299. *Id.* at 217. Judge Friendly used the word “findings,” but because “findings” suggests issues of fact only, here I use “determination” in an attempt to think about issues without regard to formal designations as law or fact.
300. *See* *Stack, supra* note 4, at 964.
Judge Friendly’s three categories of agency errors can be thought of as varying in their breadth. The narrowest type of error by the agency is an insufficient or erroneous determination. The overall rationale is correct, and the agency explains its reasoning. But either the agency has failed to make a necessary determination, or it has made an erroneous determination. A broader error occurs when an agency inadequately explains its reasoning. An even broader error occurs when the agency relies on an incorrect rationale. Judge Friendly’s insight can also be extended to the possible alternative reasons for affirmance by courts. That is, the narrowest solution would be to make a corrective determination. Slightly broader would be to reformulate the reasoning to support the agency’s rationale. The broadest solution would be to state an entirely new rationale.

Conceptualizing the interactions between agencies and courts in this way, as I have illustrated in Figure 1, provides a better framework to understand the relationship and division of power between agencies and courts when an agency decision is reviewed.

**FIGURE 1.** Types of agency errors and solutions upon review by courts.

For an agency like the PTO where the existing doctrine on deference suggests that *Chenery* should apply to some but not all agency decisions, whether *Chenery* is applied should depend on the particular situation’s position on this framework. The more natural realm of the agency is the
individual determination—the top level of the pyramid. The natural realm of the court, on the other hand, is the rationale—the bottom level of the pyramid. The middle level—reasoning to support a rationale—lies somewhere in between, but arguably, it is more in the realm of the administrative agency. As a matter of institutional design, it is desirable for agencies to explain their reasoning, not only to ensure that they consider their decisions thoroughly, but also to provide an adequate basis for court review on appeal.301

When cases arise in an area of jurisprudence that has a simple division between law and fact, the top level of the pyramid is likely to correspond to issues of fact, whereas the bottom level is likely to correspond to issues of law. In such an area, the application of *Chenery* to questions of law but not questions of fact may be a natural division. But in an area like patent law, with its complicated structure of law and fact, it makes more sense to ignore formal designations of issues as ones law or fact, and instead to apply *Chenery* to determinations at the top but not to rationales at the bottom. Under an ideal rule, the types of decisions we want to keep within the PTO—the narrower, specific determinations on which the agency has the most expertise—stay in the PTO, but the Federal Circuit has more control over the broader questions involving doctrinal development.

But an approach that simply applies *Chenery* to the top two levels of the pyramid and not to the bottom is not defined precisely enough to provide predictability. Recall from the earlier discussion that *Chenery*’s application depends heavily on whether the reviewing court identifies the relevant issue for the law/fact characterization as the agency’s error or the reviewing court’s solution.302 The rule governing *Chenery*’s application must thus similarly consider how agency errors are related to reviewing court solutions.

Ignoring for the moment the constraints of *Chenery*, a reviewing court need not correct an agency error with a solution of corresponding breadth—it can be fixed by a

301. Cf. Friendly, supra note 5 at 208 (describing a court’s reversal and remand when an agency has not adequately explained its reasoning as ideally causing the agency to “take the hint and re-think the bases of its decision,” or at least giving the court “the benefit of an explicaded decision”).

302. See supra Part II.D.2.
solution of equal or greater breadth. Assume first that the agency error is an erroneous or insufficient determination. The reviewing court could take any of the three possible corrective approaches. It could make a corrective determination; reformulate the reasoning to support the rationale; or supply a new rationale entirely.

Assume instead that the error is an inadequate explanation of the agency’s reasoning. Because the error was broader than an erroneous or insufficient determination, the court cannot affirm the decision as in the example above simply by making a corrective determination. But the reviewing court still has two options. It might flesh out the reasoning to go with the particular rationale that the agency relied upon; or it could choose and develop a new rationale.

Assume, finally, that the error is an unsustainable rationale. In such a case, it does no good for the reviewing court to correct an insufficient or erroneous determination, or to provide reasoning for the agency’s rationale. The only viable approach for the court to affirm the decision is to find a new rationale and fully develop it.303 These ideas are illustrated in the diagram below.

FIGURE 2. Types of agency errors, solutions upon review by courts, and their relationships.

