

April 26, 2018

Post-Grant for Practitioners Webinar Series

Looking Ahead: Practical Implications of *Oil States Energy Services* and *SAS Institute*



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Overview

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- How often? ... bi-monthly
- When? ... 2nd Wednesday
- Topics? ...
 - Important decisions
 - Developments
 - Practice tips
- Housekeeping
 - CLE
 - Questions
 - Materials
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Looking Ahead: Practical Implications of *Oil States Energy Services* and *SAS Institute*

Earlier today, the Supreme Court of the United States released two much-anticipated opinions relating to *Oil States Energy Services, LLC v. Greene's Energy Group, LLC* and *SAS Institute Inc. v. Iancu*. Please join Fish principals [Karl Renner](#), [Dorothy Whelan](#), [John Dragseth](#), and [Rob Courtney](#) as they review the opinions and discuss practical implications for each.

Oil States Energy Services, LLC v. Greene's Energy Group, LLC

- Does the Supreme Court's blessing of IPR proceedings portend anything for the future of the USPTO?
- Is this holding just "business as usual" or can unusual results be pulled out of the opinion?
- What are the biggest remaining administrative law issues?

SAS Institute Inc. v. Iancu

- The Supreme Court says the PTAB must consider all challenged claims when instituting an IPR.
- What does this mean for already-filed IPR proceedings?
- How does this holding affect institution strategies for Petitioners and Patent Owners (if it affects them at all)?
- Can the PTAB work around this decision?
- What does the close 5-4 decision tell us about future PTO appeals?

[Register now](#) for this Post-Grant for Practitioners webinar.

Thursday, April 26, 2018
1:00 PM – 2:00 PM ET
Via the web

Speakers:



Karl Renner renner@fr.com Principal & Post-Grant Practice Co-Chair Washington, DC	Dorothy Whelan whelan@fr.com Principal & Post-Grant Practice Co-Chair Twin Cities	John Dragseth dragseth@fr.com Senior Principal Twin Cities	Rob Courtney courtney@fr.com Principal Twin Cities
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Fish & Richardson will apply for 1.0 hour of general CLE credit in most states. If you would like to receive CLE credit, register with your state bar information.

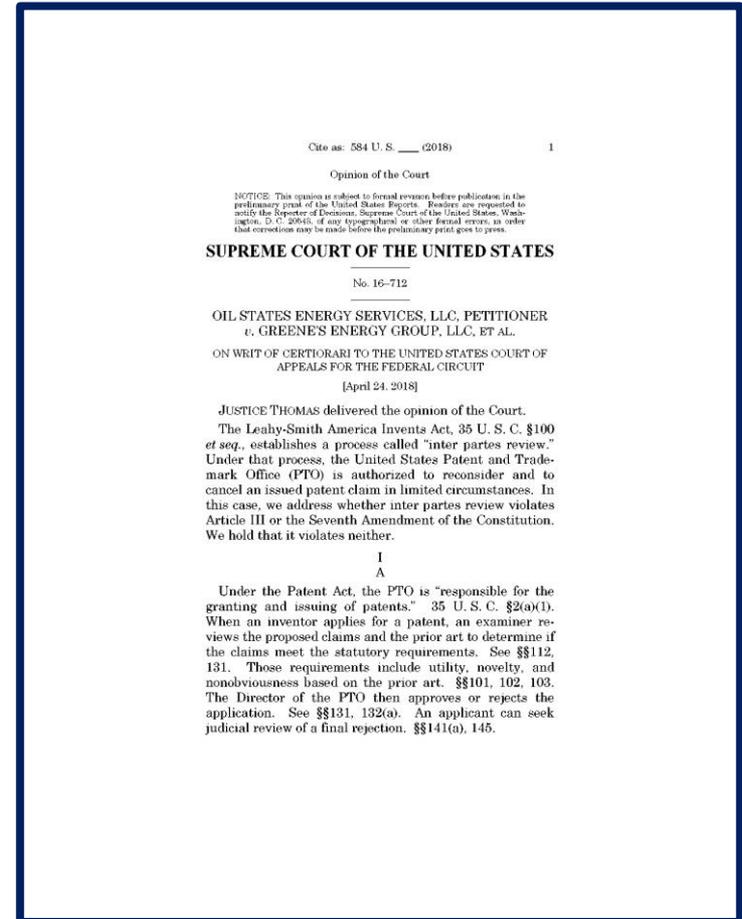
If you have questions, please contact Lauren McGovern at mcgovern@fr.com.

