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# Supreme Court to decide if Inter Partes Review is Unconstitutional

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Earlier today the United States Supreme Court granted certiorari in *Oil States vs. Greene's Energy Group, et al.* From a substantive standpoint, this dispute is between the parties to an *inter partes* review (IPR) proceeding conducted by the Patent Trial and Appeal Board (PTAB). By taking this case the Supreme Court will once and for all address the constitutionality of having an Article I tribunal extinguish patent rights.

There were three questions presented by Oil States in the petition for writ of certiorari. They were:

1. Whether *inter partes* review – an adversarial process used by the Patent and Trademark Office (PTO) to analyze the validity of existing patents – violates

the Constitution by extinguishing private property rights through a non-Article III forum without a jury.
2. Whether the amendment process implemented by the PTO in *inter partes* review conflicts with Court's decision in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S.Ct. 2131 (2016), and congressional direction.
3. Whether the "broadest reasonable interpretation" of patent claims – upheld in Cuozzo for use in *inter partes* review – requires the application of traditional claim construction principles, including disclaimer by disparagement of prior art and reading claims in light of the patent's specification.

The Supreme Court granted certiorari only on the first question, whether *inter partes* review violates the U.S. Constitution by extinguishing private property rights through a non-Article III forum without a jury.

The grant of certiorari in this case is particularly noteworthy given that the United States was asked by the Supreme Court for its views and opined in its brief that the petition should be denied. Generally speaking, the Supreme Court accepts the recommendations of the Solicitor, but this marks the second time in just several weeks where the Solicitor has recommended the Court decline certiorari in a patent case only to have the Court take the case any way. The other case where the Solicitor recommended the Court not get involved was *SAS Institute v. Lee*, dealing with the issue of whether the PTAB must issue a final written decision with respect to any claim that is challenged, as is actually required by statute. For more on that case see *SCOTUS to hear SAS Institute v. Lee*.

The argument that *inter partes* review is unconstitutional can be traced back all the way to 1898 when the Supreme Court issued its decision in *McCormick Harvesting Mach. Co. v. Aultman & Co.*, 169 U.S. 606 (1898). In that case the Supreme Court held that once a patent is granted it "is not subject to be revoked or canceled by the president, or any other officer of the Government" because "[i]t has become the property of the patentee, and as such is entitled to the same legal protection as other property."

Since September 16, 2012, when the PTAB became operational and post grant challenges made available under the America Invents Act (AIA), the USPTO has been doing precisely what the Supreme Court in *McCormick Harvesting* said was prohibited – revoke patents. Therefore, the Supreme Court will either need to explicitly overrule *McCormick Harvesting*, implicitly overrule *McCormick Harvesting* while trying to convince themselves that the case remains good law and is consistent with AIA post grant procedures, or the Court will need to find *inter partes* review unconstitutional.

The phrasing of the question taken by the Supreme Court could be quite telling. Over the last several years 8 of the 9 Supreme Court Justices have signed on to an opinion that has recognized that a patent confers either an exclusive or valuable property right. Thus, it would hardly seem a stretch to suggest that the Court, or at least the required four Justices necessary to take a case, have some reason to suspect that the extinguishing of a exclusive, valuable property through a non-Article III forum without a jury violates the Constitution.

In *Horne v. Department of Agriculture*, Chief Justice John Roberts writing for the majority that included Justices Scalia, Kennedy, Thomas, Alito, as well as Ginsburg, Breyer and Kagan with respect to Parts I and II, approvingly quoted from James v. Campbell a 19th century case that unequivocally states that a patent confers upon the patent owner "exclusive property" rights. Moreover, in a dissent written by Justice Alito and joined by Justice Sotomayor in *Cuozzo Speed Technologies v. Lee*, footnote 6 calls a patent a "valuable property right." Still further, in 2014, *Nautilus v. Biosig Instruments*, Justice Ginsburg, writing for a unanimous Court called the patent grant a reward of a patent a "property right" and "like any property right, its boundaries should be clear." She was quoting the earlier *Festo* case, which had also been a unanimous 2002 decision. Thus, the Roberts Court has repeatedly identified patents as a property right, exclusive and valuable in nature. Indeed, a property right that is similar to other property rights. Combine this with the many Supreme Court cases from generations ago that routinely describe patents in inventions being equivalent to patents in land, and it seems as though there is real reason to suspect that the Supreme Court could rule *inter partes* review unconstitutional.

While many will undoubtedly have varied opinions as to the importance of this decision by the Court to take this case, the truth is that any decision by the Supreme Court in *Oil States* simply cannot make things any worse for patent owners than they already are. Patents rights are currently be extinguished by an Article I tribunal that fundamentally refuses to provide even a modicum of due process. The PTAB refuses to consider evidence timely submitted, they refuse to allow amendments despite the statute saying there is a right to amend, they refuse to issue final decisions on all the claims challenged, they make up their own standards rather than follow statutory tests, there are no judicial rules of ethical conduct for PTAB judges, PTAB judges decide issues where there are serious conflicts of interest, and much more. Therefore, things could hardly get any worse, yet *Oil States* presents the very real possibility that the Supreme Court will rule that post grant proceedings at the USPTO violate the Constitution.

There will undoubtedly be much more written about this issue in the months to come. It will not be argued until the October 2017 term of the Court, with a decision sometime before the end of June 2018. Stay tuned!