303. Note that fully developing a new rationale would require also addressing the layers of the pyramid above it—providing any needed reasoning and subsidiary determinations. Similarly, if the court provides new reasoning for an agency-supplied rationale, that might, too, require making subsidiary determinations.
The slope of the arrows reflects how closely the solution is tailored to the error. A horizontal arrow represents a closely tailored solution. In contrast, a downward-pointing arrow represents a less closely tailored solution. A court that adopts a less closely tailored solution is, in a sense, over-correcting the agency by adopting a solution that reaches more broadly than the agency’s original error.

Whether less closely tailored solutions should be allowed depends on the desired allocation of power between the agency and court. Whether they are allowed depends on whether the rule for *Chenery’s* application focuses on the error by the agency or the solution by the court. If the rule governing *Chenery’s* application focuses on the agency’s error, over-correction is barred. The result is more deference to the agency. Figure 3 depicts an approach to *Chenery* that focuses on agency error. If the top two levels of the pyramid are the domain of the agency, and the bottom is the domain of the court, then the solid arrow indicates a permissible solution for the court to apply to affirm the agency decision. The dashed arrows indicate solutions blocked by *Chenery*, leading to remand to the agency. As Figure 3 shows, only when the agency error is an unsustainable rationale may the reviewing court affirm the decision instead of remanding. If the agency error is an insufficient or erroneous determination, or inadequate explanation of reasoning, the reviewing court must remand.
FIGURE 3. Chenery’s application when the rule relies on agency errors.

In contrast, suppose that Chenery’s application depends on the proffered solution by the court. If the court adopts this approach, it can engage in some degree of over-correction. The result is that less deference is given to the agency, as shown below in Figure 4.

FIGURE 4. Chenery’s application when the rule relies on court solutions.
As Figure 4 illustrates, the reviewing court has significantly more power when the rule for applying Chenery relies on the court’s proffered solution because the court can always override the agency by providing a new rationale.

Neither of the Chenery rules shown in Figures 3 or 4 is entirely satisfactory. An ideal rule would keep the top two layers of the pyramid within the agency, yet still allow the court to have control over the bottom layer. That means that the Chenery rule should focus on both the error and the solution. We want the rule to discipline an agency—and give it a second chance—by remanding if it makes an incorrect or erroneous determination, or if it fails to explain its reasoning. This approach incentivizes and reinforces better decisionmaking at the agency level. But we also want to prevent the reviewing court from encroaching on agency power. The court should not be allowed to make a corrective determination or substitute its own reasoning simply because its solution is to provide a new rationale.

Applying this reasoning, I propose a rule that is a hybrid of the rules illustrated in Figures 3 and 4. If the agency error falls in the top two levels of the pyramid—either an insufficient or erroneous determination, or an inadequate explanation of reasoning—Chenery applies, and the reviewing court must remand. If the agency error falls in the bottom level of the pyramid—an unsustainable rationale—the court need not remand if a new rationale can support affirmance without requiring a new subsidiary determination. In other words, if the agency has already made (most likely in another context) all of the subsidiary determinations, if any, on which a new rationale would rely, then Chenery would not bar a new rationale for affirmance. If, however, the new rationale required a subsidiary determination that ought to be entrusted to the agency, the reviewing court would still be required to remand to the agency.304

This proposal has parallels to the Federal Circuit’s reasoning in In re Comiskey and In re Aoyama. Recall that

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304. Under my rule, it would be permissible for the court to articulate new reasoning to support a new rationale, as long as there was no new determination. The court could also continue to recognize the exceptions of harmless error, reasonable discernability, and statutorily compelled outcomes. See supra notes 56–59 and accompanying text.
those decisions suggested that *Chenery* might bar a reviewing court from affirming based on a legal determination, if that legal determination hinged on a subsidiary factual determination that the agency had not made.305 My proposal similarly recognizes the dependence of broader court solutions on subsidiary determinations. However, under my proposal, the court’s ability to provide a new rationale is dependent on finding agency reliance on an unsustainable reason. This stands in stark contrast to the Federal Circuit’s approach in *Comiskey*. The applicant there appealed the Board’s rejection of his claims as obvious, but the court declined to reach the question of obviousness, instead finding a number of the claims directed toward unpatentable subject matter.306 Under my proposal, the Federal Circuit must first consider the reasoning followed by the agency. Only if the court finds fault with the agency’s reasoning may it determine whether *Chenery* allows affirmance on another basis. This approach respects the PTO’s role as the adjudicator of patent applications in the first instance. Indeed, for the Federal Circuit to supply an alternative ground for affirmance when it has not found fault with the PTO’s decision at all, as in *Comiskey*, is perhaps the most concerning of all possible outcomes from a separation of powers standpoint.