- What Does *Oil States* Mean for You?
- What Happened in *SAS*?
- What Does *SAS* Mean for Instituted IPRs?
- What Does *SAS* Mean for the Future?
- Miscellaneous Issues.

Oil States: IPR Process Does Not Abridge Article III

[Oil States Energy Services, LLC v. Greene's Energy Group, LLC](#) (U.S. Apr. 24, 2018)

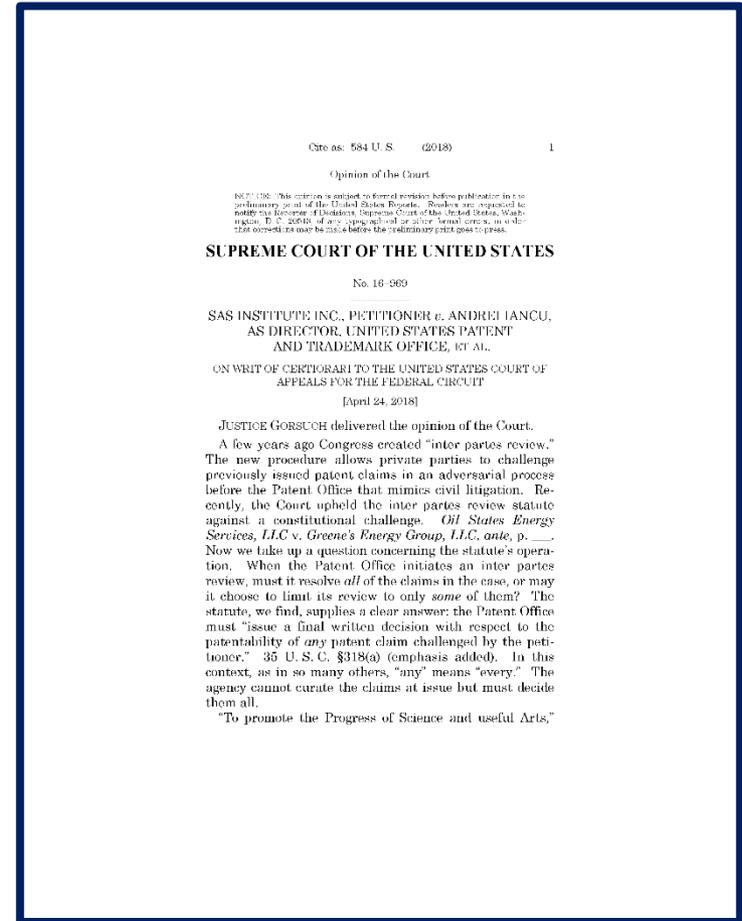
- **Maj. Op. (Thomas, J.)**
 - IPR does not involve unconstitutional agency application of judicial power
 - Patents are “public franchises.” As the determination to **grant** a patent may be made outside an Article III court, so may **review** of one
 - “Patent claims are granted subject to the qualification that the PTO has the authority to reexamine—and perhaps cancel—a patent claim in an *inter partes* review.” Op. at 9.
 - “We disagree with the dissent’s assumption that, because courts have traditionally adjudicated patent validity in this country, courts must forever continue to do so.” Op. at 14.



