



Supreme Court Issues Two Highly Anticipated Decisions Impacting *Inter Partes* Review

Summary: On April 24, 2018, the Supreme Court issued two important decisions in the cases of *Oil States Energy Services, LLC v. Greene's Energy Group, LLC, et al.*, and *SAS Institute Inc. v. Iancu*, addressing *inter partes* review (IPR). Both cases will have a significant impact on IPR proceedings. In sum, the Court determined that (1) IPR proceedings are indeed constitutional, and (2) the Patent Trial and Appeal Board (PTAB) must address all challenged claims in the final written decision.

On April 24, 2018, the Supreme Court issued two important decisions in the cases of *Oil States Energy Services, LLC v. Greene's Energy Group, LLC, et al.*, and *SAS Institute Inc. v. Iancu*, addressing *inter partes* review (IPR). Both cases will have a significant impact on IPR proceedings. In *Oil States*, the Court found that IPR proceedings are indeed constitutional. In *SAS*, the Court found that the Patent Trial and Appeal Board (PTAB) must decide the patentability of all claims challenged in a petition. Neither decision was unanimous. In *Oil States*, a 7-2 decision, Justice Thomas wrote for the majority; Justice Breyer wrote a concurring opinion joined by Justices Ginsburg and Sotomayor; and Justice Gorsuch wrote a dissent joined by Chief Justice Roberts. In *SAS*, a 5-4 decision, Justice Gorsuch wrote for the majority; Justice Ginsburg wrote a dissent joined by Justices Breyer, Sotomayor, and Kagan; and Justice Breyer also wrote a dissent joined by Justices Ginsburg and Sotomayor, and Justice Kagan in part.

In *Oil States*, one of the fundamental issues was whether a patent is a public or private right. The Court determined that “the decision to grant a patent is a matter involving public rights,” and IPR is “simply a reconsideration of that grant, and Congress has permissibly reserved the PTO’s authority to conduct that reconsideration.” The Court reasoned that the “primary distinction between *inter partes* review and the initial grant of a patent is that *inter partes* review occurs after the patent has issued. But that distinction does not make a difference here.” Accordingly, the Court found that the public-rights doctrine applies and renders IPR proceedings constitutional under Article III. Justice Thomas, writing the majority opinion, made a point to “emphasize the narrowness of [the] holding” and specifically noted that *Oil States* “does not challenge the retroactive application of *inter partes* review, even though that procedure was not in place when its patent issued... nor has *Oil States* raised a due process challenge.” Thus, future challenges to IPR proceedings on due process grounds may be likely.



In *SAS*, the Court held that the PTAB must address the patentability of all claims challenged in the petition. The Court found that the PTAB's practice of partially instituting IPR on only a subset of the challenged claims was contrary to the plain language of the statute, which states that the PTAB "shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner." 35 USC §318(a). Justice Gorsuch, writing the majority opinion, likened an IPR to a complaint in a civil litigation and found that "the petitioner is master of its complaint and normally entitled to judgment on all of the claims it raises, not just those the decision maker might wish to address."

The *SAS* decision may very well lead to remand of the numerous final written decisions that addressed only a subset of the challenged claims. Moreover, because a final written decision triggers estoppel, petitioners will need to assess the impact of *SAS* now that all challenged claims will be subject to a final written decision regardless of the likelihood of success as to each claim shown in the petition. Patent owners will need to adjust pre-institution strategies to focus attacks on all the claims, rather than attempt to "carve-out" a subset of the claims from the IPR.

For Further Information and Assistance

On April 26, 2018, the PTAB released a guidance memo addressing the *SAS* decision and its impact on PTAB procedures. The memo can be found here: <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials/guidance-impact-sas-aia-trial>

Cantor Colburn continue to monitor further developments regarding the short-term and long-term effects of the *Oil States* and *SAS* decisions. Please do not hesitate to contact your Cantor Colburn attorney with any questions you may have regarding these rulings, IPRs and your IP in general.

Litigation Partner and Post Grant Review Practice Chair Andrew Ryan is available for further questions at aryan@cantorcolburn.com and +1 (860) 286-2929.

Please note that each situation has its own unique circumstances and ramifications. This Client Alert is for informational purposes only and is not legal advice.