2. Applying the Rule to Review of PTO Decisions

i. Insufficient or Erroneous Determinations

How would this rule apply in the context of Federal Circuit review of PTO denials of patent applications? Most of the cases I have discussed in this Article would fall into the category of insufficient or erroneous determinations. *In re Skvorecz*,307 *In re Klein*,308 *In re Zurko* (*Zurko IV*),309 and *In re Aoyama*310 were instances of erroneous determinations. In those cases, the Board articulated its reasoning and based its

305. See * supra* notes 159–163.
306. *In re Comiskey*, 554 F.3d 967, 969 (Fed. Cir. 2009).
307. 580 F.3d 1262 (Fed. Cir. 2009).
308. 647 F.3d 1343 (Fed. Cir. 2011).
309. 258 F.3d 1379 (Fed. Cir. 2001).
310. 656 F.3d 1293 (Fed. Cir. 2011).
rejection on a rationale that was generally appropriate for denying an application—anticipation or obviousness—but it made an erroneous determination to support that rationale. In both Skvorecz and Zurko, the Board incorrectly found that an existing patent had a particular element of the applicant’s claim, based on misevaluating the content of the prior art patent.311 In Klein, the agency incorrectly treated the prior art as analogous.312 In Aoyama, the agency incorrectly construed the application’s claims.313

Under my proposal, Chenery would be applied in these cases, leading the Federal Circuit to remand the case back to the agency. When the agency’s insufficient or erroneous determinations are issues of fact, my proposed rule will lead to the same outcome as the Federal Circuit’s current rule that Chenery applies to questions of fact but not law. But my proposal will reach different results when the agency determinations are issues of law. This would happen, for instance, when they are claim constructions, as in Aoyama. This result makes sense in light of the justifications for Chenery. Making the correct determinations to support a rationale, regardless of whether those determinations are formally legal or factual, to grant or deny a patent is a function that most clearly fits within the PTO’s delegated authority to adjudicate patent applications. This is also an area in which the PTO has greater expertise as compared to the courts, so applying Chenery should result in better decisionmaking.314

ii. Inadequate Explanations of Reasoning

In re Thrift and In re POD-NERS are harder to categorize. Both could reasonably be classified as either insufficient determinations, at the top of the agency error

311. Skvorecz, 580 F.3d at 1267; Zurko IV, 258 F.3d at 1385.
312. Klein, 647 F.3d at 1352.
313. Aoyama, 656 F.3d at 1297.
314. See supra text accompanying notes 220–225. Indeed, Professor Rai has argued that claim construction, though technically an area of law, is one where judges “would be well-advised to turn to the testimony of experts.” Rai, supra note 194, at 881–82. Of course, applying Chenery to erroneous or inadequate determinations of law is at odds with the current (though often criticized) doctrine dictating de novo review of PTO determinations of law, including claim constructions.
pyramid, or inadequate explanations of reasoning, at the middle level of the pyramid. Indeed, it will often be difficult to distinguish between insufficient determinations and inadequate explanations. But it is not necessary to parse the distinction under my proposed rule, because cases are remanded when the PTO's error falls into either category.

Another example of a Board decision that would fit into the middle layer of the pyramid can be seen in Gechter v. Davidson.315 There, the Board held that the claims were anticipated.316 On appeal, the Federal Circuit criticized the Board for its insufficient analysis, which “lack[ed] the level of specificity necessary,”317 for “meaningful appellate scrutiny.”318 The court complained that the Board's opinion “lack[ed] a claim construction, ma[de] conclusory findings relating to anticipation, and omit[ted] any analysis on several limitations.”319 In cases like Gechter, the Board has not done its job. But it is difficult to pinpoint whether the agency's error was one of fact or law. Broadly speaking, the issue in Gechter was anticipation, which is a question of fact. But more particularly, the Federal Circuit criticized the Board's opinion for lacking several specific subparts of a proper anticipation analysis, including that the opinion lacked any claim construction (an issue of law) and that it failed to explain whether and how another reference contained the claim's limitations (an issue of fact).320

This situation does not fit well into the law/fact dichotomy of the Federal Circuit's current Chenery rule. Indeed, the Federal Circuit's opinion in Gechter did not mention the law/fact dichotomy, but merely said it was remanding due to the lack of specificity necessary for review. Thus, how the Federal Circuit would apply its articulated rule is hard to predict. But under my proposed rule, the outcome is clear: the case would be remanded to the agency.

