



# INTELLECTUAL PROPERTY AND INNOVATION AMERICAN INN OF COURT

Thursday, May 17, 2018

## Inn Luncheon Roundtable

CLE Materials

**Topic**

*Oil States Energy Services v. Greene's Energy Group* and *SAS Institute v. Iancu*  
Inter Partes Review Constitutionality and Strategy

**Facilitated By**

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U.S.P.T.O. Trial Statistics: IPR, PGR, CBM (April 2018)

# Patent Double Header: Supreme Court Takes on the USPTO

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May 15, 2018

## November 27, 2017 Oral Argument

- Oil States Energy Services v. Greene's Energy Group
  - Are Inter Partes Reviews (IPR) Constitutional?
  
- SAS Institute Inc v. Matal
  - Must the PTAB review all patent claims in an IPR?

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## Oil States Energy Services

- Patent at issue: method to reduce pressure on and damage to wellheads during hydraulic fracking
- Procedural context:
  - Oil States sued Greene for patent infringement
  - Greene initiated IPR after Markman hearing
  - Board found two claims invalid
  - Oil States appealed to Federal Circuit that affirmed without opinion
- Supreme Court Review

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## What is an IPR?

- Administrative proceeding created under America Invents Act that went into effect in 2012
- Allows a third party to challenge the validity of a granted patent on novelty or nonobviousness grounds
- IPR is initiated through a petition with the Patent Trial and Appeals Board (PTAB) who decides whether to institute the challenge
  - Institution decision not appealable. See *Cuozzo Speed Technologies v. Lee* (2016)
- PTAB can rule granted patents as unpatentable
- Appeal of final PTAB ruling goes directly to Federal Circuit

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## Legal Question

- Can an administrative agency like the USPTO take away patent rights without violating Article III and the Seventh Amendment right to a jury trial?

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## Elements of Question

- Is reviewing the patent grant for error an interference with property rights?
- Is it constitutional for a non-Article III body to cancel patent rights?
- Can a property right, such as a patent, be taken away without a jury trial?

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## Argument of patent owner, Oil States

- PTAB exercises judicial power
- It exercises this judicial power in a dispute between private parties.
- This dispute is over private rights.
- This exercise of power is without Article III supervision and consent.
- The issues reviewed by the PTAB have been adjudicated by courts for over 400 years.

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## Arguments of respondent in support of IPR

- IPR's review the grant of the patent entrusted by Congress to the executive branch since 1790 and is not an inherently judicial process.
- An IPR does not extinguish private property rights.
- In addition (but not necessary to the argument), patent rights involve public rights.

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## Result

- Oil States loses 7-2
  - AIA does not violate Article III or Seventh Amendment
- Majority opinion authored by Justice Thomas emphasizes patent grant as a public right.
  - Government franchise
  - Creature of statute
  - Specific form of property right
  - "Common law, equity, admiralty"
    - Dispute between private parties
    - Dispute with government
- Dissent by Justices Gorsuch and Roberts
  - Private investment
  - Judicial power

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## Open Issues

- Retroactivity
- Due Process
- Takings

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## Assessment

- Court has been deferential to Congress on IP issues
  - But Court has been concerned about limits on judicial power as well
- Historical evidence about patent litigation and Privy Council is not strongly supportive of petitioner's arguments
- Constitutional text is not persuasive
- Structural arguments would weigh in favor of respondent
  - Need efficient review of patent grant
  - Patent applicant is aware of rules
  - *Crowell v Moring* precedent on administrative process
  - Different from *Marathon Pipeline* decision on bankruptcy courts

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## Prediction

- Court will most likely affirm.
  - Practical effects
- No strong arguments to rule a federal statute unconstitutional
  - If statute is struck down, pre-grant procedures would most likely address concerns.

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## SAS v. Matal

- Patent at issue: ComplementSoft sued SAS for infringement of patent covering system and method for generating software code.
- Procedural context: SAS petitioned for an IPR challenging the validity of all 16 claims in patent. PTAB instituted as to 9 claims and issued a ruling on these claims. SAS argued that the PTAB had to reach a ruling under all claims in petition.
- Supreme Court Review

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## Legal Question

- Whether 35 U.S.C. § 318(a), which provides that the Patent Trial and Appeal Board in an inter partes review "shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner," requires that Board to issue a final written decision as to every claim challenged by the petitioner, or whether it allows that Board to issue a final written decision with respect to the patentability of only some of the patent claims challenged by the petitioner, as the U.S. Court of Appeals for the Federal Circuit held.

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## Statutory text

- Under 318(a), PTAB “shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner”
- Under 314(a), IPR is instituted if “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”
- Are the claims in 318(a) different from ones in 314(a)? Does any mean “some” or “all petitioned?”
  - Federal Circuit rules that claims in 318(a) are different from those in 314(a).

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## Odd Question of statutory interpretation and strategic purpose

- Justice Sotomayor in oral argument raises concern that this work around Cuozzo decision that upholds lack of review of institution decision
- Background battle over role of administrative agencies
  - Deference to reasonable agency interpretation of ambiguous statute (Chevron)

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## Arguments of SAS

- Text is clear
- Context is clear
- Allowing Board to pick and choose claims undermines finality and efficiency of review process
- Institution phase essentially becomes final, precluding review
- Chevron deference not appropriate because agency interpretation is unreasonable

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## Arguments of USPTO

- Incomplete record for review
- Statute is consistent with purpose of inter partes review
  - Nothing prevents partial institution
  - Efficiently handles petition
- Word "any" represents fact that some claims may be settled or cancelled
- Partial institution offers an efficient approach to reviewing claims.

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## Result

- Court rules 5-4 to reverse “partial institution” practice by PTAB
- Justice Gorsuch writes for majority
  - “any” in statute means “all” in this context
  - No ambiguity in statute so agency must follow it
  - Chevron not disturbed
- Dissent authored by Justice Ginsburg
  - Partial institution permits flexibility
- Dissent authored by Justice Breyer
  - Statute is ambiguous

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## USPTO Guidelines in Response

- No more partial institution
- Ability to refile
- Encourage settlement between parties

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## Assessment

- Literal reading of statute versus purposive reading of statute
- Deference to Congress based on need for reviewing patent grant
  - If Oil States wins, then SAS' appeal becomes moot.
- Requiring complete institution and review of claims seems to take away discretion of agency without benefit

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## Prediction

- Affirmance likely
  - As with *Cuozzo*, Court would create more problems by undoing a statute that seems to work
  - How much to hang on the word "any"
- Will the Court use this case to chip away at *Chevron*?
  - Court might say that statute is ambiguous, but no deference to agency
  - Decision might illustrate the fragility of *Chevron*

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## Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States v. Detroit Timber & Lumber Co.*, 200 U. S. 321, 337.

**SUPREME COURT OF THE UNITED STATES**

## Syllabus

**OIL STATES ENERGY SERVICES, LLC v. GREENE'S  
ENERGY GROUP, LLC, ET AL.****CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR  
THE FEDERAL CIRCUIT**

No. 16–712. Argued November 27, 2017—Decided April 24, 2018

Inter partes review authorizes the United States Patent and Trademark Office (PTO) to reconsider and cancel an already-issued patent claim in limited circumstances. See 35 U. S. C. §§311–319. Any person who is not the owner of the patent may petition for review. §311(a). If review is instituted, the process entitles the petitioner and the patent owner to conduct certain discovery, §316(a)(5); to file affidavits, declarations, and written memoranda. §316(a)(8); and to receive an oral hearing before the Patent Trial and Appeal Board, §316(a)(10). A final decision by the Board is subject to Federal Circuit review. §§318, 319.

Petitioner Oil States Energy Services, LLC, obtained a patent relating to technology for protecting wellhead equipment used in hydraulic fracturing. It sued respondent Greene's Energy Group, LLC, in Federal District Court for infringement. Greene's Energy challenged the patent's validity in the District Court and also petitioned the PTO for inter partes review. Both proceedings progressed in parallel. The District Court issued a claim-construction order favoring Oil States, while the Board issued a decision concluding that Oil States' claims were unpatentable. Oil States appealed to the Federal Circuit. In addition to its patentability arguments, it challenged the constitutionality of inter partes review, arguing that actions to revoke a patent must be tried in an Article III court before a jury. While the case was pending, the Federal Circuit issued a decision in a separate case, rejecting the same constitutional arguments raised by Oil States. The court then summarily affirmed the Board's decision in this case.

*Held:*

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GROUP, LLC  
Syllabus

1. Inter partes review does not violate Article III. Pp. 5–17.

(a) Under this Court's precedents, Congress has significant latitude to assign adjudication of public rights to entities other than Article III courts. *Executive Benefits Ins. Agency v. Arkison*, 573 U. S. \_\_\_, \_\_\_. Inter partes review falls squarely within the public-rights doctrine. The decision to grant a patent is a matter involving public rights. Inter partes review is simply a reconsideration of that grant, and Congress has permissibly reserved the PTO's authority to conduct that reconsideration. Pp. 5–10.

(i) The grant of a patent falls within the public-rights doctrine. *United States v. Duell*, 172 U. S. 576, 582–583. Granting a patent involves a matter “arising between the government and others.” *Ex parte Bakelite Corp.*, 279 U. S. 438, 451. Specifically, patents are “public franchises.” *Seymour v. Osborne*, 11 Wall. 516, 533. Additionally, granting patents is one of “the constitutional functions” that can be carried out by “the executive or legislative departments” without “judicial determination.” *Crowell v. Benson*, 285 U. S. 22, 50–51. Pp. 7–8.

(ii) Inter partes review involves the same basic matter as the grant of a patent. It is “a second look at an earlier . . . grant,” *Cuozzo Speed Technologies, LLC v. Lee*, 579 U. S. \_\_\_, \_\_\_, and it involves the same interests as the original grant, see *Duell, supra*, at 586. That inter partes review occurs after the patent has issued does not make a difference here. Patents remain “subject to [the Board's] authority” to cancel outside of an Article III court, *Crowell, supra*, at 50, and this Court has recognized that franchises can be qualified in this manner, see, e.g., *Louisville Bridge Co. v. United States*, 242 U. S. 409, 421. Pp. 8–10.

(b) Three decisions that recognize patent rights as the “private property of the patentee,” *United States v. American Bell Telephone Co.*, 128 U. S. 315, 370, do not contradict this conclusion. See also *McCormick Harvesting Machine Co. v. Aultman*, 169 U. S. 606, 609; *Brown v. Duchesne*, 19 How. 183, 197. Nor do they foreclose the kind of post-issuance administrative review that Congress has authorized here. Those cases were decided under the Patent Act of 1870 and are best read as describing the statutory scheme that existed at that time. Pp. 10–11.

