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## SAS Institute Inc. v. Iancu: The Statute is Hereby Clear

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*SAS Institute Inc. v. Iancu*, 584 U.S. \_\_\_\_ (2018) (Gorsuch, J.).

Response by Andrew C. Michaels

Geo. Wash. L. Rev. On the Docket (Oct. Term 2017)

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### *SAS Institute Inc. v. Iancu*: The Statute is Hereby Clear

Before the Law stands a doorkeeper . . . . From hall to hall there is one doorkeeper after another, each more powerful than the last.<sup>1</sup>

The America Invents Act created “inter partes review” (“IPR”), an administrative proceeding before the United States Patent and Trademark Office (“USPTO”), which allows a petitioner to challenge, or request review of, the validity of previously issued patent claims.<sup>2</sup> The statute says that the agency may—but need not—institute IPR proceedings when it determines that there is a “reasonable likelihood” that the petitioner will succeed in invalidating “at least 1 of the claims challenged in the petition.”<sup>3</sup> Reasonable likelihood of success (or invalidation) is thus the challenger’s threshold for entry into the IPR proceedings, which, once instituted, generally last up to one year and include discovery, briefing, and an oral hearing.<sup>4</sup> The USPTO interpreted the statute to allow it to institute IPR proceedings on some but not all of the challenged claims,<sup>5</sup> i.e., only those claims where the petitioner is seen to have a reasonable likelihood of prevailing.

A slim (2–1) majority at the Federal Circuit agreed with the agency that this is permissible, finding that “the statute is quite clear that the PTO can choose whether to institute inter partes review on a claim-by-claim basis.”<sup>6</sup> A slim (5–4) majority at the Supreme Court agreed that “[t]he statute . . . supplies a clear answer,”<sup>7</sup> albeit the opposite of the answer reached by the Federal Circuit.

So the two courts agreed that the statute is clear, but disagreed as to what it says. Because the Court saw no uncertainty in the statute’s meaning, it found that even under *Chevron*, no deference was owed to the agency’s interpretation.<sup>8</sup>

#### Unmistakable Textual Commands

The precise question at issue was whether the statute requires that the USPTO Patent Trial and Appeal Board (“PTAB” or “Board”), after having decided to institute inter partes review, must issue a “final written decision” on *all* of the claims that were challenged in the petitioner’s original petition, as opposed to only those claims admitted to inter partes review.<sup>9</sup> A related subsidiary question, then, is whether the Board has the discretion to institute inter partes review on a claim-by-claim basis, i.e., on some but not all of the challenged claims, as the Federal Circuit held; or whether, as the Court held, the Board must either institute IPR proceedings on all of the claims initially challenged in the petition, or none of them.

The fulcrum of the disagreement is § 318(a) of the America Invents Act, which is titled “Final Written Decision” and reads as follows:

***If an inter partes review is instituted*** and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of ***any patent claim challenged by the petitioner*** and any new claim added under section 316(d).<sup>10</sup>

Does the language “any patent claim challenged by the petitioner” necessarily include *all* of the claims in the initial petition, or does it only include those claims that were admitted to inter partes review and thus are still currently being challenged at the time of the final written decision?

The Court found that this language “would seem to make this an easy case,” that the “language carries a plain meaning,” and requires that the final written decision “*must* address *every* claim the petitioner has challenged,” pointing to the Oxford English Dictionary as support for the proposition that here, “‘any’ means ‘every.’”<sup>11</sup> It is worth observing, though, that the very same dictionary first defines “any,” when used in a hypothetical or conditional context (which this arguably is), as “used to refer to an unspecified member of a particular class.”<sup>12</sup> The Federal Circuit found that “the *conditional* phrase ‘[i]f an inter partes review is instituted’ . . . strongly suggests that the ‘challenged’ claims referenced are the claims for which inter partes review was instituted, not every claim challenged in the petition.”<sup>13</sup> That is, “*if*” claims remain “challenged by the petitioner” in an “instituted” IPR, the “Board shall issue a final written decision with respect to the patentability of *any*” such claims.<sup>14</sup>

The Federal Circuit also reasoned that the “statute would make very little sense if it required the Board to issue final decisions addressing patent claims for which inter partes review had not been initiated.”<sup>15</sup> But the Court avoids this difficulty by finding that, essentially, there can be no such claims because all or none of the initially challenged claims must be admitted to inter partes review. The Court supported this conclusion by pointing to § 314(b), titled “Timing,” which reads:

The Director shall determine *whether* to institute an inter partes review under this chapter *pursuant to* a petition filed under section 311 within 3 months after (1) receiving a preliminary response to the petition under section 313; or (2) if no such preliminary response is filed, the last date on which such response may be filed.<sup>16</sup>

The Court read this provision as requiring “a binary choice—either institute review or don’t.”<sup>17</sup> So according to the Court, if the agency chooses to institute inter partes review at all, it must do so even on those claims where the challenge is determined to be frivolous, or to have no reasonable likelihood of success. “The text,” the Court reasons, “says only that the Director can decide ‘whether’ to institute the requested review—not ‘whether *and to what extent*’ review should proceed.”<sup>18</sup>

