

April 25, 2018

PTAB Must Decide Patentability of All Claims Challenged in Petition When IPR is Instituted

Related Practices

Enforcement, Clearance & Defense
Intellectual Property
Litigation
Patent

The United States Supreme Court held yesterday that, when an inter partes review is instituted, the Board must decide the patentability of all the claims challenged by the petitioner. *SAS Institute Inc. v. Iancu*, slip op. at 1. In a 5-4 decision, Justice Gorsuch wrote that the plain text of 35 U.S.C. § 318(a) supplies a ready answer to the question of whether the Board can decide only some of the claims challenged by the petitioner. *Id.* at 4.

Section 318(a) states that “[i]f 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” 35 U.S.C. § 318(a) (emphasis added). The Court stated that the word “shall” imposes a nondiscretionary duty. Slip op. at 4. And that the word “any” carries an expansive meaning that implies “every.” *Id.* at 4–5. Therefore, Section 318(a) “means the Board must address every claim the petitioner has challenged.” *Id.* at 5 (emphasis in original).

The Court rejected the Director’s argument that he has discretion to determine which claims the Board will review and which it will not. Slip op. at 5. The Court noted that nothing in the text of Section 318 supports the Director’s “claimed ‘partial institution’ powers.” *Id.* The Court also found unpersuasive the Director’s argument that Section 314(a) requires him to evaluate the claims individually and so he is authorized to institute review on a claim-by-claim basis. *Id.* at 7. Under the Court’s interpretation of Section 314(a), the opposite is true, and the Director can simply decide whether the petitioner has demonstrated that it is likely to succeed on at least one claim without deciding any additional challenged claim. *Id.*

The Court agreed with the Director that Section 314(a) gives him discretion on whether to institute inter partes review. Slip op. at 8. “[I]t doesn’t follow[, however,] that the statute affords

him discretion regarding *what* claims that review will encompass.” *Id.* (emphasis in original).

The Court further noted that “[t]he rest of the statute confirms, too, that the petitioner’s petition, not the Director’s discretion, is supposed to guide the life of the litigation.” Slip op. at 8. “Much 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.” *Id.* at 5.

The Court also rejected the Director’s policy argument stating that “[p]olicy arguments are properly addressed to Congress, not this Court.” Slip op. at 10. In addition, the Court concluded that even under *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U. S. 837 (1984), it owed no deference to the USPTO because there is no uncertainty in Section 318(a). *Id.* at 11–12.

Finally, the Court rejected the Director’s argument that Section 314(d) bars judicial review of his partial institution practice. Slip op. at 12. The Court, relying on *Cuozzo Speed Tech., LLC v. Lee*, 136 S. Ct. 2131 (2016), concluded that it had the power to review, consistent with the Administrative Procedure Act, whether the “Director had exceeded his statutory authority by limiting the review to fewer than that of the claims SAS challenged.” *Id.* at 13–14.

Two dissenting opinions reflected the views of Justices Breyer, Ginsburg, Sotomayor, and Kagan. Justice Breyer would have given deference to the Director’s interpretation of Section 318(a) under the *Chevron* doctrine. Breyer Dissenting op. at 1. Justice Ginsburg would have interpreted the language of Section 318(a) to avoid the scenario where the Board invites a follow-on petition raising only the arguments that meet the reasonable likelihood standard. Ginsburg Dissenting op. at 1.

For at least these reasons, the decision has future implications beyond the explicit holding. First, the decision removes the cloud of uncertainty created by the Board’s partial institution practice regarding the applicability of the estoppel provisions under 35 U.S.C. 315(e). Now that all final written decisions will address all of the claims challenged in the petition, there will be no doubt as to which claims are subject to estoppel. As a result, district courts will likely be more inclined to stay cases pending inter partes review because all of the challenged claims will be addressed in a final written decision.

Second, the interplay between the majority opinion and the dissent highlights the struggle in the Supreme Court over the viability and reach of the *Chevron* doctrine. Interestingly, Justice Gorsuch did not seek to abrogate the doctrine altogether in the decision as he appears from other writings to be wont to do. Rather, he relied on the explicit exception to the *Chevron* doctrine given what he characterized as the clear language of the statute. This was a case in which Justice Gorsuch was able to avoid the doctrine with a straight-forward application of the doctrine in its current form. In contrast, the dissent sought to apply a broad reading of the doctrine to preserve the authority of administrative agencies. Future decisions are sure to revisit the scope of the doctrine.

Related People

Marshall Schmitt

Partner

mjschmitt@michaelbest.com

T 312.596.5828