

ALERTS

IPR Requires Patent Office To Address All Patent Claims Challenged, Supreme Court Rules

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On April 24, the U.S. Supreme Court issued a pair of decisions that may significantly affect *inter partes* review (IPR) of U.S. patents. After finding that *inter partes* review does not violate Article III or the 7th Amendment in *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, the Supreme Court issued its decision in *SAS Institute, Inc. v. Iancu*. Prior to the SAS decision, the U.S. Patent and Trademark Office regularly instituted inter partes review of less than all of the claims challenged by a petitioner. In light of the SAS decision, the Patent Office must issue a final written decision addressing the patentability of all challenged claims when it institutes an IPR, a result which may require the Patent Office to radically modify its process for adjudicating the patentability of U.S. patents.

Background

In its petition for *inter partes* review, SAS Institute challenged the patentability of all 16 claims of ComplementSoft's patent. The Patent Trial and Appeal Board (PTAB) instituted IPR, but did so for only some of the claims (claims 1 and 3-10) and denied review of the remaining claims. This so-called "partial institution" decision resulted in the PTAB issuing a final written decision under 35 U.S.C. § 318 that addressed only the patentability of claims 1 and 3-10.

In its appeal to the U.S. Court of Appeals for the Federal Circuit, SAS "argued that 35 U.S.C. § 318(a) required the Board to decide the patentability of every claim SAS challenged in its petition, not just some." (p.4.) The Federal Circuit disagreed. SAS responded by petitioning for certiorari, and the Supreme Court "granted certiorari to decide the question" for itself. (*Id.*)

Overview of the Decision

Justice Gorsuch, writing for a divided Supreme Court, declared that "the plain text §318(a) supplies a ready answer," noting that the statute "directs that if an inter partes review is instituted and not dismissed under this chapter, the [Board] shall issue a final written decision with respect to the patentability of *any patent claim challenged by the petitioner . . .*" (p.4 (emphasis in original).)

As a result, "[m]uch as in the civil litigation system it mimics, in an inter partes review the petitioner is master of its complaint and normally entitled to judgment on all of the claims it raises, not just those the decisionmaker might wish to address." (p.5.) Final written decisions in IPR must therefore address all, not just some, of the challenged claims.

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Unclear Future

Although the Court made very clear that future final written decisions will need to address all claims challenged by the petitioner, the other effects of the Court's decision may not be fully understood for some time. One possible effect is that the Patent Office may rethink its entire process for instituting and managing *inter partes* review. Prior to SAS, the Patent Office often issued lengthy institution decisions, including preliminary claim constructions and identifying the claims and grounds on which the Patent Office intended to institute *inter partes* review. The Supreme Court highlighted that such lengthy decisions were not required, noting that the statute only required the Patent Office:

[T]o decide whether the petitioner is likely to succeed on “at least 1” claim. Once that single claim threshold is satisfied, it doesn't matter whether the petitioner is likely to prevail on any additional claims; the Director need not even consider any other claim before instituting review. Rather than contemplate claim-by-claim institution, then, the language anticipates a regime where a reasonable prospect of success on a single claim justifies review of all.

If the Patent Office were to adopt the Court's suggestion, each institution decision might no longer act as a screen to filter and focus the *inter partes* review on only the strongest challenges to the claims. Given the large number of different challenges or grounds present in a typical petition, this effect might raise the cost on all parties as they make arguments and provide evidence to address all of the challenges raised in the petition.

It is also not immediately clear if SAS offers any incentive for a petitioner to reduce the number of challenges. Under 35 U.S.C. § 315(e), a petitioner in an IPR of a patent claim that results in a final written decision is estopped from asserting that “the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.” Because the Patent Office will now be required to issue a final written decision addressing all of the claims challenged in a petition, SAS may affect the scope of estoppel under § 315, on one hand, giving the petitioner another incentive to throw even marginal challenges into the petition if there is even the slightest chance of success, and, on the other, possibly giving the petitioner a reason to hold back weak challenges to some claims to try to avoid estoppel. The right strategy for a particular petition will ultimately depend on the rules the Patent Office adopts in response to the SAS decision and the issues presented by each patent.

The Patent Office is likely to issue interim guidance in response to the Court's decision soon. We will continue to follow developments from the Patent Office and the courts as the ramifications of this decision unfold.

For more information, contact the Barnes & Thornburg attorney with whom you work or a member of the firm's Intellectual Property Law Department in the following offices: Atlanta (404-846-1693), Chicago (312-357-1313), Columbus (614-628-0096), Dallas (214-258-4200), Delaware (302-300-3434), Elkhart (574-293-0681), Fort Wayne (260-423-9440), Grand Rapids (616-742-3930), Indianapolis (317-236-1313), Los Angeles (310-284-3880), Minneapolis (612-333-2111), South Bend (574-233-1171), Washington, D.C. (202-289-1313).

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