(c) Although patent validity was often decided in 18th-century English courts of law, that history does not establish that inter partes review violates the “general” principle that “Congress may not ‘withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law,’” *Stern v. Marshall*, 564 U. S. 462, 484. Another means of canceling a patent at that time—a petition to the Privy Council to vacate a patent—closely re-

## Syllabus

sembles inter partes review. The parties have cited nothing to suggest that the Framers were not aware of this common practice when writing the Patent Clause, or that they excluded the practice from the scope of the Clause. Relatedly, the fact that American courts have traditionally adjudicated patent validity in this country does not mean that they must forever do so. See *post*, at 8–10. Historical practice is not decisive here because matters governed by the public-rights doctrine may be assigned to the Legislature, the Executive, or the Judiciary. *Ex parte Bakelite Corp.*, *supra*, at 451. That Congress chose the courts in the past does not foreclose its choice of the PTO today. Pp. 12–15.

(d) Finally, the similarities between the various procedures used in inter partes review and procedures typically used in courts does not lead to the conclusion that inter partes review violates Article III. This Court has never adopted a “looks like” test to determine if an adjudication has improperly occurred outside an Article III court. See, e.g., *Williams v. United States*, 289 U. S. 553, 563. Pp. 15–16.

(e) This holding is narrow. The Court addresses only the constitutionality of inter partes review and the precise constitutional challenges that Oil States raised here. The decision should not be misconstrued as suggesting that patents are not property for purposes of the Due Process Clause or the Takings Clause. Pp. 16–17.

2. Inter partes review does not violate the Seventh Amendment. When Congress properly assigns a matter to adjudication in a non-Article III tribunal, “the Seventh Amendment poses no independent bar to the adjudication of that action by a nonjury factfinder.” *Granfinanciera, S. A. v. Nordberg*, 492 U. S. 33, 52–53. Thus, the rejection of Oil States’ Article III challenge also resolves its Seventh Amendment challenge. P. 17.

639 Fed. Appx. 639, affirmed.

THOMAS, J., delivered the opinion of the Court, in which KENNEDY, GINSBURG, BREYER, ALITO, SOTOMAYOR, and KAGAN, JJ., joined. BREYER, J., filed a concurring opinion, in which GINSBURG and SOTOMAYOR, JJ., joined. GORSUCH, J., filed a dissenting opinion, in which ROBERTS, C. J., joined.



Opinion of the Court

NOTICE. This opinion is subject to formal revision before publication in the preliminary print of the United States Reports. Readers are requested to notify the Reporter of Decisions, Supreme Court of the United States, Washington, D. C. 20543, of any typographical or other formal errors, in order that corrections may be made before the preliminary print goes to press.

**SUPREME COURT OF THE UNITED STATES**

No. 16–712

**OIL STATES ENERGY SERVICES, LLC, PETITIONER  
v. GREENE’S ENERGY GROUP, LLC, ET AL.**

**ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF  
APPEALS FOR THE FEDERAL CIRCUIT**

[April 24, 2018]

JUSTICE THOMAS delivered the opinion of the Court.

The Leahy-Smith America Invents Act, 35 U. S. C. §100 *et seq.*, establishes a process called “inter partes review.” Under that process, the United States Patent and Trademark Office (PTO) is authorized to reconsider and to cancel an issued patent claim in limited circumstances. In this case, we address whether inter partes review violates Article III or the Seventh Amendment of the Constitution. We hold that it violates neither.

I  
A

Under the Patent Act, the PTO is “responsible for the granting and issuing of patents.” 35 U. S. C. §2(a)(1). When an inventor applies for a patent, an examiner reviews the proposed claims and the prior art to determine if the claims meet the statutory requirements. See §§112, 131. Those requirements include utility, novelty, and nonobviousness based on the prior art. §§101, 102, 103. The Director of the PTO then approves or rejects the application. See §§131, 132(a). An applicant can seek judicial review of a final rejection. §§141(a), 145.

B

Over the last several decades, Congress has created administrative processes that authorize the PTO to reconsider and cancel patent claims that were wrongly issued. In 1980, Congress established “*ex parte* reexamination,” which still exists today. See Act To Amend the Patent and Trademark Laws, 35 U. S. C. §301 *et seq.* *Ex parte* reexamination permits “[a]ny person at any time” to “file a request for reexamination.” §302. If the Director determines that there is “a substantial new question of patentability” for “any claim of the patent,” the PTO can reexamine the patent. §§303(a), 304. The reexamination process follows the same procedures as the initial examination. §305.

In 1999, Congress added a procedure called “*inter partes* reexamination.” See American Inventors Protection Act, §§4601–4608, 113 Stat. 1501A–567 to 1501A–572. Under this procedure, any person could file a request for reexamination. 35 U. S. C. §311(a) (2006 ed.). The Director would determine if the request raised “a substantial new question of patentability affecting any claim of the patent” and, if so, commence a reexamination. §§312(a), 313 (2006 ed.). The reexamination would follow the general procedures for initial examination, but would allow the third-party requester and the patent owner to participate in a limited manner by filing responses and replies. §§314(a), (b) (2006 ed.). *Inter partes* reexamination was phased out when the America Invents Act went into effect in 2012. See §6, 125 Stat. 299–305.

C

The America Invents Act replaced *inter partes* reexamination with *inter partes* review, the procedure at issue here. See *id.*, at 299. Any person other than the patent owner can file a petition for *inter partes* review. 35 U. S. C. §311(a) (2012 ed.). The petition can request can-

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cellation of “1 or more claims of a patent” on the grounds that the claim fails the novelty or nonobviousness standards for patentability. §311(b). The challenges must be made “only on the basis of prior art consisting of patents or printed publications.” *Ibid.* If a petition is filed, the patent owner has the right to file a preliminary response explaining why inter partes review should not be instituted. §313.

Before he can institute inter partes review, the Director must determine “that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged.” §314(a). The decision whether to institute inter partes review is committed to the Director’s discretion. See *Cuozzo Speed Technologies, LLC v. Lee*, 579 U. S. \_\_\_, \_\_\_ (2016) (slip op., at 9). The Director’s decision is “final and nonappealable.” §314(d).<sup>1</sup>

Once inter partes review is instituted, the Patent Trial and Appeal Board—an adjudicatory body within the PTO created to conduct inter partes review—examines the patent’s validity. See 35 U. S. C. §§6, 316(c). The Board sits in three-member panels of administrative patent judges. See §6(c). During the inter partes review, the petitioner and the patent owner are entitled to certain discovery, §316(a)(5); to file affidavits, declarations, and written memoranda, §316(a)(8); and to receive an oral hearing before the Board, §316(a)(10). The petitioner has the burden of proving unpatentability by a preponderance of the evidence. §316(e). The owner can file a motion to amend the patent by voluntarily canceling a claim or by “propos[ing] a reasonable number of substitute claims.” §316(d)(1)(B). The owner can also settle with the petitioner by filing a written agreement prior to the Board’s final decision, which terminates the proceedings with respect to

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<sup>1</sup>The Director has delegated his authority to the Patent Trial and Appeal Board. See 37 CFR §42.108(c) (2017).

that petitioner. §317. If the settlement results in no petitioner remaining in the inter partes review, the Board can terminate the proceeding or issue a final written decision. §317(a).

If the proceeding does not terminate, the Board must issue a final written decision no later than a year after it notices the institution of inter partes review, but that deadline can be extended up to six months for good cause. §§316(a)(11), 318(a). If the Board's decision becomes final, the Director must "issue and publish a certificate." §318(b). The certificate cancels patent claims "finally determined to be unpatentable," confirms patent claims "determined to be patentable," and incorporates into the patent "any new or amended claim determined to be patentable." *Ibid.*

A party dissatisfied with the Board's decision can seek judicial review in the Court of Appeals for the Federal Circuit. §319. Any party to the inter partes review can be a party in the Federal Circuit. *Ibid.* The Director can intervene to defend the Board's decision, even if no party does. See §143; *Cuozzo, supra*, at \_\_\_ (slip op., at 15). When reviewing the Board's decision, the Federal Circuit assesses "the Board's compliance with governing legal standards de novo and its underlying factual determinations for substantial evidence." *Randall Mfg. v. Rea*, 733 F. 3d 1355, 1362 (CA Fed. 2013).

## II

Petitioner Oil States Energy Services, LLC, and respondent Greene's Energy Group, LLC, are both oilfield services companies. In 2001, Oil States obtained a patent relating to an apparatus and method for protecting well-head equipment used in hydraulic fracturing. In 2012, Oil States sued Greene's Energy in Federal District Court for infringing that patent. Greene's Energy responded by challenging the patent's validity. Near the close of discov-

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ery, Greene's Energy also petitioned the Board to institute inter partes review. It argued that two of the patent's claims were unpatentable because they were anticipated by prior art not mentioned by Oil States in its original patent application. Oil States filed a response opposing review. The Board found that Greene's Energy had established a reasonable likelihood that the two claims were unpatentable and, thus, instituted inter partes review.

The proceedings before the District Court and the Board progressed in parallel. In June 2014, the District Court issued a claim-construction order. The order construed the challenged claims in a way that foreclosed Greene's Energy's arguments about the prior art. But a few months later, the Board issued a final written decision concluding that the claims were unpatentable. The Board acknowledged the District Court's contrary decision, but nonetheless concluded that the claims were anticipated by the prior art.

Oil States sought review in the Federal Circuit. In addition to its arguments about patentability, Oil States challenged the constitutionality of inter partes review. Specifically, it argued that actions to revoke a patent must be tried in an Article III court before a jury. While Oil States' case was pending, the Federal Circuit issued an opinion in a different case, rejecting the same constitutional arguments. *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F. 3d 1284, 1288–1293 (2015). The Federal Circuit summarily affirmed the Board's decision in this case. 639 Fed. Appx. 639 (2016).

We granted certiorari to determine whether inter partes review violates Article III or the Seventh Amendment. 582 U. S. \_\_\_\_ (2017). We address each issue in turn.

## III

Article III vests the judicial power of the United States “in one supreme Court, and in such inferior Courts as the

Congress may from time to time ordain and establish.” §1. Consequently, Congress cannot “confer the Government’s ‘judicial Power’ on entities outside Article III.” *Stern v. Marshall*, 564 U. S. 462, 484 (2011). When determining whether a proceeding involves an exercise of Article III judicial power, this Court’s precedents have distinguished between “public rights” and “private rights.” *Executive Benefits Ins. Agency v. Arkison*, 573 U. S. \_\_\_, \_\_\_ (2014) (slip op., at 6) (internal quotation marks omitted). Those precedents have given Congress significant latitude to assign adjudication of public rights to entities other than Article III courts. See *ibid.*; *Stern, supra*, at 488–492.

