

# Section 101: Impacts of the New Guidelines on Patent Subject Matter Eligibility and Federal Circuit Decisions

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## SUMMARY

1. Should deference be accorded USPTO Section 101 PEG?
2. USPTO Treatment in Federal Courts
3. Practical Applications

## Chevron Deference

How much deference do federal courts owe for *interpretations of legislative rules and formal adjudications* on review?

- *Chevron U.S.A. v. NRDC*, 467 U.S. 837, 842-43 (1984)

*Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.*

“When a court reviews an agency's construction of the statute which it administers, it is confronted with two questions. First, always, is the question whether Congress has directly spoken to the precise question at issue. If the intent of Congress is clear, that is the end of the matter; for the court, as well as the agency, must give effect to the unambiguously expressed intent of Congress. If, however, the court determines Congress has not directly addressed the precise question at issue, the court does not simply impose its own construction on the statute, as would be necessary in the absence of an administrative interpretation. Rather, if the statute is silent or ambiguous with respect to the specific issue, the question for the court is whether the agency's answer is based on a permissible construction of the statute...

If Congress has explicitly left a gap for the agency to fill, there is an express delegation of authority to the agency to elucidate a specific provision of the statute by regulation. Such legislative regulations are given controlling weight unless they are arbitrary, capricious, or manifestly contrary to the statute. Sometimes the legislative delegation to an agency on a particular question is implicit rather than explicit. In such a case, a court may not substitute its own construction of a statutory provision for a reasonable interpretation made by the administrator of an agency.”

*Justice Stevens*

*Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.*

### Step 1:

A court must determine whether Congress has made an express intent known in the statute and that this expression is unambiguous.

- i. If the intention of Congress is unambiguously stated, the inquiry must end, because the courts and agencies must give effect to the unambiguously expressed intent of Congress.
- ii. If, however, the intention of Congress is ambiguous, or if the statute lacks express language on a specific point, then a federal court must decide whether the agency interpretation is based on a permissible construction of the statute.

*Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.*

### Step 2:

In examining the agency's reasonable construction, a court must assess whether the decision of Congress to leave an ambiguity or fail to include express language on a specific point, was done explicitly or implicitly.

- i. If the decision of Congress was explicit, then the agency's regulations are binding on federal courts unless those regulations are arbitrary, capricious, or manifestly contrary to statute.
- ii. If the decision of Congress was implicit, then so long as the agency's interpretation is reasonable, a federal court cannot substitute its own statutory construction superior to the agency's construction.[1][2]

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