Yes, but by that same token, if Congress really had considered and decided this issue, it might have similarly said *that* a bit more clearly (perhaps by using the phrase “whether to institute an inter partes review including every claim challenged in the petition,” or better yet, by placing the provision in a section of the statute not devoted to time limits). Nevertheless, the Court found that the “statutory provisions . . . deliver unmistakable commands,”<sup>19</sup> which both the Federal Circuit and the agency failed to see.<sup>20</sup>

### Practical Implications (Or Not)

In a biting single-paragraph dissent, Justice Ginsburg pointed out that because institution is discretionary, given the Court’s “wooden reading” of the statute, the Board could simply deny petitions where less than all of the challenges are determined to be worthy of inter partes review, and simultaneously indicate its claim-by-claim determinations so that the petitioner might then file a more appropriately tailored petition.<sup>21</sup> Why, the Justice asks, “should the statute be read to preclude the Board’s more rational way to weed out insubstantial challenges,” when there is “no cause to believe Congress wanted the Board to spend its time so uselessly?”<sup>22</sup>

In response, the majority claimed that it had “no occasion today to consider whether this stratagem is consistent with the statute’s demands.”<sup>23</sup> The Court might have responded with some policy points of its own. Indeed, Judge Newman’s dissent at the Federal Circuit, with which the Court ultimately agreed as a

matter of statutory construction, was based in significant part on policy concerns.<sup>24</sup> But the Court nevertheless shut its eyes to practical implications, stating: “Policy arguments are properly addressed to Congress, not this Court.”<sup>25</sup>

This somewhat jarring categorical refusal to consider policy ramifications could be considered dictum, or at least, should be considered only weakly constraining because of its extreme breadth.<sup>26</sup> But, of course, limiting the inquiry with blinders does have the advantage of reducing complexity by simplifying the issues to the point where one might obtain a (narrow) sense of clarity. Newton’s laws, for example, provide a fairly clear description of the physical world, so long as one declines to consider the very far and fast (relativity), or the very small (quantum mechanics).

## Conclusion

What more to say here? Of the twelve federal Article III judges to have fully considered and decided this statutory issue, six reached one conclusion, and six reached the opposite conclusion. This sort of empirical analysis could lead one to suspect that the statute might not be so clear after all.

But the time for such thoughts has come and gone. The Supreme doorkeeper has spoken: the statute is clear, and that’s the Law.

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1. FRANZ KAFKA, *Before the Law*, in THE COMPLETE STORIES 3 (1971).
2. *See* 35 U.S.C. §§ 311–319 (2012).
3. 35 U.S.C. § 314(a).
4. *See* 35 U.S.C. § 316(a)(5), (8), (10), (11), (13).
5. *See* 37 C.F.R. § 42.108(a) (2012) (“When instituting inter partes review, the Board may authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.”).
6. *Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309, 1315 (Fed. Cir. 2016); *see also id.* at 1316 (“[W]e find that the language is clear.”).
7. *SAS Institute Inc. v. Iancu*, No. 16-969, slip op. at 1 (U.S. Apr. 24, 2018).
8. *Id.* at 11 (referring to *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837 (1984)).
9. *SAS Institute*, slip op. at 1 (quoting 35 U.S.C. § 318(a)).
10. 35 U.S.C. § 318(a) (emphases added).
11. *SAS Institute*, slip op. at 1, 5 (citing *Any*, OXFORD ENGLISH DICTIONARY (3d ed. 2016) (definition A(1)(c))).
12. *Any*, OXFORD ENGLISH DICTIONARY (3d ed. 2016) (definition A(1)(a)).
13. *Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309, 1315 (Fed. Cir. 2016) (emphasis added).
14. *See* 35 U.S.C. § 318(a) (emphases added).
15. *Synopsys*, 814 F.3d at 1315.
16. 35 U.S.C. § 314(b) (emphases added). The PTAB exercises this authority on behalf of the Director. *See* 37 C.F.R. § 42.4(a) (2017).

17. *SAS Institute Inc. v. Iancu*, No. 16-969, slip op. at 7 (U.S. Apr. 24, 2018).
  18. *Id.* at 8.
  19. *Id.* at 12.
  20. *Cf. id.* at 9 (“We just don’t see it.”). The Court also finds confirmation for its interpretation in § 316(a)(8). *See id.* at 8. But the Court declines to note that this provision makes little sense no matter how one slices it because it contemplates a “response to the petition under section 313 *after* an inter partes review has been *instituted*,” even though section 313 governs the “preliminary response to the petition . . . that sets forth reasons *why no inter partes review should be instituted . . .*” *See* 35 U.S.C. §§ 313, 316(a)(8) (emphases added).
  21. *SAS Institute*, slip op. at 1 (Ginsburg, J., dissenting).
  22. *Id.*; *see also id.* at 7–8 (Breyer, J., dissenting) (“[W]hen we, as judges, face a difficult text, it is often helpful to ask not just ‘whether’ or ‘what’ but also ‘why.’”).
  23. *Id.* at 11, n.\* (majority opinion).
  24. *See, e.g., Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309, 1325 (Fed. Cir. 2016) (Newman, J., dissenting) (“[T]he present practice of partial decision by the PTAB leads to duplicative proceedings in the PTAB and the district courts.”).
  25. *SAS Institute*, slip op. at 10.
  26. *See generally* Andrew C. Michaels, *The Holding-Dictum Spectrum*, 70 ARK. L. REV. 661 (2017).
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