SAS: § 318(a) Bars Partial Institution of IPR

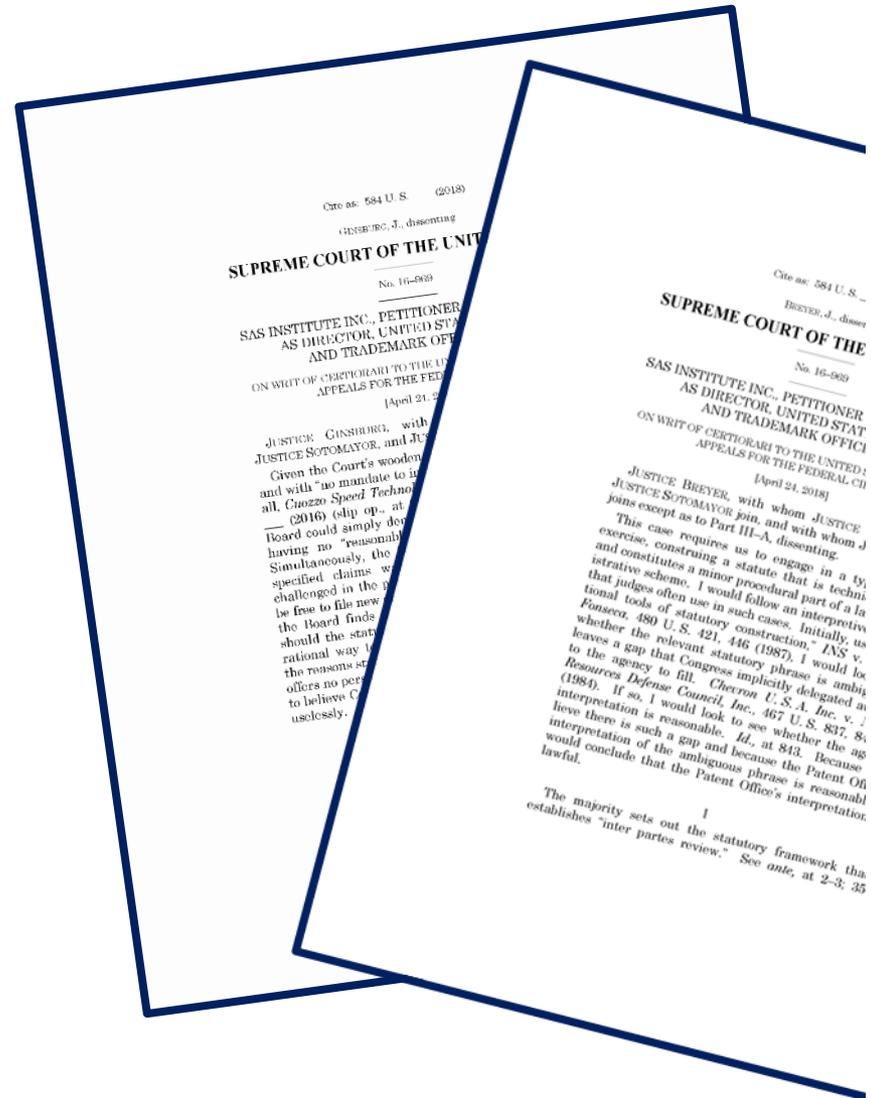
SAS Institute Inc. v. Iancu (U.S. Apr. 24, 2018)

- **Maj. Op. (Gorsuch, J.)**
 - No ambiguity in § 318(a)'s requirement that PTO "shall" issue FWD "with respect to the patentability of **any patent claim challenged** by the petitioner"
 - PTO's claim to discretion on which claims to institute lacks statutory support
 - No *Chevron* deference, as statute is non-ambiguous
 - Efficiency/policy concerns must be addressed by Congress
 - Per *Cuozzo*, PTO's failure to abide by statutory limits on authority is judicially reviewable notwithstanding § 314(d)



SAS: § 318(a) Bars Partial Institution of IPR

- **Dissent (Ginsburg, J.)**
 - Criticizes “wooden” reading by majority, which only promotes inefficiency.
 - Would have applied *Chevron* deference as in Breyer dissent.
- **Dissent (Breyer, J.)**
 - Would have found § 318(a) ambiguous as to whether institution on all claims challenged **in the petition** is required. Could equally mean all claims challenged **in the instituted review**.
 - Per *Chevron*, would have deferred to the PTO’s interpretation of the statute.



