
Supreme Court Upholds IPRs but Strikes Down Partial PTAB Decisions in Two Important Patent Cases

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The Supreme Court today decided two important cases involving patent rights and *inter partes* review at the US Patent and Trademark Office (PTO). Both cases affirm the importance of Post-Grant Proceedings as a part of an Intellectual Property strategy and may portend changes to the processes at the PTO.

In *Oil States v. Greene's Energy Group* (No. 16-712), the Court upheld the constitutionality of *inter partes* review (IPR) proceedings—a process by which the PTO is authorized to reconsider and cancel patent claims that were wrongly issued. The petitioner, Oil States Energy Services, asserted that the IPR process violates Article III of the Constitution—which prohibits Congress from conferring “judicial power” in entities other than the federal courts—as well as the Seventh Amendment right to a jury trial.

In a 7-2 decision authored by Justice Thomas, the Supreme Court rejected Oil States' arguments. The Court held that the IPR process “falls squarely within the public-rights doctrine” of its Article III precedents. Slip op. at 6. That doctrine provides that Congress has significant latitude to assign the adjudication of public rights—as opposed to private rights—in entities other than federal courts. The Court observed that the decision to *grant* a patent is a matter involving public rights, namely, “the grant of a public franchise” to inventors. *Id.* at 7. Because the IPR process is simply a reconsideration of that grant, the PTO may conduct IPR proceedings without violating Article III. *Id.* at 8. The Court further concluded that its analysis of the Article III issue resolved the Seventh Amendment challenge, since the Seventh Amendment poses “no independent bar” to an adjudication by a nonjury factfinder. *Id.* at 17. Justice Gorsuch wrote a dissent joined by Chief Justice Roberts.

The decision essentially preserves the status quo with respect to IPR proceedings for the time being. But the majority emphasized that its holding is narrow, and does not, for example, address whether IPRs violate the Due Process Clause or Takings Clause. Consequently, IPR proceedings may still be subject to future challenges.

In *SAS Institute Inc. v. Iancu* (No. 16-969), the Court held 5-4 that when the Patent Trial and Appeal Board (Board) institutes an IPR, it must do so on all claims challenged in the IPR petition.

Writing for the majority, Justice Gorsuch explained that the statute “supplies a clear answer: the Patent Office must ‘issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner.’ In this context, as in so many other, ‘any’ means ‘every.’ The agency cannot curate the claims at issue but must decide them all.” Slip op. at 1 (quoting 35 U.S.C. § 318(a)). Because there is no statutory ambiguity, the PTO’s regulation permitting partial review is entitled to no deference under *Chevron. Id.* at 12. Nor could the PTO’s arguments based on other statutory subsections which permit, without requiring, institution where there is a reasonable likelihood that the petitioner will prevail on at least one challenged claim (§ 314(a)) and limiting judicial review of institution decisions (§ 314(d)) overcome the plain meaning of the statute. *See id.* at 6, 13.

Justices Ginsburg and Breyer filed dissenting opinions. Notably, Justice Ginsburg suggested that the PTO could pursue an alternative method to “weed out insubstantial challenges” based on its permissive institution authority under § 314(a).

SAS will likely produce substantial changes to the IPR process, with impacts on Patent Owners post-institution, Petitioners concerned about estoppel, and on the Board’s and the Federal Circuit’s dockets and workload.

WilmerHale hosted a [webinar](#) on April 25, 2018, to discuss initial impressions and reactions to *Oil States* and SAS. We will also be providing continued analysis of the decisions in the coming days and weeks.

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