This Court has not “definitively explained” the distinction between public and private rights, *Northern Pipeline Constr. Co. v. Marathon Pipe Line Co.*, 458 U. S. 50, 69 (1982), and its precedents applying the public-rights doctrine have “not been entirely consistent,” *Stern*, 564 U. S., at 488. But this case does not require us to add to the “various formulations” of the public-rights doctrine. *Ibid.* Our precedents have recognized that the doctrine covers matters “which arise between the Government and persons subject to its authority in connection with the performance of the constitutional functions of the executive or legislative departments.” *Crowell v. Benson*, 285 U. S. 22, 50 (1932). In other words, the public-rights doctrine applies to matters “arising between the government and others, which from their nature do not require judicial determination and yet are susceptible of it.” *Ibid.* (quoting *Ex parte Bakelite Corp.*, 279 U. S. 438, 451 (1929)). Inter partes review involves one such matter: reconsideration of the Government’s decision to grant a public franchise.

A

Inter partes review falls squarely within the public-rights doctrine. This Court has recognized, and the par-

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ties do not dispute, that the 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. Thus, the PTO can do so without violating Article III.

## 1

This Court has long recognized that the grant of a patent is a “matte[r] involving public rights.” *United States v. Duell*, 172 U. S. 576, 582–583 (1899) (quoting *Murray’s Lessee v. Hoboken Land & Improvement Co.*, 18 How. 272, 284 (1856)). It has the key features to fall within this Court’s longstanding formulation of the public-rights doctrine.

*Ab initio*, the grant of a patent involves a matter “arising between the government and others.” *Ex parte Bakelite Corp.*, *supra*, at 451. As this Court has long recognized, the grant of a patent is a matter between “the public, who are the grantors, and . . . the patentee.” *Duell*, *supra*, at 586 (quoting *Butterworth v. United States ex rel. Hoe*, 112 U. S. 50, 59 (1884)). By “issuing patents,” the PTO “take[s] from the public rights of immense value, and bestow[s] them upon the patentee.” *United States v. American Bell Telephone Co.*, 128 U. S. 315, 370 (1888). Specifically, patents are “public franchises” that the Government grants “to the inventors of new and useful improvements.” *Seymour v. Osborne*, 11 Wall. 516, 533 (1871); accord, *Pfaff v. Wells Electronics, Inc.*, 525 U. S. 55, 63–64 (1998). The franchise gives the patent owner “the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States.” 35 U. S. C. §154(a)(1). That right “did not exist at common law.” *Gayler v. Wilder*, 10 How. 477, 494 (1851). Rather, it is a “creature of statute law.” *Crown*



*Die & Tool Co. v. Nye Tool & Machine Works*, 261 U. S. 24, 40 (1923).

Additionally, granting patents is one of “the constitutional functions” that can be carried out by “the executive or legislative departments” without “judicial determination.” *Crowell, supra*, at 50–51 (quoting *Ex parte Bakelite Corp., supra*, at 452). Article I gives Congress the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” §8, cl. 8. Congress can grant patents itself by statute. See, e.g., *Bloomer v. McQuewan*, 14 How. 539, 548–550 (1853). And, from the founding to today, Congress has authorized the Executive Branch to grant patents that meet the statutory requirements for patentability. See 35 U. S. C. §§2(a)(1), 151; see also Act of July 8, 1870, §31, 16 Stat. 202; Act of July 4, 1836, §7, 5 Stat. 119–120; Act of Apr. 10, 1790, ch. 7, §1, 1 Stat. 109–110. When the PTO “adjudicate[s] the patentability of inventions,” it is “exercising the executive power.” *Freytag v. Commissioner*, 501 U. S. 868, 910 (1991) (Scalia, J., concurring in part and concurring in judgment) (emphasis deleted).

Accordingly, the determination to grant a patent is a “matte[r] involving public rights.” *Murray’s Lessee, supra*, at 284. It need not be adjudicated in Article III court.

2

Inter partes review involves the same basic matter as the grant of a patent. So it, too, falls on the public-rights side of the line.

Inter partes review is “a second look at an earlier administrative grant of a patent.” *Cuozzo*, 579 U. S., at \_\_\_ (slip op., at 16). The Board considers the same statutory requirements that the PTO considered when granting the patent. See 35 U. S. C. §311(b). Those statutory requirements prevent the “issuance of patents whose effects are

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to remove existent knowledge from the public domain.” *Graham v. John Deere Co. of Kansas City*, 383 U. S. 1, 6 (1966). So, like the PTO’s initial review, the Board’s inter partes review protects “the public’s paramount interest in seeing that patent monopolies are kept within their legitimate scope,” *Cuozzo, supra*, at \_\_\_\_ (slip op., at 16) (internal quotation marks and alterations omitted). Thus, inter partes review involves the same interests as the determination to grant a patent in the first instance. See *Duell, supra*, at 586.

The primary distinction between inter partes review and the initial grant of a patent is that inter partes review occurs *after* the patent has issued. But that distinction does not make a difference here. Patent claims are granted subject to the qualification that the PTO has “the authority to reexamine—and perhaps cancel—a patent claim” in an inter partes review. See *Cuozzo, supra*, at \_\_\_\_ (slip op., at 3). Patents thus remain “subject to [the Board’s] authority” to cancel outside of an Article III court. *Crowell*, 285 U. S., at 50.

This Court has recognized that franchises can be qualified in this manner. For example, Congress can grant a franchise that permits a company to erect a toll bridge, but qualify the grant by reserving its authority to revoke or amend the franchise. See, e.g., *Louisville Bridge Co. v. United States*, 242 U. S. 409, 421 (1917) (collecting cases). Even after the bridge is built, the Government can exercise its reserved authority through legislation or an administrative proceeding. See, e.g., *id.*, at 420–421; *Hannibal Bridge Co. v. United States*, 221 U. S. 194, 205 (1911); *Bridge Co. v. United States*, 105 U. S. 470, 478–482 (1882). The same is true for franchises that permit companies to build railroads or telegraph lines. See, e.g., *United States v. Union Pacific R. Co.*, 160 U. S. 1, 24–25, 37–38 (1895).

Thus, the public-rights doctrine covers the matter resolved in inter partes review. The Constitution does not

prohibit the Board from resolving it outside of an Article III court.

B

Oil States challenges this conclusion, citing three decisions that recognize patent rights as the “private property of the patentee.” *American Bell Telephone Co.*, 128 U. S., at 370; see also *McCormick Harvesting Machine Co. v. Aultman*, 169 U. S. 606, 609 (1898) (“[A granted patent] has become the property of the patentee”); *Brown v. Duchesne*, 19 How. 183, 197 (1857) (“[T]he rights of a party under a patent are his private property”). But those cases do not contradict our conclusion.

Patents convey only a specific form of property right—a public franchise. See *Pfaff*, 525 U. S., at 63–64. And patents are “entitled to protection as any other property, consisting of a franchise.” *Seymour*, 11 Wall. at 533 (emphasis added). As a public franchise, a patent can confer only the rights that “the statute prescribes.” *Gayler*, *supra*, at 494; *Wheaton v. Peters*, 8 Pet. 591, 663–664 (1834) (noting that Congress has “the power to prescribe the conditions on which such right shall be enjoyed”). It is noteworthy that one of the precedents cited by Oil States acknowledges that the patentee’s rights are “derived altogether” from statutes, “are to be regulated and measured by these laws, and cannot go beyond them.” *Brown*, *supra*, at 195.<sup>2</sup>

One such regulation is inter partes review. See *Cuozzo*,

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<sup>2</sup>This Court has also recognized this dynamic for state-issued franchises. For instance, States often reserve the right to alter or revoke a corporate charter either “in the act of incorporation or in some general law of the State which was in operation at the time the charter was granted.” *Pennsylvania College Cases*, 13 Wall. 190, 214, and n. † (1872). That reservation remains effective even after the corporation comes into existence, and such alterations do not offend the Contracts Clause of Article I, §10. See *Pennsylvania College Cases*, *supra*, at 212–214; e.g., *Miller v. State*, 15 Wall. 478, 488–489 (1873).

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579 U. S., at \_\_\_\_ (slip op., at 3). The Patent Act provides that, “[s]ubject to the provisions of this title, patents shall have the attributes of personal property.” 35 U. S. C. §261. This provision qualifies any property rights that a patent owner has in an issued patent, subjecting them to the express provisions of the Patent Act. See *eBay Inc. v. MercExchange, L. L. C.*, 547 U. S. 388, 392 (2006). Those provisions include inter partes review. See §§311–319.

Nor do the precedents that *Oil States* cites foreclose the kind of post-issuance administrative review that Congress has authorized here. To be sure, two of the cases make broad declarations that “[t]he only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever, is vested in the courts of the United States, and not in the department which issued the patent.” *McCormick Harvesting Machine Co.*, *supra*, at 609; accord, *American Bell Telephone Co.*, 128 U. S., at 364. But those cases were decided under the Patent Act of 1870. See *id.*, at 371; *McCormick Harvesting Machine Co.*, *supra*, at 611. That version of the Patent Act did not include any provision for post-issuance administrative review. Those precedents, then, are best read as a description of the statutory scheme that existed at that time. They do not resolve Congress’ authority under the Constitution to establish a different scheme.<sup>3</sup>

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<sup>3</sup>The dissent points to *McCormick’s* statement that the Patent Office Commissioner could not invalidate the patent at issue because it would “deprive the applicant of his property without due process of law, and would be in fact an invasion of the judicial branch.” *Post*, at 10 (quoting *McCormick Harvesting Machine Co. v. Aultman*, 169 U. S. 606, 612 (1898)). But that statement followed naturally from the Court’s determination that, under the Patent Act of 1870, the Commissioner “was *functus officio*” and “had no power to revoke, cancel, or annul” the patent at issue. 169 U. S., at 611–612.

Nor is it significant that the *McCormick* Court “equated invention patents with land patents.” *Post*, at 10. *McCormick* itself makes clear that the analogy between the two depended on the particulars of the

C

Oil States and the dissent contend that inter partes review violates the “general” principle that “Congress may not ‘withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law, or in equity, or admiralty.’” *Stern*, 564 U. S., at 484 (quoting *Murray’s Lessee*, 18 How., at 284). They argue that this is so because patent validity was often decided in English courts of law in the 18th century. For example, if a patent owner brought an infringement action, the defendant could challenge the validity of the patent as an affirmative defense. See Lemley, *Why Do Juries Decide If Patents Are Valid?* 99 Va. L. Rev. 1673, 1682, 1685–1686, and n. 52 (2013). Or, an individual could challenge the validity of a patent by filing a writ of *scire facias* in the Court of Chancery, which would sit as a law court when adjudicating the writ. See *id.*, at 1683–1685, and n. 44; Bottomley, *Patent Cases in the Court of Chancery, 1714–58*, 35 J. Legal Hist. 27, 36–37, 41–43 (2014).