Remanding when the court has insufficiently explained its reasoning is consistent with several of the policy

315. Gechter v. Davidson, 116 F.3d 1454 (Fed. Cir. 1997). This case was an appeal from an interference proceeding. Id. at 1456.
316. Id.
317. Id. at 1459.
318. Id. at 1458.
319. Id. at 1460.
320. Id.
rationales behind *Chenery*. Remanding when the agency has not carried out a sufficient analysis allows the agency a second chance to use its delegated authority to adjudicate the patent application, which encourages better agency decisionmaking. When a large part of the analysis remains to be done, remand also allows that analysis to be done by agency experts rather than more generalist Article III judges. To be sure, I suggested earlier that *Chenery* may not lead to huge improvements in the quality of PTO decisionmaking, given that standard PTO procedure requires that that rationales and reasoning be articulated at the time of decisionmaking. But in the event that the agency has failed to follow these procedures, *Chenery*'s positive effects may be substantial.

**iii. Unsustainable Rationales**

Cases at the bottom level of the agency error pyramid—when the agency relies on an unsustainable rationale—are rare in appeals of PTO decisions. In these cases, the rationale articulated by the agency is an inappropriate basis for the agency’s decision, and not simply because it is supported by an erroneous or insufficient determination. Presumably, these types of errors in PTO decisions are rare because the basic rationales for denying patent applications are well established. When the PTO denies patent applications, it generally does so for failure to meet one of the statutory requirements for receiving a patent: patentable subject matter, utility, novelty, obviousness, and the disclosure requirements. Denials for these reasons are frequent and rarely venture into uncharted doctrinal territory. This contrasts sharply with a situation such as the one in *Chenery* itself. There, the SEC was dealing with a newly enacted statute providing for new areas of agency authority. As described by Judge Friendly, the SEC was

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323. The Board states in its standard operating procedures that “The Board annually issues a large number of opinions in appeals . . . . These opinions are written primarily for the benefit of the parties to the proceedings. Most opinions do not add significantly to the body of law.” *BD. OF PATENT APPEALS & INTERFERENCES, supra* note 216, at 1.
“venturing into terra incognita.” In appeals of patent denials, terra incognita is rare.

I have found only one instance since the Federal Circuit’s creation in 1982 in which it discussed Chenery in the context of this type of Board error. In that case, the court reviewed a PTO decision to reject a reissue application. Reissue of a patent can be sought “[w]henever any patent is, through error, deemed wholly or partly inoperative or invalid . . . by reason of the patentee claiming more or less than he had a right to claim.” The applicant filed an application for reissue, but the examiner rejected the application. The Board affirmed on the rationale that the statutory requirements for reissue were not met, because the applicant did not intend to claim in his original patent the subject matter of the new claims.

On appeal, the Federal Circuit held that the Board had misconstrued the prior case law. The court held that intent to claim the subject matter of the new claims was not an independent statutory requirement for reissue. The PTO argued for an alternative rationale for affirmance—that the application was actually an untimely attempt to reissue a different patent with broader claims. This case was the first in which the Federal Circuit applied Chenery, and it was before the court suggested its more limited view of the doctrine. See supra notes 89–98 and accompanying text.
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Under my proposal, the key factor for determining whether *Chenery* applies in such a situation is that the PTO relied on an unsustainable rationale. The PTO’s rationale was that the applicant did not intend to claim in his original patent the subject matter of the new claims, but the Federal Circuit held that was not a proper basis for a rejection. Because this case would fall into the bottom level of the pyramid, the court could affirm based on the PTO’s new argument, as long as it could do so without making any new subsidiary determinations.334

Again, this outcome is consistent with *Chenery’s* underlying justifications. When the agency relies on an incorrect rationale, it is less appropriate to apply *Chenery* than in the other two contexts discussed above. The PTO is most likely to rely on an incorrect rationale when the agency misunderstands the law, or when it is charting new doctrinal territory. But the PTO does not have substantive rulemaking authority—so to the extent that *Chenery* is “justified as an incident of delegation,”335 its application to unsustainable rationales may be appropriate to protect the agency’s delegated power only when the affirmance requires a subsidiary determination that the agency should retain the power to make.336

