PTAB Case Review

November 16, 2016
By: Stephen Durant

SAS Institute, Inc. v Complementsoft, LLC (Fed. Cir. November 7, 2016)

Federal Circuit Affirms Partial Institution of *Inter Partes* Review, But Dissent asserts that partial institution contravenes AIA statutory framework and legislative purpose

The Patent Trial and Appeal Board practice in *inter partes* reviews is often to choose to review only some, but not all of the claims that are challenged in the petition. Here, the Federal Circuit denied a request for en banc rehearing of a case challenging that practice.

Dissenting from a denial of a petition for en banc rehearing, Judge Newman filed a dissent. Judge Newman stated that, in her view, the PTO practice of choosing, in its sole discretion, to review some but not all is not authorized by the AIA and is not in accord with the legislative purpose of the statute.[1] Judge Newman's dissent describes the AIA statutory framework under which the Board may exercise discretion in deciding whether or not to institute *inter partes* review. The dissent points out that an important legislative purpose of *inter partes* review is to move prior art challenges based upon patents and printed publications to the PTO, which due to its expertise in technology and experience with the relevant law, can address these issues more efficiently than can the courts.[2] The dissent observes that the estoppel provision of the AIA contributes to the legislative purpose by imparting finality to the Board's invalidity determinations since they cannot be re-litigated in court.[3] The dissent says that PTO rules that permit partial institution of i*nter partes* review undermine the AIA statutory framework and thwart its legislative purpose since partial review can result in challenges to validity of different claims of a patent on the same grounds in both an *inter partes* review and in litigation, thus defeating the legislative goal of more efficient resolution of certain patent validity issues in the PTO.[4] Judge Newman concludes that PTO rules that permit partial institution should be ruled unlawful under the Administrative Procedure Act.[5]

Judge Newman's Description of the Statutory Framework

35 U.S.C. § 311(b) limits validity challenges in an *inter partes* review to prior art challenges under sections 102 or 103 and only on the basis of prior art patents and printed publications.[6] 35 U.S.C. § 312 (a)(3) requires that a petition for *inter partes* review specify with particularity, each challenged claim, grounds for the challenge and evidence in support of the challenge.[7] 35 U.S.C. § 314(a) specifies that the director/Board may not institute *inter partes* review unless a petition for *inter partes* review shows a reasonable likelihood that the petitioner would prevail with respect to at least one of the claims challenged in the petition.[8] 35 U.S.C.§ 314(d) gives the Board broad discretion in deciding whether or not to institute *inter partes* review.[9] 35 U.S.C. § 318(a) requires the Board, if *inter partes* review is instituted, to issue a final written decision on any claim challenged by petitioner.[10]

Judge Newman's Description of the Estoppel Provisions

35 U.S.C. § 315(e)(1) states that the petitioner in an *inter partes* review, real party in interest or privy of petitioner, cannot maintain a proceeding before the PTO on any ground that petitioner raised or reasonably could have raised in an *inter partes* review. 35 U.S.C. § 315(e)(2) states that the petitioner in an *inter partes* review that results in a final written decision, a real party in interest or privy of petitioner, cannot assert in a civil action or in the International Trade Commission that a claim is invalid on any ground that petitioner raised or reasonably could have raised in an *inter partes* review.[11]

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According to Judge Newman, 37 C.F.R. 108(a), (b) thwarts the legislative purpose by granting the Board broad discretion to undertake partial review of some or all of the challenged claims on some or all of the asserted grounds for invalidity.[13] This rule, Judge Newman says, contravenes 35 U.S.C. 318(a) and the legislative intent. For that reasons, Judge Newman believes that the rule is unlawful under the Administrative Procedure Act.[14]

[1] SAS Institute, Inc. v Complementsoft, LLC (Newman dissent at pp. 1-2) (Fed. Cir. November 7, 2016).
[2] Id. at p. 4.
[3] Id. at pp. 8-9.
[4] Id. at p. 10.
[5] Id. pp. 9-12.
[6] Id. at p. 4.
[7]Id. at p. 5.
[8] Id. at p. 6.
[9] Id. at p. 7.
[10] Id. at p. 11.
[11] Id. at pp. 7-8.
[12] Id. at pp. 8-9.
[13] Id. at pp. 9-10.
[14] Id. at pp. 10-12.