But this history does not establish that patent validity is a matter that, “from its nature,” must be decided by a court. *Stern*, *supra*, at 484 (quoting *Murray’s Lessee*, *supra*, at 284). The aforementioned proceedings were between private parties. But there was another means of

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Patent Act of 1870. See 169 U. S., at 609–610. Modern invention patents, by contrast, are meaningfully different from land patents. The land-patent cases invoked by the dissent involved a “transaction [in which] ‘all authority or control’ over the lands has passed from ‘the Executive Department.’” *Boesche v. Udall*, 373 U. S. 472, 477 (1963) (quoting *Moore v. Robbins*, 96 U. S. 530, 533 (1878)). Their holdings do not apply when “the Government continues to possess some measure of control over” the right in question. *Boesche*, 373 U. S., at 477; see *id.*, at 477–478 (affirming administrative cancellations of public-land leases). And that is true of modern invention patents under the current Patent Act, which gives the PTO continuing authority to review and potentially cancel patents after they are issued. See 35 U. S. C. §§261, 311–319.

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canceling a patent in 18th-century England, which more closely resembles *inter partes* review: a petition to the Privy Council to vacate a patent. See Lemley, *supra*, at 1681–1682; Hulme, *Privy Council Law and Practice of Letters Patent for Invention From the Restoration to 1794*, 33 L. Q. Rev. 63 (1917). The Privy Council was composed of the Crown’s advisers. Lemley, *supra*, at 1681. From the 17th through the 20th centuries, English patents had a standard revocation clause that permitted six or more Privy Counsellors to declare a patent void if they determined the invention was contrary to law, “prejudicial” or “inconvenient,” not new, or not invented by the patent owner. See 11 W. Holdsworth, *A History of English Law* 426–427, and n. 6 (1938); Davies, *The Early History of the Patent Specification*, 50 L. Q. Rev. 86, 102–106 (1934). Individuals could petition the Council to revoke a patent, and the petition was referred to the Attorney General. The Attorney General examined the petition, considered affidavits from the petitioner and patent owner, and heard from counsel. See, e.g., *Bull v. Lydall*, PC2/81, pp. 180–181 (1706). Depending on the Attorney General’s conclusion, the Council would either void the patent or dismiss the petition. See, e.g., *Darby v. Betton*, PC2/99, pp. 358–359 (1745–1746) (voiding the patent); *Baker v. James*, PC2/103, pp. 320–321, 346–347 (1752) (dismissing the petition).

The Privy Council was a prominent feature of the English system. It had exclusive authority to revoke patents until 1753, and after that, it had concurrent jurisdiction with the courts. See Hulme, 33 L. Q. Rev., at 189–191, 193–194. The Privy Council continued to consider revocation claims and to revoke patents throughout the 18th century. Its last revocation was in 1779. See *id.*, at 192–193. It considered, but did not act on, revocation claims in 1782, 1794, and 1810. See *ibid.*; *Board of Ordinance v. Parr*, PC1/3919 (1810).

The Patent Clause in our Constitution “was written against the backdrop” of the English system. *Graham*, 383 U. S., at 5. Based on the practice of the Privy Council, it was well understood at the founding that a patent system could include a practice of granting patents subject to potential cancellation in the executive proceeding of the Privy Council. The parties have cited nothing in the text or history of the Patent Clause or Article III to suggest that the Framers were not aware of this common practice. Nor is there any reason to think they excluded this practice during their deliberations. And this Court has recognized that, “[w]ithin the scope established by the Constitution, Congress may set out conditions and tests for patentability.” *Id.*, at 6. We conclude that inter partes review is one of those conditions.<sup>4</sup>

For similar reasons, we disagree with the dissent’s assumption that, because courts have traditionally adjudicated patent validity in this country, courts must forever continue to do so. See *post*, at 8–10. Historical practice is not decisive here because matters governed by the public-rights doctrine “from their nature” can be resolved in multiple ways: Congress can “reserve to itself the power to

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<sup>4</sup>Oil States also suggests that inter partes review could be an unconstitutional condition because it conditions the benefit of a patent on accepting the possibility of inter partes review. Cf. *Koontz v. St. Johns River Water Management Dist.*, 570 U. S. 595, 604 (2013) (“[T]he government may not deny a benefit to a person because he exercises a constitutional right” (internal quotation marks omitted)). Even assuming a patent is a “benefit” for purposes of the unconstitutional-conditions doctrine, that doctrine does not apply here. The doctrine prevents the Government from using conditions “to produce a result which it could not command directly.” *Perry v. Sindermann*, 408 U. S. 593, 597 (1972) (internal quotation marks and alterations omitted). But inter partes review is consistent with Article III, see Part III–A, *supra*, and falls within Congress’ Article I authority, see Part III–C, *supra*, so it is something Congress can “command directly.” *Perry*, *supra*, at 597.



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decide,” “delegate that power to executive officers,” or “commit it to judicial tribunals.” *Ex parte Bakelite Corp.*, 279 U. S., at 451. That Congress chose the courts in the past does not foreclose its choice of the PTO today.

## D

Finally, Oil States argues that inter partes review violates Article III because it shares “every salient characteristic associated with the exercise of the judicial power.” Brief for Petitioner 20. Oil States highlights various procedures used in inter partes review: motion practice before the Board; discovery, depositions, and cross-examination of witnesses; introduction of evidence and objections based on the Federal Rules of Evidence; and an adversarial hearing before the Board. See 35 U. S. C. §316(a); 77 Fed. Reg. 48758, 48761–48763 (2012). Similarly, Oil States cites PTO regulations that use terms typically associated with courts—calling the hearing a “trial,” *id.*, at 48758; the Board members “judges,” *id.*, at 48763; and the Board’s final decision a “judgment,” *id.*, at 48761, 48766–48767.

But this Court has never adopted a “looks like” test to determine if an adjudication has improperly occurred outside of an Article III court. The fact that an agency uses court-like procedures does not necessarily mean it is exercising the judicial power. See *Freytag*, 501 U. S., at 910 (opinion of Scalia, J.). This Court has rejected the notion that a tribunal exercises Article III judicial power simply because it is “called a court and its decisions called judgments.” *Williams v. United States*, 289 U. S. 553, 563 (1933). Nor does the fact that an administrative adjudication is final and binding on an individual who acquiesces in the result necessarily make it an exercise of the judicial power. See, e.g., *Murray’s Lessee*, 18 How., at 280–281 (permitting the Treasury Department to conduct “final and binding” audits outside of an Article III court). Al-

though inter partes review includes some of the features of adversarial litigation, it does not make any binding determination regarding “the liability of [Greene’s Energy] to [Oil States] under the law as defined.” *Crowell*, 285 U. S., at 51. It remains a matter involving public rights, one “between the government and others, which from [its] nature do[es] not require judicial determination.” *Ex parte Bakelite Corp.*, 279 U. S., at 451.<sup>5</sup>

E

We emphasize the narrowness of our holding. We address the constitutionality of inter partes review only. We do not address whether other patent matters, such as infringement actions, can be heard in a non-Article III forum. And because the Patent Act provides for judicial review by the Federal Circuit, see 35 U. S. C. §319, we need not consider whether inter partes review would be constitutional “without any sort of intervention by a court at any stage of the proceedings,” *Atlas Roofing Co. v. Occupational Safety and Health Review Comm’n*, 430 U. S. 442, 455, n. 13 (1977). Moreover, we address only the precise constitutional challenges that Oil States raised

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<sup>5</sup>Oil States also points out that inter partes review “is initiated by private parties and implicates no waiver of sovereign immunity.” Brief for Petitioner 30–31. But neither of those features takes inter partes review outside of the public-rights doctrine. That much is clear from *United States v. Duell*, 172 U. S. 576 (1899), which held that the doctrine covers interference proceedings—a procedure to “determin[e] which of two claimants is entitled to a patent”—even though interference proceedings were initiated by “‘private interests compet[ing] for preference’” and did not involve a waiver of sovereign immunity. *Id.*, at 582, 586 (quoting *Butterworth v. United States ex rel. Hoe*, 112 U. S. 50, 59 (1884)). Also, inter partes review is not initiated by private parties in the way that a common-law cause of action is. To be sure, a private party files the petition for review. 35 U. S. C. §311(a). But the decision to institute review is made by the Director and committed to his unreviewable discretion. See *Cuozzo Speed Technologies, LLC v. Lee*, 579 U. S. \_\_\_, \_\_\_ (2016) (slip op., at 9).

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here. Oil States does not challenge the retroactive application of inter partes review, even though that procedure was not in place when its patent issued. Nor has Oil States raised a due process challenge. Finally, our decision should not be misconstrued as suggesting that patents are not property for purposes of the Due Process Clause or the Takings Clause. See, e.g., *Florida Prepaid Postsecondary Ed. Expense Bd. v. College Savings Bank*, 527 U. S. 627, 642 (1999); *James v. Campbell*, 104 U. S. 356, 358 (1882).

## IV

In addition to Article III, Oil States challenges inter partes review under the Seventh Amendment. The Seventh Amendment preserves the “right of trial by jury” in “Suits at common law, where the value in controversy shall exceed twenty dollars.” This Court’s precedents establish that, when Congress properly assigns a matter to adjudication in a non-Article III tribunal, “the Seventh Amendment poses no independent bar to the adjudication of that action by a nonjury factfinder.” *Granfinanciera, S. A. v. Nordberg*, 492 U. S. 33, 53–54 (1989); accord, *Atlas Roofing Co.*, *supra*, at 450–455. No party challenges or attempts to distinguish those precedents. Thus, our rejection of Oil States’ Article III challenge also resolves its Seventh Amendment challenge. Because inter partes review is a matter that Congress can properly assign to the PTO, a jury is not necessary in these proceedings.

## V

Because inter partes review does not violate Article III or the Seventh Amendment, we affirm the judgment of the Court of Appeals.

*It is so ordered.*

BREYER, J., concurring

**SUPREME COURT OF THE UNITED STATES**

No. 16–712

OIL STATES ENERGY SERVICES, LLC, PETITIONER  
v. GREENE’S ENERGY GROUP, LLC, ET AL.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF  
APPEALS FOR THE FEDERAL CIRCUIT

[April 24, 2018]

JUSTICE BREYER, with whom JUSTICE GINSBURG and JUSTICE SOTOMAYOR join, concurring.

I join the Court’s opinion in full. The conclusion that inter partes review is a matter involving public rights is sufficient to show that it violates neither Article III nor the Seventh Amendment. But the Court’s opinion should not be read to say that matters involving private rights may never be adjudicated other than by Article III courts, say, sometimes by agencies. Our precedent is to the contrary. *Stern v. Marshall*, 564 U. S. 462, 494 (2011); *Commodity Futures Trading Comm’n v. Schor*, 478 U. S. 833, 853–856 (1986); see also *Stern, supra*, at 513 (BREYER, J., dissenting) (“The presence of ‘private rights’ does not automatically determine the outcome of the question but requires a more ‘searching’ examination of the relevant factors”).

