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GRANT'S IP LAW

Every time the U.S. Supreme Court takes a patent case, the collective patent bar (in-house and outside counsels alike) takes a deep breath. The risks are high, the court lacks patent expertise, the influence of the justices' personal agendas is substantial and the Supreme Court is swayed as much or more by public sentiment and newspaper editorial pages as it is by the letter of the law.

That's why two Supreme Court patent decisions, *Oil States Energy Services LLC v. Greene's Energy Group LLC* and *SAS Institute Inc. v. Iancu*, rendered on the same day in April, allowed patent attorneys everywhere a chance to breathe again, at least for now.

- In *Oil States*, the court addressed the constitutionality of the *Inter Partes* Review, or IPR, regime as a whole under Article II and the Seventh Amendment. The Supreme Court chose not to upend the IPR regime, enacted by Congress as part of the America Invents Act of 2012, that allows the Patent and Trademark Office, or PTO, to review the validity of issued patents.

- In *SAS*, the court required the PTO to review all challenged claims in an IPR petition, not just the ones where the petitioner had established a likelihood of success in invalidating, thus strengthening the potential estoppel impact against a petitioner whose challenge has failed.

The *Oil States* decision is based on the tenuous notion that although patents are privately owned and must be enforced by private litigants, and according to 35 U.S.C. Section 261, "[s]ubject to the provisions of this title, patents shall have the attributes of personal property," they are nevertheless a public right. As such, their validity can be reviewed by an agency (the PTO's Patent Trials and Appeals Board, or PTAB) without violating Article III of the Constitution or the Seventh Amendment. Newly minted Justice Neil Gorsuch gave a spirited dissent, noting, with some sarcasm that "no doubt, dispensing with constitutionally prescribed procedures is often expedient."

The Supreme Court's decision left a constitutional hole big enough to drive a truck through. Somewhat inexplicably, the petitioner failed to challenge the "retroactive application of *inter partes* review, even though that procedure was not in place when its patent issued." Thus Congress' ability to establish this new procedure and applying it to patents enacted before the AIA remains in question. The petitioner also failed to address whether IPR proceedings violate the due process or takings clauses.



A PATENT DOUBLEHEADER

The Supreme Court takes the field for Inter Partes Reviews

By GRANTLAND DRUTCHAS

Had *Oil States* turned out differently, or the court at least struck down the retroactive nature of the IPR regime, the situation could have resulted (and may still result) in mayhem. The PTAB has invalidated some or all claims of more than 1,600 patents since its inception; all of those invalid patents/claims would have been in limbo, and possibly resuscitated.

The potential ramifications of the second April Supreme Court decision involving IPRs, *SAS*, were not as serious, but the decision is still significant for IPR proceedings going forward. Until now, the PTAB has only allowed a petitioner to continue to challenge claims as to which the petitioner had established a reasonable likelihood that it would prevail as to invalidity.

This policy of allowing only partial challenges was at odds with the plain language of 35 U.S.C. Section 318(a), however, which states "[i]f ... review is instituted and not dismissed," at the end of the litigation the Patent Trial and Appeal Board "shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner." As found by the 5-4 majority, this requirement of PTAB review of all claims in a final written decision is a "non-discretionary duty" and "[t]he [d]irector's claimed 'partial institution' power appears nowhere in the text of [Section] 318, or anywhere else in the statute for that matter."

This decision yields a couple of significant re-

sults. First, if a petitioner succeeds in establishing a likelihood of success in proving invalidity of just one of 15 challenged claims in a patent, the PTAB must review and write a final written decision as to all 15 claims.

That gives the petitioner another bite at the apple with respect to the 14 other claims in the IPR proceedings. Second, however, because the final written decision will now address all 15 claims, the principle of IPR estoppel under 35 U.S.C. Section 315 will now apply to all of the patent claims. That is, a petitioner is precluded from asserting an invalidity ground in patent litigation that it "raised or reasonably could have raised during that *inter partes* review," but only as to those claims that are the subject of a final written decision. 35 U.S.C. § 315(e)(2). Since all claims will now be in play, estoppel will apply to all claims, thus precluding petitioners from having a second bite at the apple in litigation. CL

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