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Is The Handwriting On The Wall For IPR's? Supreme Court To Decide…

On June 12, 2017, the U.S. Supreme Court announced a grant of cert for Oil States Energy Services, LLC v. Greene's Energy Group, LLC, on appeal from the Federal Circuit.

Of the three questions presented by Petitioner (OSEC), only the first one is being taken up by the Court: "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." The implications of the Court's decision on this question may be far-reaching if it continues the trend of cases the Court has taken up from the Federal Circuit, where there is a reversal on one or more points of law.

The constitutionality of many aspects of the America Invents Act, with particular attention upon the PTO's administrative courts' power to invalidate patent claims, has been challenged and debated going back to the adoption of the America Invents Act in 2012-13. Just within the last 18 months, the Supreme Court has reviewed but denied several cert petitions challenging the AIA's post-grant procedures (e.g., Cooper v. Lee; MCM Portfolio v. Hewlett-Packard; Cooper v. Square;). Interestingly the grant of cert was in spite of the opposition brief filed by the U.S. Solicitor General, whose input was requested by the Court.

Academics and attorneys have long debated whether the Constitution's "securing for limited times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries" acknowledges a property right with a limited term of governmental enforcement or is merely a so-called "public right" that can be extinguished in an administrative procedure. Advocates of the former point to the first century-plus of patent law, notably including the Supreme Court decision in McCormick Harvesting Mach. Co. v. Aultman & Co., 169 U.S. 606 (1898), which held that after 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." In contrast, advocates for administrative adjudication argue that, in the administrative context, the Seventh Amendment issue is subsumed by the Article III analysis, with reference to 20th century jurisprudence. However, neither Congress nor the modern Supreme Court has definitively stated whether U.S. patents have the status of property rights enforceable in Article III courts, or if they are legally considered just as a legal tool that the Article II executive branch can grant and rescind subject only to broad Congressional statutory wording and its own administrative actions. The post-grant procedures of the AIA have been a highly effective tool to challenge and invalidate patents, and both the patent bar and the corporate world will be watching closely as the Supreme Court considers the briefing and – likely by June 2018 – issues a decision addressing the critical question of whether this procedure is constitutional.

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