GORSUCH, J., dissenting

**SUPREME COURT OF THE UNITED STATES**

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**ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF  
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[April 24, 2018]

JUSTICE GORSUCH, with whom THE CHIEF JUSTICE joins, dissenting.

After much hard work and no little investment you devise something you think truly novel. Then you endure the further cost and effort of applying for a patent, devoting maybe \$30,000 and two years to that process alone. At the end of it all, the Patent Office agrees your invention is novel and issues a patent. The patent affords you exclusive rights to the fruits of your labor for two decades. But what happens if someone later emerges from the woodwork, arguing that it was all a mistake and your patent should be canceled? Can a political appointee and his administrative agents, instead of an independent judge, resolve the dispute? The Court says yes. Respectfully, I disagree.

We sometimes take it for granted today that independent judges will hear our cases and controversies. But it wasn't always so. Before the Revolution, colonial judges depended on the crown for their tenure and salary and often enough their decisions followed their interests. The problem was so serious that the founders cited it in their Declaration of Independence (see ¶11). Once free, the framers went to great lengths to guarantee a degree of judicial independence for future generations that they themselves had not experienced. Under the Constitution,

judges “hold their Offices during good Behaviour” and their “Compensation . . . shall not be diminished during the[ir] Continuance in Office.” Art. III, §1. The framers knew that “a fixed provision” for judges’ financial support would help secure “the independence of the judges,” because “a power over a man’s subsistence amounts to a power over his will.” The Federalist No. 79, p. 472 (C. Rossiter ed. 1961) (A. Hamilton) (emphasis deleted). They were convinced, too, that “[p]eriodical appointments, however regulated, or by whomsoever made, would, in some way or other, be fatal to [the courts’] necessary independence.” The Federalist No. 78, at 471 (A. Hamilton).

Today, the government invites us to retreat from the promise of judicial independence. Until recently, most everyone considered an issued patent a personal right—no less than a home or farm—that the federal government could revoke only with the concurrence of independent judges. But in the statute before us Congress has tapped an executive agency, the Patent Trial and Appeal Board, for the job. Supporters say this is a good thing because the Patent Office issues too many low quality patents; allowing a subdivision of that office to clean up problems after the fact, they assure us, promises an efficient solution. And, no doubt, dispensing with constitutionally prescribed procedures is often expedient. Whether it is the guarantee of a warrant before a search, a jury trial before a conviction—or, yes, a judicial hearing before a property interest is stripped away—the Constitution’s constraints can slow things down. But economy supplies no license for ignoring these—often vitally inefficient—protections. The Constitution “reflects a judgment by the American people that the benefits of its restrictions on the Government outweigh the costs,” and it is not our place to replace that judgment with our own. *United States v. Stevens*, 559 U. S. 460, 470 (2010).

Consider just how efficient the statute before us is. The

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Director of the Patent Office is a political appointee who serves at the pleasure of the President. 35 U. S. C. §§3(a)(1), (a)(4). He supervises and pays the Board members responsible for deciding patent disputes. §§1(a), 3(b)(6), 6(a). The Director is allowed to select which of these members, and how many of them, will hear any particular patent challenge. See §6(c). If they (somehow) reach a result he does not like, the Director can add more members to the panel—including himself—and order the case reheard. See §§6(a), (c); *In re Alappat*, 33 F. 3d 1526, 1535 (CA Fed. 1994) (en banc); *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co. Ltd.*, 868 F. 3d 1013, 1020 (CA Fed. 2013) (Dyk, J., concurring), cert. pending, No. 17–751. Nor has the Director proven bashful about asserting these statutory powers to secure the “policy judgments” he seeks. Brief for Petitioner 46 (quoting Patent Office Solicitor); see also Brief for Shire Pharmaceuticals LLC as *Amicus Curiae* 22–30.

No doubt this efficient scheme is well intended. But can there be any doubt that it also represents a retreat from the promise of judicial independence? Or that when an independent Judiciary gives ground to bureaucrats in the adjudication of cases, the losers will often prove the unpopular and vulnerable? Powerful interests are capable of amassing armies of lobbyists and lawyers to influence (and even capture) politically accountable bureaucracies. But what about everyone else?

Of course, all this invites the question: how do we know which cases independent judges must hear? The Constitution’s original public meaning supplies the key, for the Constitution cannot secure the people’s liberty any less today than it did the day it was ratified. The relevant constitutional provision, Article III, explains that the federal “judicial Power” is vested in independent judges. As originally understood, the judicial power extended to “suit[s] at the common law, or in equity, or admiralty.”

*Murray's Lessee v. Hoboken Land & Improvement Co.*, 18 How. 272, 284 (1856). From this and as we've recently explained, it follows that, "[w]hen a suit is made of the stuff of the traditional actions at common law tried by the courts at Westminster in 1789 . . . and is brought within the bounds of federal jurisdiction, the responsibility for deciding that suit rests with" Article III judges endowed with the protections for their independence the framers thought so important. *Stern v. Marshall*, 564 U. S. 462, 484 (2011) (internal quotation marks omitted). The Court does not quarrel with this test. See *ante*, at 12–14. We part ways only on its application.<sup>1</sup>

As I read the historical record presented to us, only courts could hear patent challenges in England at the time of the founding. If facts were in dispute, the matter first had to proceed in the law courts. See, e.g., *Newsham v. Gray*, 2 Atk. 286, 26 Eng. Rep. 575 (Ch. 1742). If successful there, a challenger then had to obtain a writ of *scire facias* in the law side of the Court of Chancery. See, e.g., Pfander, *Jurisdiction-Stripping and the Supreme Court's Power To Supervise Inferior Tribunals*, 78 Texas L. Rev. 1433, 1446, n. 53 (2000); Lemley, *Why Do Juries Decide If Patents Are Valid?* 99 Va. L. Rev. 1673, 1686–1687 (2013) (Lemley, *Juries*). The last time an executive body (the King's Privy Council) invalidated an invention patent on an ordinary application was in 1746, in *Darby v. Betton*, PC2/99, pp. 358–359; and the last time the Privy Council

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<sup>1</sup>Some of our concurring colleagues see it differently. See *ante*, at 1 (BREYER, J., concurring). They point to language in *Commodity Futures Trading Comm'n v. Schor*, 478 U. S. 833 (1986), promoting the notion that the political branches may "depart from the requirements of Article III" when the benefits outweigh the costs. *Id.*, at 851. Color me skeptical. The very point of our written Constitution was to prevent the government from "depart[ing]" from its protections for the people and their liberty just because someone later happens to think the costs outweigh the benefits. See *United States v. Stevens*, 559 U. S. 460, 470 (2010).



GORSUCH, J., dissenting

even *considered* doing so was in 1753, in *Baker v. James*, PC2/103, pp. 320–321. After *Baker v. James*, the Privy Council “divest[ed] itself of its functions” in ordinary patent disputes, Hulme, *Privy Council Law and Practice of Letters Patent for Invention from the Restoration to 1794* (Pt. II), 33 L. Q. Rev. 180, 194 (1917), which “thereafter [were] adjudicated solely by the law courts, as opposed to the [crown’s] prerogative courts,” Mossoff, *Rethinking the Development of Patents: An Intellectual History, 1550–1800*, 52 *Hastings L. J.* 1255, 1286–1287 (2001) (Mossoff, *Rethinking Patents*).<sup>2</sup>

This shift to courts paralleled a shift in thinking. Patents began as little more than feudal favors. *Id.*, at 1261. The crown both issued and revoked them. Lemley, *Juries 1680–1681*. And they often permitted the lucky recipient the exclusive right to do very ordinary things, like operate a toll bridge or run a tavern. *Ibid.* But by the 18th century, inventors were busy in Britain and invention patents came to be seen in a different light. They came to be viewed not as endowing accidental and anticompetitive monopolies on the fortunate few but as a procompetitive means to secure to individuals the fruits of their labor and ingenuity; encourage others to emulate them; and promote

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<sup>2</sup>See also Brief for H. Tomás Gómez-Arostegui et al. as *Amici Curiae* 6–37; Brief for Alliacense Limited LLC as *Amicus Curiae* 10–11; Gómez-Arostegui & Bottomley, *Privy Council and Scire Facias 1700–1883*, p. 2 (Nov. 6, 2017) (Addendum), <https://ssrn.com/abstract=3054989> (all Internet materials as last visited Apr. 20, 2018); *Observations on the Utility of Patents, and on the Sentiments of Lord Kenyon Respecting That Subject* 23 (2d ed. 1791) (“If persons of the same trade find themselves aggrieved by Patents taken for any thing already in use, their remedy is at hand. It is by a writ of *Scire Facias*”); *Mancius v. Lawton*, 10 Johns. 23, 24 (NY Sup. Ct. 1813) (Kent, C. J.) (noting the “settled English course” that “[l]etters-patent . . . can only be avoided in chancery, by a writ of *scire facias* sued out on the part of the government, or by some individual prosecuting in its name” (emphasis deleted)).

public access to new technologies that would not otherwise exist. Mossoff, Rethinking Patents 1288–1289. The Constitution itself reflects this new thinking, authorizing the issuance of patents precisely because of their contribution to the “Progress of Science and useful Arts.” Art. I, §8, cl. 8. “In essence, there was a change in perception—from viewing a patent as a contract between the crown and the patentee to viewing it as a ‘social contract’ between the patentee and society.” Waltersheid, *The Early Evolution of the United States Patent Law: Antecedents (Part 3)*, 77 *J. Pat. & T. Off. Soc.* 771, 793 (1995). And as invention patents came to be seen so differently, it is no surprise courts came to treat them more solicitously.<sup>3</sup>

Unable to dispute that judges alone resolved virtually all patent challenges by the time of the founding, the Court points to three English cases that represent the Privy Council’s dying gasp in this area: *Board of Ordnance v. Wilkinson*, PC2/123 (1779); *Grill [Grice] v. Waters*, PC2/127 (1782); and *Board of Ordnance v. Parr*, PC1/3919 (1810).<sup>4</sup> Filed in 1779, 1782, and 1810, each involved an

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<sup>3</sup>See also, *e.g.*, Mossoff, Who Cares What Thomas Jefferson Thought About Patents? Reevaluating the Patent “Privilege” in Historical Context, 92 *Cornell L. Rev.* 953, 967–968 (2007) (Mossoff, Reevaluating the Patent Privilege) (“[A]n American patent in the late eighteenth century was radically different from the royal monopoly privilege dispensed by Queen Elizabeth or King James in the early seventeenth century. Patents no longer created, and sheltered from competition, manufacturing monopolies—they secured the exclusive control of an inventor over his novel and useful scientific or mechanical invention” (footnote omitted)); Mossoff, Rethinking Patents 1286–1287; H. Fox, *Monopolies and Patents: A Study of the History and Future of the Patent Monopoly* 4 (1947).