Of course, the rule I have proposed here has its own drawbacks. My proposal will not always lead to predictable outcomes, and lawyers will often be able to argue persuasively that a case falls into the area of the pyramid that most supports their desired outcomes. Even Judge Friendly admitted that it was not always clear into which of his three categories a case would fit, and that determining when *Chenery* applied was “more an art than a science.”337

334. The Federal Circuit opinion from this case does not develop the alternative rationale for affirmation sufficiently to determine whether the court could have affirmed without making any new subsidiary determinations.
335. Stack, *supra* note 4, at 1004.
336. *Chenery’s* application could also be appropriate in reasons related to procedural matters, where the PTO does have rulemaking authority. Benjamin & Rai, *supra* note 12, at 297–98.
337. Friendly, *supra* note 5, at 224 (“I am not so naïve as to think that all cases can be neatly pigeonholed . . . .”); *id.* at 199–200 (“Although, when I began my labors, I had the hope of discovering a bright shaft of light that would furnish a sure guide to decision in every case, the grail has eluded me; indeed I have come to doubt that it exists. Determination when to reverse and remand a
Furthermore, it is almost certain as a practical matter that the Federal Circuit would not independently implement my proposal. Few cases would fall into the bottom level of the pyramid—and even fewer of those would not require any new subsidiary determinations—so implementing it would require the Federal Circuit to significantly increase the deference that it grants to the PTO. This greater deference would involve not only applying *Chenery* in situations where the Federal Circuit does not currently apply *Chenery*, but also no longer applying *de novo* review to some agency determinations of law—most notably many claim constructions.

Even if my proposal does not align with current Federal Circuit jurisprudence, it does align more closely with recent Supreme Court opinions’ rejections of exceptionality in administrative law. In *Zurko III*, the Supreme Court emphasized “the importance of maintaining a uniform approach to judicial review of administrative action.” More recently in *Mayo Foundation for Medical Education and Research v. United States*, the Court similarly rejected a nonuniform approach to administrative review for tax law. My proposal brings the Federal Circuit’s application of the *Chenery* doctrine in review of patent denials closer to the approach of most other courts in reviewing other agencies. Although it would not require *Chenery* to be applied as broadly, it would broaden its application significantly and create a much more limited set of circumstances—corresponding to the less expansive delegation of power to the PTO—in which the Federal Circuit could supply its own reasoning.

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339. See *Mayo Found. for Med. Educ. & Research v. United States*, 131 S. Ct. 704, 713 (2011); Kumar, *supra* note 5, at 233 (describing the Supreme Court’s decision in *Mayo* as rejecting specialized rules of administrative law for tax decisions, “reaffirm[ing] its position against exceptionism in administrative law,” and raising the “question of how long the Federal Circuit will be able to continue flouting core principles of administrative law to promote uniformity in patent law”).
CONCLUSION

Though administrative law applies across many substantive areas, scholars have noted that it is not possible to understand the significance of its principles “apart from the substantive responsibilities of particular agencies and the means available to those agencies for accomplishing their goals.” This is particularly true with regard to the Chenery doctrine, which limits the options of a reviewing court by requiring it to remand a case to the agency rather than adopt its own reasons for affirming. The principle may initially appear simple, but it is in fact quite complicated in application.

In this Article, I have explored the contours of the Chenery doctrine by focusing on the Federal Circuit’s review of PTO decisions to deny patent applications. The Federal Circuit, like a few other courts, has articulated the view that Chenery applies to questions of fact, but not to questions of law. As I have illustrated, this view leads to unpredictability in when the court will apply Chenery. This unpredictability leads not only to unnecessary costs for litigants and for the agency, but it seriously threatens the balance of power between agencies and courts. A court can exploit the imprecision of Chenery’s scope to encroach on agency power, the very outcome Chenery is meant to protect against. This risk is particularly great in the Federal Circuit, which has historically resisted giving the PTO the deference that standard principles of administrative law would provide.

In large part, the unpredictability of Chenery’s application reflects the deeper problem that the distinction between law and fact, particularly in patent law, is a poor guide for distinguishing agency decisions that deserve deference during judicial review from those decisions that should be in judicial hands. The application of Chenery should instead depend on the type of error made by the agency in reaching its decision and on what grounds the reviewing court proposes to affirm the decision. Articulating a clear rule of this sort would go a long way in making the court’s approach not only more predictable, but also better aligned with Chenery’s conceptual and policy foundations.

340. Breyer, supra note 1, at 3.