



Thoughts on *inter partes* review and other AIA trial proceedings after *Oil States*, *SAS* and subsequent PTO guidance

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On April 24, 2018, the United States Supreme Court decided two cases regarding *inter partes* review (IPR) by the Patent Trial and Appeal Board (PTAB) of the United States Patent and Trademark Office (PTO).¹ In its 7–2 *Oil States* opinion, the Court held that IPR does not violate Article III or the 7th Amendment; a patent grant is a “public right” and therefore may be modified or revoked by the executive branch without going through full-dress judicial proceeding in the federal courts.

In its 5–4 *SAS* opinion, the Court held that 35. U.S.C. § 318(a) requires the PTAB to decide the patentability of every claim challenged in an *inter partes* review petition and any new claim(s) added during the *inter partes* review, thereby eliminating the PTAB’s practice of “partial institutions.”

In response to the Court’s decisions, on April 26, 2018, the PTO issued a guidance on the impact of *SAS* on AIA trial proceedings, stating that “[a]t this time, if the PTAB institutes a trial, the PTAB will institute on all challenges raised in the petition.” Further, on May 9, 2018, the PTO issued a notice and proposed changes to the claim construction standard for interpreting claims in IPR, post-grant review (PGR), and the transitional program for covered business method (CBM) patents proceedings before the PTAB.² In particular, the PTO proposes to replace the broadest reasonable interpretation (BRI) standard for construing unexpired patent claims and proposed claims in these trial proceedings with a standard that is the same as the standard applied in federal district courts and International Trade Commission (ITC) proceedings—the “ordinary and customary meaning” standard.³

¹ See *Oil States Energy Services v. Greene’s Energy Group*, 584 U.S. ____ (2018); *SAS Institute v. Iancu*, 584 U.S. ____ (2018).

² 37 C.F.R. Pt. 42.

³ *Id.*

Potential strategies for petitioner and patent owner on AIA trial proceedings

Although it is difficult to predict whether these Supreme Court decisions are favorable to petitioner or patent owner, either party would have to adapt to the new IPR procedure/proposed new claim construction standard and adjust its strategy accordingly. The ideal strategy likely has to take into account the PTAB's new AIA trial procedures/proposed new claim construction standard, district court rules and possible appeals to the Federal circuit.

Since the PTAB institutes review of all of petitioned claims or none, it may no longer be a good idea to overload a petition. This may result in confirming all or some of the asserted claims in PTAB decisions. A PTAB decision would strengthen confirmed claims and burden the defendants with estoppel issues in district court.

On the other hand, a petitioner might benefit by targeting a portion of all questionable claims with reasonable grounds.⁴ Once IPR is instituted, petitioners may obtain a stay and might get judicial review of the remaining asserted claims.

A petitioner may further benefit by “customizing” claims to challenge, grounds to assert and prior art references to be cited to ensure that weakest claim(s) get instituted by the PTAB—some reasonable grounds and/or combinations of prior art references are reserved for district court proceeding.

In view of the PTO's proposed changes, claim construction at the PTAB is going to be more important for both petitioner and patent owner. Once the PTAB applies the “ordinary and customary meaning” standard as applied by the courts, greater certainty will likely be reached prior to district court proceeding(s).

However, a patent owner still has “eased” amendment rights in PTAB proceedings.⁵ Depending on the “reasonableness” of the petition, a patent owner may file an optional preliminary response to target the short list of claims being petitioned. The patent owner may also skip the optional preliminary response and save the best arguments and/or amendment after having opportunities to cross-examine expert(s) and conduct discovery and/or parties' solidified contentions in the district court proceeding.

Conclusion

Under the new framework, either petitioner or patent owner would have to adapt to the new IPR procedure and/or proposed new claim construction standard and adjust its strategy accordingly. Petitioner may “customize” a portion of all questionable claims to challenge, grounds to assert and prior art references to be cited to ensure that weakest claim(s) get instituted by the PTAB. On the other hand, patent owner may or may not file an optional preliminary response depending on “reasonableness” of the petition and may save the best arguments and/or amendment after parties' solidified contentions in district court proceeding.

⁴ Petitioner may also have to consider: IPR petitions have page limits; the PTAB will more likely deny institution in view of SAS; and IPR institution decisions are unappealable under 35 U.S.C. § 314(d).

⁵ *Aqua Products, Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017)

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