<sup>4</sup>The 1794 petition the Court invokes, *ante*, at 13, involved a Scottish patent. *Simpson v. Cunningham*, PC2/141, p. 88 (1794). The English and Scottish patents systems, however, were distinct and enforced by different regimes. Gómez-Arostegui, Patent and Copyright Exhaustion in England Circa 1800, pp. 10–16, 37, 49–50 (Feb. 9, 2017), <https://ssrn.com/abstract=2905847>. Besides, even in that case the

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effort to override a patent on munitions during wartime, no doubt in an effort to increase their supply. But even then appealing to the Privy Council was seen as a last resort. The 1779 petition (the last Privy Council revocation ever) came only after the patentee twice refused instructions to litigate the patent's validity in a court of law. Gómez-Arostegui & Bottomley, Privy Council and *Scire Facias* 1700–1883, p. 6 (Nov. 6, 2017) <https://ssrn.com/abstract=3054989> (citing *Board of Ordnance v. Wilkinson*, PC2/123 (1779), and PC1/11/150 (1779)). The Council did not act on the 1782 petition but instead referred it to the Attorney General where it appears to have been abandoned. Gómez-Arostegui & Bottomley, Privy Council and *Scire Facias*, *supra*, at 17–18. Meanwhile, in response to the 1810 petition the Attorney General admitted that *scire facias* was the “usual manner” of revoking a patent and so directed the petitioner to proceed at law even as he suggested the Privy Council might be available in the event of a “very pressing and imminent” danger to the public. *Id.*, at 20 (citing PC1/3919 (1810)).

In the end, these cases do very little to support the Court's holding. At most, they suggest that the Privy Council might have possessed some residual power to revoke patents to address wartime necessities. Equally, they might serve only as more unfortunate evidence of the maxim that in time of war, the laws fall silent.<sup>5</sup> But

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Scottish Lord Advocate “was of opinion, that the question should be tried in a court of law.” Gómez-Arostegui & Bottomley, Addendum, *supra*, at 23 (citing Petition of William Cunningham, p. 5, *Cunningham v. Simpson*, Signet Library Edinburgh, Session Papers 207:3 (Ct. Sess. Feb. 23, 1796)).

<sup>5</sup>After all, the English statute of monopolies appeared to require the “force and validitie” of all patents to be determined only by “the Comon Lawes of this Realme & not otherwise.” 21 Jac. 1, c. 3, §2 (1624). So the Privy Council cases on which the Court relies may not reflect the best understanding of the British constitution.

whatever they do, these cases do not come close to proving that patent disputes were routinely permitted to proceed outside a court of law.

Any lingering doubt about English law is resolved for me by looking to our own. While the Court is correct that the Constitution's Patent Clause "was written against the backdrop" of English practice, *ante*, at 14 (quoting *Graham v. John Deere Co. of Kansas City*, 383 U. S. 1, 5 (1966)), it's also true that the Clause sought to *reject* some of early English practice. Reflecting the growing sentiment that patents shouldn't be used for anticompetitive monopolies over "goods or businesses which had long before been enjoyed by the public," the framers wrote the Clause to protect only procompetitive invention patents that are the product of hard work and insight and "add to the sum of useful knowledge." *Id.*, at 5–6. In light of the Patent Clause's restrictions on this score, courts took the view that when the federal government "grants a patent the grantee is entitled to it *as a matter of right*, and does not receive it, as was originally supposed to be the case in England, as a matter of grace and favor." *James v. Campbell*, 104 U. S. 356, 358 (1882) (emphasis added). As Chief Justice Marshall explained, courts treated American invention patents as recognizing an "inchoate property" that exists "from the moment of invention." *Evans v. Jordan*, 8 F. Cas. 872, 873 (No. 4,564) (CC Va. 1813). American patent holders thus were thought to "hol[d] a property in [their] invention[s] by as good a title as the farmer holds his farm and flock." *Hovey v. Henry*, 12 F. Cas. 603, 604 (No. 6,742) (CC Mass. 1846) (Woodbury, J.). And just as with farm and flock, it was widely accepted that the government could divest patent owners of their rights only through proceedings before independent judges.

This view held firm for most of our history. In fact, from the time it established the American patent system in 1790 until about 1980, Congress left the job of invalidating

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patents at the federal level to courts alone. The only apparent exception to this rule cited to us was a 4 year period when *foreign* patentees had to “work” or commercialize their patents or risk having them revoked. Hovenkamp, *The Emergence of Classical American Patent Law*, 58 *Ariz. L. Rev.* 263, 283–284 (2016). And the fact that for almost 200 years “earlier Congresses avoided use of [a] highly attractive”—and surely more efficient—means for extinguishing patents should serve as good “reason to believe that the power was thought not to exist” at the time of the founding. *Printz v. United States*, 521 U. S. 898, 905 (1997).

One more episode still underscores the point. When the Executive sought to claim the right to cancel a patent in the 1800s, this Court firmly rebuffed the effort. The Court explained:

“It has been settled by repeated decisions of this court that when a patent has [been issued by] the Patent Office, it has passed beyond the control and jurisdiction of that office, and is not subject to be revoked or cancelled by the President, or any other officer of the Government. It has become the property of the patentee, and as such is entitled to the same legal protection as other property.” *McCormick Harvesting Machine Co. v. Aultman*, 169 U. S. 606, 608–609 (1898) (citations omitted).

As a result, the Court held, “[t]he only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever, is vested in the courts of the United States, and not in the department which issued the patent.” *Id.*, at 609.

The Court today replies that *McCormick* sought only to interpret certain statutes then in force, not the Constitution. *Ante*, at 11, and n. 3. But this much is hard to see. Allowing the Executive to withdraw a patent, *McCormick*

said, “would be to deprive the applicant of his property without due process of law, and would be in fact an invasion of the judicial branch of the government by the executive.” 169 U. S., at 612. *McCormick* also pointed to “repeated decisions” in similar cases that themselves do not seem to rest merely on statutory grounds. See *id.*, at 608–609 (citing *United States v. Schurz*, 102 U. S. 378 (1880), and *United States v. American Bell Telephone Co.*, 128 U. S. 315 (1888)). And *McCormick* equated invention patents with land patents. 169 U. S., at 609. That is significant because, while the Executive has always dispensed public lands to homesteaders and other private persons, it has never been constitutionally empowered to withdraw land patents from their recipients (or their successors-in-interest) except through a “judgment of a court.” *United States v. Stone*, 2 Wall. 525, 535 (1865); *Wellness Int’l Network, Ltd. v. Sharif*, 575 U. S. \_\_\_, \_\_\_, (2015) (THOMAS, J., dissenting) (slip op., at 11) (“Although Congress could authorize executive agencies to dispose of public rights in lands—often by means of adjudicating a claimant’s qualifications for a land grant under a statute—the United States had to go to the courts if it wished to revoke a patent” (emphasis deleted)).

With so much in the relevant history and precedent against it, the Court invites us to look elsewhere. Instead of focusing on the revocation of patents, it asks us to abstract the level of our inquiry and focus on their issuance. Because the job of issuing invention patents traditionally belonged to the Executive, the Court proceeds to argue, the job of revoking them can be left there too. *Ante*, at 6–10. But that doesn’t follow. Just because you give a gift doesn’t mean you forever enjoy the right to reclaim it. And, as we’ve seen, just because the Executive could *issue* an invention (or land) patent did not mean the Executive could *revoke* it. To reward those who had proven the social utility of their work (and to induce others to follow suit),

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the law long afforded patent holders more protection than that against the threat of governmental intrusion and dispossession. The law requires us to honor those historical rights, not diminish them.

Still, the Court asks us to look away in yet another direction. At the founding, the Court notes, the Executive could sometimes both dispense and revoke public franchises. And because, it says, invention patents are a species of public franchises, the Court argues the Executive should be allowed to dispense and revoke them too. *Ante*, at 9–10. But labels aside, by the time of the founding the law treated patents protected by the Patent Clause quite differently from ordinary public franchises. Many public franchises amounted to little more than favors resembling the original royal patents the framers expressly refused to protect in the Patent Clause. The Court points to a good example: the state-granted exclusive right to operate a toll bridge. *Ante*, at 9. By the founding, courts in this country (as in England) had come to view anticompetitive monopolies like that with disfavor, narrowly construing the rights they conferred. See *Proprietors of Charles River Bridge v. Proprietors of Warren Bridge*, 11 Pet. 420, 544 (1837). By contrast, courts routinely applied to invention patents protected by the Patent Clause the “liberal common sense construction” that applies to other instruments creating private property rights, like land deeds. *Davis v. Palmer*, 7 F. Cas. 154, 158 (No. 3,645) (CC Va. 1827) (Marshall, C. J.); see also Mossoff, *Reevaluating the Patent Privilege* 990 (listing more differences in treatment). As Justice Story explained, invention patents protected by the Patent Clause were “not to be treated as mere monopolies odious in the eyes of the law, and therefore not to be favored.” *Ames v. Howard*, 1 F. Cas. 755, 756 (No. 326) (CC Mass. 1833). For precisely these reasons and as we’ve seen, the law traditionally treated patents issued under the Patent Clause very differently than

monopoly franchises when it came to governmental invasions. Patents alone required independent judges. Nor can simply invoking a mismatched label obscure that fact. The people's historic rights to have independent judges decide their disputes with the government should not be a "constitutional Maginot Line, easily circumvented" by such "simpl[e] maneuver[s]." *Bank Markazi v. Peterson*, 578 U. S. \_\_\_, \_\_\_ (2016) (ROBERTS, C. J., dissenting) (slip op., at 12).

Today's decision may not represent a rout but it at least signals a retreat from Article III's guarantees. Ceding to the political branches ground they wish to take in the name of efficient government may seem like an act of judicial restraint. But enforcing Article III isn't about protecting judicial authority for its own sake. It's about ensuring the people today and tomorrow enjoy no fewer rights against governmental intrusion than those who came before. And the loss of the right to an independent judge is never a small thing. It's for that reason Hamilton warned the judiciary to take "all possible care . . . to defend itself against" intrusions by the other branches. The *Federalist* No. 78, at 466. It's for that reason I respectfully dissent.





## Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States v. Detroit Timber & Lumber Co.*, 200 U. S. 321, 337.

## SUPREME COURT OF THE UNITED STATES

## Syllabus

SAS INSTITUTE INC. *v.* IANCU, DIRECTOR, UNITED STATES PATENT AND TRADEMARK OFFICE, ET AL.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

No. 16–969. Argued November 27, 2017—Decided April 24, 2018

Inter partes review allows private parties to challenge previously issued patent claims in an adversarial process before the Patent Office. At the outset, a party must file a petition to institute review, 35 U. S. C. §311(a), that identifies the challenged claims and the grounds for challenge with particularity, §312(a)(3). The patent owner, in turn, may file a response. §313. If the Director of the Patent Office determines “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition,” §314(a), he decides “whether to institute . . . review . . . pursuant to [the] petition,” §314(b). “If . . . review is instituted and not dismissed,” at the end of the litigation 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.” §318(a).

