



Supreme Court Upholds PTO *Inter Partes* Review of Patent Validity

Oil States Energy Services, LLC v. Greene's Energy Group, LLC, No. 16-712

Decided April 24, 2018

The Supreme Court held 7-2 that the U.S. Patent and Trademark Office's *inter partes* review process does not violate the Constitution.

Background:

In 2011, Congress passed the America Invents Act, which created a new adversarial process within the U.S. Patent and Trademark Office (PTO), known as *inter partes* review. This process allows anyone to challenge the validity of an existing patent on the grounds that the patent was anticipated by is or obvious in light of the prior art. Under that process, the Patent Trial and Appeal Board (PTAB) – rather than a federal court – decides whether to cancel or confirm a challenged patent, subject to deferential review by the Federal Circuit.

Issue:

Whether *inter partes* review violates Article III's grant of judicial power to the federal courts and the Seventh Amendment's right to a jury trial.

Court's Holding:

No, patents are public rights, and not purely private rights, so Congress may allow non-Article III tribunals (like the PTAB) to adjudicate those rights.

"[T]he decision to grant a patent is a matter involving public rights—specifically, the grant of a public franchise. Inter partes review is simply a reconsideration of that grant, and Congress has permissibly reserved the PTO's authority to conduct that reconsideration."

Justice Thomas,
writing for the majority

Gibson Dunn filed an amicus brief defending *inter partes* review for Dell, Facebook, Hewlett Packard, Twitter and others

What It Means:

- The Court held that patents are public rights that may be granted, abridged, or withdrawn without adjudication by an Article III court or factfinding by a jury. The Court explained that a patent owner's property rights in an issued patent are subject to PTO's authority to reexamine or cancel the patent. Although *inter partes* review resembles adversarial litigation, it determines a party's patent right against the government – not liability between private parties.
- The Court rejected the argument that, historically, the validity of a patent could only be challenged in court. Instead, drawing on the argument that Gibson Dunn made in its amicus brief, the Court concluded that *inter partes* review is consistent with historical practice under the English patent system.
- The Court emphasized that its holding is narrow and that it did not decide whether infringement actions or other patent matters could be heard outside of an Article III court or whether the retroactive application of *inter partes* review is constitutional.

Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding developments at the Supreme Court. Please feel free to contact the following practice leaders:

Appellate and Constitutional Law Practice

Caitlin J. Halligan
+1 212.351.3909
challigan@gibsondunn.com

Mark A. Perry
+1 202.887.3667
mperry@gibsondunn.com

Nicole A. Saharsky
+1 202.887.3669
nsaharsky@gibsondunn.com

Related Practice: Intellectual Property

Wayne Barsky
+1 310.552.8500
wbarsky@gibsondunn.com

Josh Krevitt
+1 212.351.4000
jkrevitt@gibsondunn.com

Mark Reiter
+1 214.698.3100
mreiter@gibsondunn.com

© 2018 Gibson, Dunn & Crutcher LLP, 333 South Grand Avenue, Los Angeles, CA 90071

Attorney Advertising: The enclosed materials have been prepared for general informational purposes only and are not intended as legal advice.

If you would like NOT to receive future e-mail alerts from the firm, please reply to this email with the word "UNSUBSCRIBE" in the subject line. Thank you.

Please visit our website at www.gibsondunn.com. | Legal Notice, Please Read.