SAS's Impact on Instituted IPR

Post-Appeal:

- *Already Decided by the Federal Circuit*
- *Already Argued to the Federal Circuit*
- *Briefed (Partially or Fully) But Not Argued*
- *Notice of Appeal Filed but nothing more*

Pre-Appeal:

- *In the 30-day to 63-day window*
- *FWD recently issued*
- *Post-trial but pre-FWD*
- *Waiting for trial*
- *Middle of briefing*
- *Just Instituted*
- *Pre-Institution*

Go-Forward Fact Patterns

Patent has 10 claims; Petitioner challenges all 10.

#1: Claims 1-5: Reference A. Claims 6-10: Reference B.

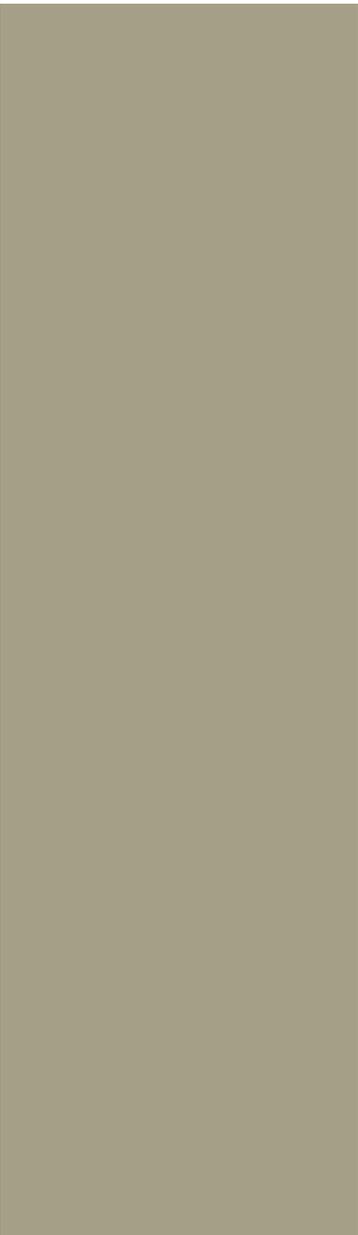
#2: Claims 1-5: Reference A. Claim 1-10: Reference B.

#3: Claims 1-10: Reference A. Claims 1-10: Reference B.

#4: Claims 1-10: Reference A/102. Claim 1-10: Reference A/103.

Big Picture

- Care about the balance between completeness and estoppels.
- Consider whether you are estopped as a practical matter regardless.
- Preserve (or don't preserve) your points early.
- Be reasonable, especially in “due process” areas.
- Work this out with a “4 corners” multi-disciplinary view that accounts for IPR, ITC, district court, and appeal.



Detail for the Wind-Up to
Oil States and *SAS*

Decisions and Case Law Developments: SCOTUS

Oil States Energy Services, LLC v. Greene's Energy Group, LLC

- Two questions addressed:
 1. Whether IPR violates Article III of the Constitution because it allows an administrative agency—not Article III courts—to extinguish a patentee's rights;
 2. Whether IPR violates the Seventh Amendment because it allows administrative judges, rather than juries, to adjudicate validity.
- Federal Circuit previously addressed both issues in [*MCM Portfolio LLC v. Hewlett-Packard Co.*](#), 812 F.3d 1284 (Fed. Cir. 2015). In that case, the Federal Circuit held that because patent rights were “public rights,” neither Article III nor the Seventh Amendment prohibited an administrative agency from making determinations about the validity of patents.
- ***Oil States*** was an interesting choice for granting cert because it was a Rule 36 affirmance; thus there was no formal Federal Circuit opinion.
- Decision to grant cert considered by many a consequence of Justice Gorsuch's appointment to the Court.