Petitioner SAS sought review of respondent ComplementSoft’s software patent, alleging that all 16 of the patent’s claims were unpatentable. Relying on a Patent Office regulation recognizing a power of “partial institution,” 37 CFR §42.108(a), the Director instituted review on some of the claims and denied review on the rest. The Board’s final decision addressed only the claims on which the Director had instituted review. On appeal, the Federal Circuit rejected SAS’s argument that §318(a) required the Board to decide the patentability of every claim challenged in the petition.

*Held:* When the Patent Office institutes an inter partes review, it must decide the patentability of all of the claims the petitioner has challenged. The plain text of §318(a) resolves this case. Its directive is both mandatory and comprehensive. The word “shall” generally imposes a nondiscretionary duty, and the word “any” ordinarily implies

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every member of a group. Thus, §318(a) means that the Board *must* address *every* claim the petitioner has challenged. The Director's "partial institution" power appears nowhere in the statutory text. And both text and context strongly counsel against inferring such a power.

The statute envisions an inter partes review guided by the initial petition. See §312(a)(3). Congress structured the process such that the petitioner, not the Director, defines the proceeding's contours. The ex parte reexamination statute shows that Congress knew exactly how to authorize the Director to investigate patentability questions "[o]n his own initiative, and at any time," §303(a). The inter partes review statute indicates that the Director's decision "whether" to institute review "pursuant to [the] petition" is a yes-or-no choice. §314(b).

Section 314(a)'s requirement that the Director find "a reasonable likelihood" that the petitioner will prevail on "at least 1 of the claims challenged in the petition" suggests, if anything, a regime where a reasonable prospect of success on a single claim justifies review of them all. Again, if Congress had wanted to adopt the Director's claim-by-claim approach, it knew how to do so. See §304. Nor does it follow that, because §314(a) invests the Director with discretion on the question *whether* to institute review, it also invests him with discretion regarding *what* claims that review will encompass. The rest of the statute confirms, too, that the petitioner's petition, not the Director's discretion, should guide the life of the litigation. See, e.g., §316(a)(8).

The Director suggests that a textual discrepancy between §314(a)—which addresses whether to institute review based on claims found "in the petition"—and §318(a)—which addresses the Board's final resolution of the claims challenged "by the petitioner"—means that the Director enjoys the power to institute a review covering fewer than all of the claims challenged in the petition. However, the statute's winnowing mechanism—which allows a patent owner to concede one part of a petitioner's challenge and "[c]ancel any challenged patent claim," §316(d)(1)(A)—fully explains why Congress adopted the slightly different language.

The Director's policy argument—that partial institution is efficient because it permits the Board to focus on the most promising challenges and avoid spending time and resources on others—is properly addressed to Congress, not this Court. And the Director's asserted "partial institution" power, which is wholly unmentioned in the statute, is not entitled to deference under *Chevron U. S. A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U. S. 837. Finally, notwithstanding §314(d)—which makes the Director's determination

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whether to institute an inter partes review “final and nonappealable”—judicial review remains available consistent with the Administrative Procedure Act to ensure that the Patent Office does not exceed its statutory bounds. *Cuozzo Speed Technologies, LLC v. Lee*, 579 U. S. \_\_\_\_, distinguished. Pp. 4–14.

825 F. 3d 1341, reversed and remanded.

GORSUCH, J., delivered the opinion of the Court, in which ROBERTS, C. J., and KENNEDY, THOMAS, and ALITO, JJ., joined. GINSBURG, J., filed a dissenting opinion, in which BREYER, SOTOMAYOR, and KAGAN, JJ., joined. BREYER, J., filed a dissenting opinion, in which GINSBURG and SOTOMAYOR, JJ., joined, and in which KAGAN, J., joined except as to Part III–A.

Opinion of the Court

NOTICE: This opinion is subject to formal revision before publication in the preliminary print of the United States Reports. Readers are requested to notify the Reporter of Decisions, Supreme Court of the United States, Washington, D. C. 20543, of any typographical or other formal errors, in order that corrections may be made before the preliminary print goes to press.

**SUPREME COURT OF THE UNITED STATES**

No. 16–969

**SAS INSTITUTE INC., PETITIONER v. ANDREI IANCU,  
AS DIRECTOR, UNITED STATES PATENT  
AND TRADEMARK OFFICE, ET AL.**

**ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF  
APPEALS FOR THE FEDERAL CIRCUIT**

[April 24, 2018]

JUSTICE GORSUCH delivered the opinion of the Court.

A few years ago Congress created “inter partes review.” The new procedure allows private parties to challenge previously issued patent claims in an adversarial process before the Patent Office that mimics civil litigation. Recently, the Court upheld the inter partes review statute against a constitutional challenge. *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*, ante, p. \_\_\_\_ . Now we take up a question concerning the statute’s operation. When the Patent Office initiates an inter partes review, must it resolve *all* of the claims in the case, or may it choose to limit its review to only *some* of them? The statute, we find, supplies a clear answer: the Patent Office must “issue a final written decision with respect to the patentability of *any* patent claim challenged by the petitioner.” 35 U. S. C. §318(a) (emphasis added). In this context, as in so many others, “any” means “every.” The agency cannot curate the claims at issue but must decide them all.

“To promote the Progress of Science and useful Arts,”

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Congress long ago created a patent system granting inventors rights over the manufacture, sale, and use of their inventions. U. S. Const., Art. I, §8, cl. 8; see 35 U. S. C. §154(a)(1). To win a patent, an applicant must (among other things) file “claims” that describe the invention and establish to the satisfaction of the Patent Office the invention’s novelty and nonobviousness. See §§102, 103, 112(b), 131; *Cuozzo Speed Technologies, LLC v. Lee*, 579 U. S. \_\_\_, \_\_\_–\_\_\_ (2016) (slip op., at 2–3).

Sometimes, though, bad patents slip through. Maybe the invention wasn’t novel, or maybe it was obvious all along, and the patent owner shouldn’t enjoy the special privileges it has received. To remedy these sorts of problems, Congress has long permitted parties to challenge the validity of patent claims in federal court. See §§282(b)(2)–(3). More recently, Congress has supplemented litigation with various administrative remedies. The first of these was *ex parte* reexamination. Anyone, including the Director of the Patent Office, can seek *ex parte* reexamination of a patent claim. §§302, 303(a). Once instituted, though, an *ex parte* reexamination follows essentially the same inquisitorial process between patent owner and examiner as the initial Patent Office examination. §305. Later, Congress supplemented *ex parte* reexamination with *inter partes* reexamination. *Inter partes* reexamination (since repealed) provided a slightly more adversarial process, allowing a third party challenger to submit comments throughout the proceeding. §314(b)(2) (2006 ed.) (repealed). But otherwise it too followed a more or less inquisitorial course led by the Patent Office. §314(a). Apparently unsatisfied with this approach, in 2011 Congress repealed *inter partes* reexamination and replaced it with *inter partes* review. See 35 U. S. C. §§311–319 (2012 ed.).

The new *inter partes* review regime looks a good deal more like civil litigation. At its outset, a party must file “a petition to institute an *inter partes* review of [a] patent.”

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§311(a). The petition “may request to cancel as unpatentable 1 or more claims of [the] patent” on the ground that the claims are obvious or not novel. §311(b); see §§102 and 103. In doing so, the petition must identify “each claim challenged,” the grounds for the challenge, and the evidence supporting the challenge. §312(a)(3). The patent owner, in turn, may respond with “a preliminary response to the petition” explaining “why no inter partes review should be instituted.” §313. With the parties’ submissions before him, the Director then decides “whether to institute an inter partes review . . . pursuant to [the] petition.” §314(b). (In practice, the agency’s Patent Trial and Appeal Board exercises this authority on behalf of the Director, see 37 CFR §42.4(a) (2017).) Before instituting review, the Director must determine, based on the parties’ papers, “that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U. S. C. §314(a).

Once the Director institutes an inter partes review, the matter proceeds before the Board with many of the usual trappings of litigation. The parties conduct discovery and join issue in briefing and at an oral hearing. §§316(a)(5), (6), (8), (10), (13). During the course of the case, the patent owner may seek to amend its patent or to cancel one or more of its claims. §316(d). The parties may also settle their differences and seek to end the review. §317. But “[i]f an inter partes review is instituted and not dismissed,” at the end of the litigation the Board “shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner.” §318(a).

Our case arose when SAS sought an inter partes review of ComplementSoft’s software patent. In its petition, SAS alleged that all 16 of the patent’s claims were unpatentable for various reasons. The Director (in truth the Board acting on the Director’s behalf) concluded that SAS was likely to succeed with respect to at least one of the claims

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and that an *inter partes* review was therefore warranted. But instead of instituting review on all of the claims challenged in the petition, the Director instituted review on only some (claims 1 and 3–10) and denied review on the rest. The Director did all this on the strength of a Patent Office regulation that purported to recognize a power of “partial institution,” claiming that “[w]hen instituting *inter partes* review, the [Director] 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.” 37 CFR §42.108(a). At the end of litigation, the Board issued a final written decision finding claims 1, 3, and 5–10 to be unpatentable while upholding claim 4. But the Board’s decision did not address the remaining claims on which the Director had refused review.

That last fact led SAS to seek review in the Federal Circuit. There SAS argued that 35 U. S. C. §318(a) required the Board to decide the patentability of *every* claim SAS challenged in its petition, not just some. For its part, the Federal Circuit rejected SAS’s argument over a vigorous dissent by Judge Newman. *SAS Institute, Inc. v. ComplementSoft, LLC*, 825 F. 3d 1341 (2016). We granted certiorari to decide the question ourselves. 581 U. S. \_\_\_\_ (2017).

We find that the plain text of §318(a) supplies a ready answer. It directs that “[i]f an *inter partes* review is instituted and not dismissed under this chapter, the [Board] shall issue a final written decision with respect to the patentability of *any patent claim challenged by the petitioner . . .*” §318(a) (emphasis added). This directive is both mandatory and comprehensive. The word “shall” generally imposes a nondiscretionary duty. See *Lexecon Inc. v. Milberg Weiss Bershad Hynes & Lerach*, 523 U. S. 26, 35 (1998). And the word “any” naturally carries “an expansive meaning.” *United States v. Gonzales*, 520 U. S.



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1, 5 (1997). When used (as here) with a “singular noun in affirmative contexts,” the word “any” ordinarily “refer[s] to a member of a particular group or class without distinction or limitation” and in this way “impl[ies] every member of the class or group.” Oxford English Dictionary (3d ed., Mar. 2016), [www.oed.com/view/Entry/8973](http://www.oed.com/view/Entry/8973) (OED) (emphasis added) (all Internet materials as last visited Apr. 20, 2018). So when §318(a) says the Board’s final written decision “shall” resolve the patentability of “any patent claim challenged by the petitioner,” it means the Board *must* address *every* claim the petitioner has challenged.

