

Client Alert: *Inter Partes* Review is Changing but Questions Remain

Related Services

Intellectual Property

Patents

CLIENT ALERT | 5.9.2018

The United States Patent and Trademark Office (the office) recently issued guidance on the impact of the Supreme Court's recent decision *SAS Institute Inc. v. Iancu* on post-grant patent proceedings, specifically *inter partes* review. No. 16-969 (U.S. April 24, 2018). In *SAS*, the Court held that the office has been improperly allowing "partial institution" on only subsets of claims challenged by *inter partes* review petitioners. The guidance from the office consists of a one-page, apparently preliminary, memorandum addressing the office's procedures moving forward.

Prior to *SAS*, the Patent Trial and Appeal Board (PTAB) received *inter partes* review petitions from a challenger(s) of one or more claims of a patent, and determined whether to institute review of all or a subset of those claims (exercising this authority on behalf of the director). This practice was referred to by the Court in *SAS* as the office's self-recognized power of "partial institution." In *SAS*, the divided 5-4 Court held that this partial institution power is not supported by the text of the statute. In particular, it is the "petitioner, not the [PTAB], who gets to define the contours of the proceeding," and, accordingly, the PTAB must address every claim the petitioner has challenged if at least one claim is reasonably likely to succeed. The Court stated that this requirement exists even though the PTAB has discretion to institute regardless of whether any such claims is in fact identified as reasonably likely to succeed.

Justices Breyer, Ginsburg, Sotomayor and Kagen dissented, writing that the statute is ambiguous and the office's interpretation thereof permitting partial institution is reasonable.

The *SAS* decision will unsurprisingly affect petitioners, patent owners, and the office itself moving forward. Final written decisions of the PTAB will now issue on all claims, triggering estoppel provisions and influencing the scope of appeals. Further, the PTAB's resources and timelines will be put to the test, substantively emphasizing the latter stages of proceedings rather than claim-by-claim review at the institution stage. Because the PTAB maintains institution discretion, the threshold for institution may additionally shift, resulting in a decline

in the current rate of institution.

In response to the SAS decision, the office's guidance provided:

1. Going forward, the PTAB will institute review on all claims or none.
2. For pending trials having been previously only partially instituted, the applicable PTAB panel "may issue an order supplementing the institution decision to institute on all challenges raised in the petition...[and] may take further action to manage the trial proceeding."
3. If an order supplementing the institution decision is received, the PTAB may act *sua sponte*, but "additional briefing and scheduling adjustments might not be ordered if not requested by the parties."
4. Final written decisions will address all originally challenged claims, to the extent they remain pending at the time of decision (e.g., claims that have not been cancelled or settled), and any new claims added through amendment.

Notably, the guidance does not appear to *require* existing panels to include any claims that were challenged but not previously instituted on. Instead, PTAB panels *may* issue an order supplementing the institution decision on all challenges originally raised. Moreover, it is unclear what the path forward is for past final written decisions made on only partial institutions. The office invites questions regarding SAS's practical effect on post-grant proceeding practice and procedures, which may be submitted at Trials@uspto.gov.