Decisions and Case Law Developments: SCOTUS

Oil States Energy Services, LLC v. Greene's Energy Group, LLC

- During argument, the justices focused on the Article III issue, probing to explore the question of whether patent rights were “public” or “private.”
- Justices Roberts and Gorsuch seemed skeptical of constitutionality.
 - Justice Gorsuch noted that 400 years of history suggested that patent rights were private rights and could not be adjudicated by an administrative agency.
 - Justice Roberts pressed the government on the fairness of IPR procedures, repeating accusations of “panel packing” by the PTAB to drive/change case results; Roberts proclaimed that the government cannot deprive a person of a right without due process, noting cases from the public employment and welfare benefits context.
- Justice Thomas asked few questions. However, he previously opined that the PTO cannot revoke trademark rights after they are issued, so scholars tend to predict that he will also consider IPRs unconstitutional.

Decisions and Case Law Developments: SCOTUS

Oil States Energy Services, LLC v. Greene's Energy Group, LLC

- Justices Ginsburg, Sotomayor, Kagan and Breyer all seemed to recognize constitutionality of IPR.
 - Justice Sotomayor and Kagan suggested that judicial review by the Federal Circuit obviates potential Article III problems.
 - Justice Breyer noted that agencies routinely adjudicate all kinds of disputes
 - Justice Ginsburg revealed her view that agencies should be permitted to correct mistakes after patent issuance, challenging *Oil States* to differentiate IPR from other tools historically employed for this purpose, such as reexamination.

Decisions and Case Law Developments: SCOTUS

Oil States Energy Services, LLC v. Greene's Energy Group, LLC

- Justices Kennedy and Alito appear to be the two swing votes who will decide the case. Both of them said relatively little, but the few comments they made seemed to suggest that Congress could condition the grant of a patent subject to the IPR.
 - Justice Alito asked whether Congress was under a constitutional obligation to give patent rights at all, and, when *Oil States* said it was not, asked whether Congress could condition the grant of a patent on agreeing to IPR.
 - Justice Kennedy asked *Oil States* whether Congress could change the patent term to 10 years, and when *Oil States* said it could, followed up by asking whether Congress could explicitly condition its grant of a patent on having the inventor agree that the patent would be subject to IPR procedure.
 - Both justices also previously joined [an opinion](#) holding that PTO decisions regarding trademark validity should be given preclusive effect in an Article III court.

Prediction: Split decision with Justices Alito and Kennedy joining the liberal justices and voting for affirmance, and Justices Roberts, Thomas and Gorsuch dissenting.

Decisions and Case Law Developments: SCOTUS

SAS Institute v. Matal

- SAS (the petitioner) argued that 35 U.S.C. § 318(a), which states that the Board shall issue a final written decision “with respect to the patentability of any patent claim challenged by the petitioner,” unambiguously requires the Board to issue a final written decision with respect to every claim addressed in a petition for IPR.
- SAS argued that the Board violated the statute by addressing only a subset of petitioned claims within its final written decision and that the Board’s choice at institution should be a binary yes/no decision as to whether to institute trial on all petitioned claims (i.e., the petition as a whole).

Decisions and Case Law Developments: SCOTUS

SAS Institute v. Matal

- The Federal Circuit held that the statute does not require the Board to issue a final written decision on all claims in a petition, in a series of decisions starting with *Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309 (Fed. Cir. 2016), *overruled on other grounds by Aqua Products, Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017). It reasoned:
 - (1) the provision-governing institution (which states that the Board may not institute unless it finds a likelihood of success “with respect to at least 1 of the claims **challenged in the petition**”) differed from the language of § 318(a), suggesting that § 318(a) was not meant to cover claims raised in the petition but only instituted claims;
 - (2) the precatory phrase of § 318(a) (“If an *inter partes* review is instituted ...”) similarly suggested that § 318(a) only addresses instituted claims;
 - (3) institution is purely discretionary, the PTO can institute on less than the full petition, and it would make very little sense to require a final written decision on non-instituted claims based on an incomplete record

