



## ARE Patent Law Alert: IN SAS INSTITUTE INC. V. IANCU, U.S. SUPREME COURT DETERMINES THAT PTAB MUST ISSUE A FINAL WRITTEN DECISION ADDRESSING ALL CHALLENGED CLAIMS IN IPR PROCEEDINGS

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On April 24, 2018, the Supreme Court of the United States issued a 5-4 opinion in *SAS Institute Inc. v. Iancu*, No. 16-969, 584 U.S. \_\_\_\_ (2018). In this Decision, the Court reversed the decision of the United States Court of Appeals for the Federal Circuit (“Federal Circuit”) and held that “the petitioner in an *inter partes* review is entitled to a decision on all the claims it has challenged.” Slip op. at 10-11.

SAS addressed an important question regarding U.S. Patent Trial and Appeal Board (“PTAB”) practice in issuing a final written decision: “When the Patent Office initiates an *inter partes* review, must it resolve *all* of the claims in the case, or may it choose to limit its review to only *some* of them?” *Id.* at 1 (emphasis in original).

The relevant statute addressed by the SAS Court, as applied to *inter partes* review (“IPR”) proceedings, provides:

(a) Final Written Decision.—

If 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).

35 U.S.C. § 318(a) (emphasis added).

The majority opinion authored by Justice Gorsuch, joined by Chief Justice Roberts and Justices Kennedy, Thomas and Alito, concluded that 35 U.S.C. § 318(a) provides a “clear” answer as “any” in this statutory provision means “every.” Slip op. at 1. The majority opinion focused heavily on the plain language of the statute and determined that “everything in the statute before [the Court] confirms that [petitioner] is entitled to a final written decision addressing **all of the claims it has challenged** and nothing suggests [that the Court] lack[s] the power to say so[.]” *Id.* at 14.



By way of background, this case began when SAS Institute Inc. (“SAS”) petitioned for IPR of ComplementSoft, LLC’s (“ComplementSoft”) software patent. *Id.* at 3. In its petition, SAS alleged that all 16 of the patent’s claims were unpatentable. *Id.* The PTAB concluded that SAS likely would succeed with respect to at least one of the claims and that an IPR was warranted. *Id.* at 3-4. However, the PTAB did not institute review on all of the challenged claims in the petition, and instead, only instituted review on some of the claims while denying review on the rest. *Id.* at 4. The final written decision ultimately issued by the PTAB did not address those claims on which the PTAB refused to institute review. *Id.*

SAS appealed to the Federal Circuit, arguing that 35 U.S.C. § 318(a) required the PTAB to decide the patentability of **every** claim a petitioner challenges in its petition, not just some. *Id.* The Federal Circuit rejected this argument. *Id.* The Supreme Court granted certiorari to decide the question. *Id.*

The majority of the Court found that the plain language of the text of 35 U.S.C. § 318(a) “supplies a ready answer.” *Id.* In particular, the Court focused on interpretation of the terms “shall” and “any” in the statute. *Id.* While “shall” tends to “impose[] a nondiscretionary duty,” the “any” carries a more “expansive meaning.” *Id.* (citations omitted). Therefore, the Court determined that the statute requires that “the Board **must** address **every** claim the petitioner has challenged.” *Id.* at 5 (emphasis added).

In reaching the decision, the Court rejected the notion that the Director of the Patent Office (“Director”) retains a discretionary “partial institution” power since such power does not appear anywhere in the statute. *Id.*

In addition, the Court rejected the Director’s argument that the statutory provision on institution of *inter partes* review under 35 U.S.C. § 314(a) supports the Director’s “partial institution” power: “[W]hile §314(a) invests the Director with discretion on the question *whether* to institute review, it doesn’t follow that the statute affords him discretion regarding *what* claims that review will encompass.” Slip op. at 8 (emphasis in or

The Court also rejected the Director’s policy argument on efficiency of partial institution, noting that “[p]olicy arguments are properly addressed to Congress, not this Court.” *Id.* at 10.

The Court further rejected the Director’s argument that the statute is ambiguous on the propriety of the partial institution practice: “[A]fter applying traditional tools of interpretation here, we are left with no uncertainty that could warrant deference” to the Director’s interpretation under *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984). Slip op. at 11-12. “There is no room in this [statutory] scheme for a wholly unmentioned ‘partial institution’ power that lets the Director select only some challenged claims for decision.” *Id.* at 12.

Finally, the Court rejected the Director’s argument that judicial review of the question of whether the “partial institution” practice is permitted under the statute is foreclosed under 35 U.S.C. § 314(d) and previous Supreme Court precedent in *Cuozzo Speed*



*Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016). The Court determined that the Directors “overread[] both the statute and [the Court’s] precedent,” and held that judicial review remains available to determine whether the Director exceeded his statutory authority by limiting inter partes review to fewer than all of the claims the petitioner challenged. Slip op. at 13-14.

Ultimately, the Court decided that “everything in the statute before [the Court] confirms that [petitioner] is entitled to a final written decision addressing all of the claims it has challenged and nothing suggests [that the Court] lack[s] the power to say so[.]” *Id.* at 14.

In a dissent, Justice Ginsburg described the majority’s reading of the statute as “wooden” and questioned why the statute is read so narrowly. Ginsburg slip op. at 1 (Ginsburg, J., dissenting). Justice Ginsburg then fully supported Justice Breyer’s dissenting opinion. *Id.*

In a separate dissent, Justice Breyer argued that the statute is ambiguous and that the PTO’s interpretation is reasonable. Breyer slip op. at 1 (Breyer, J., dissenting). He explained that, “there is a gap, the agency possesses gap-filling authority, and it filled the gap with a regulation that . . . is a reasonable exercise of that authority.” *Id.* at 10.

We will continue to monitor developments of this case on remand and the resulting changes in the PTAB practice and procedures. In the meantime, please feel free to contact one of our attorneys regarding the issues raised by this case.

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