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KRATZ, QUINTOS & HANSON, LLP – IP Newsletter

RECENT U.S. SUPREME COURT CASES CONCERNING INTELLECTUAL PROPERTY LAW

By: Darren Crew

On April 24, 2018, the U.S. Supreme Court issued its opinion in *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, No. 16-712, holding that *inter partes* review (IPR) does not violate Article III or the Seventh Amendment of the U.S. Constitution.

In 2001, Oil States obtained U.S. Patent No. 6,179 relating to an apparatus for securing a mandrel of a well tool in an operative position. In 2012, Oil States filed an infringement suit against Greeneôs Energy in Federal District Court. Greeneôs Energy filed an answer, challenging the patentôs validity. Greeneôs Energy also petitioned the Patent Trial and Appeal Board, an adjudicatory body within the U.S. Patent and Trademark Office, to institute *inter partes* review, arguing that claims 1 and 22 of the patent were unpatentable because they were anticipated by prior art. The Board instituted *inter partes* review after finding that Greeneôs Energy had established a reasonable likelihood that the two claims were unpatentable.

During the *inter partes* review, Oil States filed a motion to amend, proposing substitute claim 28 if claim 1 is found unpatentable, and substitute claim 29 if claim 22 is found unpatentable. In 2015, the Board issued a final written decision concluding that Greeneôs Energy has shown by a preponderance of the evidence that claims 1 and 22 are unpatentable, and noting that the motion to amend is denied.

Oil States sought review in the U.S. Court of Appeals for the Federal Circuit, and challenged the constitutionality of *inter partes* review. In particular, Oil States argued that actions to revoke a patent must be tried in an Article III court before a jury. The Federal Circuit affirmed the Boardôs decision.

In the Oil States case, the U.S. Supreme Court indicated that patents are public franchises, and stated that this decision does not suggest that patents are not property for purposes of the Due Process Clause or the Takings Clause of the U.S. Constitution.

* * *

In another case, the U.S. Supreme Court issued its opinion in *SAS Institute Inc. v. Iancu*, No. 16-969 on April 24, 2018, holding that when an *inter partes* review is instituted by the U.S. Patent and Trademark Office and not dismissed, every patent claim challenged by the petitioner must be addressed in a final written decision.

Thus, the U.S. Patent and Trademark Office is discontinuing its practice of ñpartial institutionò wherein *inter partes* review was instituted on some, but not all, of the challenged claims.

The Courtôs holding is based on the text of 35 U.S.C. §318(a), which states: ñIf an inter partes review is instituted and not dismissed under this chapter, 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 and any new claim added under section 316(d).ò

The Court indicated that, under *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984), the U.S. Patent and Trademark Officeôs interpretation of the statute is not owed deference because, after applying traditional tools of interpretation, there is no uncertainty.

Two days after the *SAS Institute* decision, the Board helpfully issued *Guidance on the Impact of SAS on AIA Trial Proceedings*, explaining how the Board is modifying its operations. The Board has indicated that it plans to institute *inter partes* review as to all challenged claims or none at all.

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It is with our deepest sorrow that we inform you of the passing of our beloved William G. Kratz, Jr. During his years, Bill Kratz fiercely fought to protect intellectual property rights, and those of us who had the privilege of working with him knew he was a great attorney and teacher. Our prayers and thoughts are with his family.

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