Decisions and Case Law Developments: SCOTUS

SAS Institute v. Matal

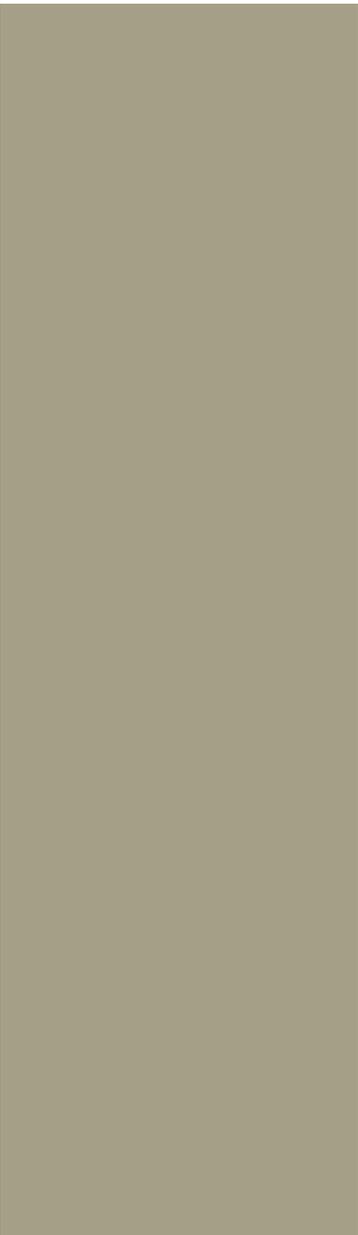
- Justice Sotomayor asked counsel for SAS whether its challenge was a backdoor way to get around *Cuozzo's* prohibition on challenges to institution.
 - Counsel for SAS countered by saying they're not asking the PTAB to institute on all claims, but merely to issue a final written decision with respect to all claims by, for example, including the explanation from the institution decision with respect to non-instituted claims in the final written decision.
 - Several justices questioned this idea, asking why it would make sense to ask the Board to issue a final decision on an incomplete record.
- Justices Roberts, Alito and Gorsuch questioned the government about whether the statute was ambiguous and whether the government should be afforded deference in its interpretation. Their questions suggested that they sided with SAS.
- Justice Breyer characterized the language of the statute as favoring SAS, but he also characterized the gov'ts position as a more harmonious way of organizing IPR.
- Justice Kennedy seemed to seek a compromise position, asking SAS whether the Board could condition its institution on the petitioner accepting trial on less than all claims raised in the petition. SAS answered yes, and suggested that this might be a good solution, allowing the petitioner to decide whether to proceed at the PTO or raise challenges in a district court.

Mark Your Calendar!

**Our Next Post-Grant for Practitioners webinar will be on
Wednesday, May 9 (1:00-2:00PM ET)**

**The Two Sides of the Coin in Post-Grant Practice: Petitioner and
Patent Owner Estoppel (with Fish attorneys Karl Renner, Gwilym
Attwell, and Dan Smith)**

**The USPTO will be holding a “Chat with the Chief” webinar on
Monday, April 30 (1:00-2:00PM) about the *Oil States* and *SAS*
decisions (Chief Judge Ruschke will speak/answer questions)**



Post-Grant Resources

- Fish websites:
 - Post-Grant for Practitioners: <http://fishpostgrant.com/webinars/>
 - General: <http://fishpostgrant.com/>
 - IPR: <http://fishpostgrant.com/inter-partes-review/>
 - PGR: <http://fishpostgrant.com/post-grant-review/>
 - Rules governing post-grant: <http://fishpostgrant.com/>
 - Post-Grant App: <http://fishpostgrant.com/app/>
 - Post-Grant Radio: <http://fishpostgrant.com/podcasts/>
- USPTO sites:
 - AIA Main: http://www.uspto.gov/aia_implementation/index.jsp
 - *Inter Partes*: http://www.uspto.gov/aia_implementation/bpai.jsp

Thank You!

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Please send your NY CLE forms or questions about the webinar to Lauren McGovern at mcgovern@fr.com

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