That would seem to make this an easy case. Where a statute’s language carries a plain meaning, the duty of an administrative agency is to follow its commands as written, not to supplant those commands with others it may prefer. *Social Security Bd. v. Nierotko*, 327 U. S. 358, 369 (1946). Because SAS challenged all 16 claims of ComplementSoft’s patent, the Board in its final written decision had to address the patentability of all 16 claims. Much as in the civil litigation system it mimics, in an inter partes review the petitioner is master of its complaint and normally entitled to judgment on all of the claims it raises, not just those the decisionmaker might wish to address.

The Director replies that things are not quite as simple as they seem. Maybe the Board has to decide every claim challenged by the petitioner in an inter partes review. But, he says, that doesn’t mean every challenged claim gains admission to the review process. In the Director’s view, he retains discretion to decide which claims make it into an inter partes review and which don’t. The trouble is, nothing in the statute says anything like that. The Director’s claimed “partial institution” power appears nowhere in the text of §318, or anywhere else in the statute for that matter. And what can be found in the statutory text and context strongly counsels against the Director’s view.

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Start where the statute does. In its very first provision, the statute says that a party may seek inter partes review by filing “a petition to institute an inter partes review.” §311(a). This language doesn’t authorize the Director to start proceedings on his own initiative. Nor does it contemplate a petition that asks the Director to initiate whatever kind of inter partes review he might choose. Instead, the statute envisions that a petitioner will seek an inter partes review of a particular kind—one guided by a petition describing “each claim challenged” and “the grounds on which the challenge to each claim is based.” §312(a)(3). From the outset, we see that Congress chose to structure a process in which it’s the petitioner, not the Director, who gets to define the contours of the proceeding. And “[j]ust as Congress’ choice of words is presumed to be deliberate” and deserving of judicial respect, “so too are its structural choices.” *University of Tex. Southwestern Medical Center v. Nassar*, 570 U. S. 338, 353 (2013).

It’s telling, too, to compare this structure with what came before. In the ex parte reexamination statute, Congress embraced an inquisitorial approach, authorizing the Director to investigate a question of patentability “[o]n his own initiative, and at any time.” §303(a). If Congress had wanted to give the Director similar authority over the institution of inter partes review, it knew exactly how to do so—it could have simply borrowed from the statute next door. But rather than create (another) agency-led, inquisitorial process for reconsidering patents, Congress opted for a party-directed, adversarial process. Congress’s choice to depart from the model of a closely related statute is a choice neither we nor the agency may disregard. See *Nassar*, *supra*, at 353–354.

More confirmation comes as we move to the point of institution. Here the statute says the Director must decide “whether to institute an inter partes review . . . pursuant to a petition.” §314(b). The Director, we see, is

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given only the choice “whether” to institute an inter partes review. That language indicates a binary choice—either institute review or don’t. And by using the term “pursuant to,” Congress told the Director what he must say yes or no to: an inter partes review that proceeds “[i]n accordance with” or “in conformance to” the petition. OED, [www.oed.com/view/Entry/155073](http://www.oed.com/view/Entry/155073). Nothing suggests the Director enjoys a license to depart from the petition and institute a *different* inter partes review of his own design.

To this the Director replies by pointing to another part of §314. Section 314(a) provides that the Director may not authorize an inter partes review unless he determines “there is a reasonable likelihood” the petitioner will prevail on “at least 1 of the claims challenged in the petition.” The Director argues that this language requires him to “evaluate claims individually” and so must allow him to institute review on a claim-by-claim basis as well. Brief for Federal Respondent 28. But this language, if anything, suggests just the opposite. Section 314(a) does not require the Director to evaluate every claim individually. Instead, it simply requires him to decide whether the petitioner is likely to succeed on “at least 1” claim. Once that single claim threshold is satisfied, it doesn’t matter whether the petitioner is likely to prevail on any *additional* claims; the Director need not even consider any other claim before instituting review. Rather than contemplate claim-by-claim institution, then, the language anticipates a regime where a reasonable prospect of success on a single claim justifies review of all.

Here again we know that if Congress wanted to adopt the Director’s approach it knew exactly how to do so. The *ex parte* reexamination statute allows the Director to assess whether a request raises “a substantial new question of patentability affecting any claim” and (if so) to institute reexamination limited to “resolution of *the question*.” §304 (emphasis added). In other words, that stat-

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ute allows the Director to institute proceedings on a claim-by-claim and ground-by-ground basis. But Congress didn't choose to pursue that known and readily available approach here. And its choice to try something new must be given effect rather than disregarded in favor of the comfort of what came before. See *Nassar, supra*, at 353–354.

Faced with this difficulty, the Director tries another tack. He points to the fact that §314(a) doesn't *require* him to institute an inter partes review even after he finds the “reasonable likelihood” threshold met with respect to one claim. Whether to institute proceedings upon such a finding, he says, remains a matter left to his discretion. See *Cuozzo*, 579 U. S., at \_\_\_ (slip op., at 9). But while §314(a) invests the Director with discretion on the question *whether* to institute review, it doesn't follow that the statute affords him discretion regarding *what* claims that review will encompass. The text says only that the Director can decide “whether” to institute the requested review—not “whether *and to what extent*” review should proceed. §314(b).

The rest of the statute confirms, too, that the petitioner's petition, not the Director's discretion, is supposed to guide the life of the litigation. For example, §316(a)(8) tells the Director to adopt regulations ensuring that, “after an inter partes review has been instituted,” the patent owner will file “a response to the petition.” Surely it would have made little sense for Congress to insist on a response *to the petition* if, in truth, the Director enjoyed the discretion to limit the claims under review. What's the point, after all, of answering claims that aren't in the proceeding? If Congress had meant to afford the Director the power he asserts, we would have expected it to instruct him to adopt regulations requiring the patent owner to file a response *to the Director's institution notice or to the claims on which the Director instituted review*. Yet we have nothing like that here. And then and again there is

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§318(a). At the end of the proceeding, §318(a) categorically commands the Board to address in its final written decision “any patent claim challenged by the petitioner.” In all these ways, the statute tells us that the petitioner’s contentions, not the Director’s discretion, define the scope of the litigation all the way from institution through to conclusion.

The Director says we can find at least some hint of the discretion he seeks by comparing §314(a) and §318(a). He notes that, when addressing whether to institute review at the beginning of the litigation, §314(a) says he must focus on the claims found “in the petition”; but when addressing what claims the Board must address at the end of the litigation, §318(a) says it must resolve the claims challenged “by the petitioner.” According to the Director, this (slight) linguistic discrepancy means the claims the Board must address in its final decision are not necessarily the same as those identified in the petition. And the only possible explanation for this arrangement, the Director submits, is that he must enjoy the (admittedly implicit) power to institute an inter partes review that covers fewer than all of the claims challenged in the petition.

We just don’t see it. Whatever differences they might display, §314(a) and §318(a) both focus on the *petitioner’s* contentions and, given that, it’s difficult to see how they might be read to give the *Director* power to decide what claims are at issue. Particularly when there’s a much simpler and sounder explanation for the statute’s wording. As we’ve seen, a patent owner may move to “[c]ancel any challenged patent claim” during the course of an inter partes review, effectively conceding one part of a petitioner’s challenge. §316(d)(1)(A). Naturally, then, the claims challenged “in the petition” will not always survive to the end of the case; some may drop out thanks to the patent owner’s actions. And in that light it is plain enough why Congress provided that only claims still challenged “by the

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petitioner” at the litigation’s end must be addressed in the Board’s final written decision. The statute’s own winnowing mechanism fully explains why Congress adopted slightly different language in §314(a) and §318(a). We need not and will not invent an atextual explanation for Congress’s drafting choices when the statute’s own terms supply an answer. See *United States v. Ron Pair Enterprises, Inc.*, 489 U. S. 235, 240–241 (1989) (“[A]s long as the statutory scheme is coherent and consistent, there generally is no need for a court to inquire beyond the plain language of the statute”).

Moving past the statute’s text and context, the Director attempts a policy argument. He tells us that partial institution is efficient because it permits the Board to focus on the most promising challenges and avoid spending time and resources on others. Brief for Federal Respondent 35–36; see also *post*, at 1 (GINSBURG, J., dissenting); *post*, at 7–8 (BREYER, J., dissenting). SAS responds that all patent challenges usually end up being litigated *somewhere*, and that partial institution creates inefficiency by requiring the parties to litigate in two places instead of one—the Board for claims the Director chooses to entertain and a federal court for claims he refuses. Indeed, SAS notes, the government itself once took the same view, arguing that partial institution “undermine[s] the Congressional efficiency goal” for this very reason. Brief for Petitioner 30. Each side offers plausible reasons why its approach might make for the more efficient policy. But who should win that debate isn’t our call to make. Policy arguments are properly addressed to Congress, not this Court. It is Congress’s job to enact policy and it is this Court’s job to follow the policy Congress has prescribed. And whatever its virtues or vices, Congress’s prescribed policy here is clear: the petitioner in an inter partes review is entitled to

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a decision on all the claims it has challenged.\*

That leaves the Director to suggest that, however this Court might read the statute, he should win anyway because of *Chevron U. S. A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U. S. 837 (1984). Even though the statute says nothing about his asserted “partial institution” power, the Director says the statute is at least ambiguous on the propriety of the practice and so we should leave the matter to his judgment. For its part, SAS replies that we might use this case as an opportunity to abandon *Chevron* and embrace the “impressive body” of pre-*Chevron* law recognizing that “the meaning of a statutory term” is properly a matter for “judicial [rather than] administrative judgment.” Brief for Petitioner 41 (quoting *Pittston Stevedoring Corp. v. Dellaventura*, 544 F. 2d 35, 49 (CA2 1976) (Friendly, J.)).

But whether *Chevron* should remain is a question we may leave for another day. Even under *Chevron*, we owe an agency’s interpretation of the law no deference unless, after “employing traditional tools of statutory construction,” we find ourselves unable to discern Congress’s

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\*JUSTICE GINSBURG suggests the Director might yet avoid this command by refusing to review a petition he thinks too broad while signaling his willingness to entertain one more tailored to his sympathies. *Post*, at 1 (dissenting opinion). We have no occasion today to consider whether this stratagem is consistent with the statute’s demands. See *Cuozzo Speed Technologies, LLC v. Lee*, 579 U. S. \_\_\_, \_\_ (2016) (slip op., at 11) (noting that courts may invalidate “shenanigans” by the Director that are “outside [his] statutory limits”); *CAB v. Delta Air Lines, Inc.*, 367 U. S. 316, 328 (1961) (questioning an agency’s “power to do indirectly what it cannot do directly”). But even assuming (without granting) the law would tolerate this tactic, it would show only that a lawful means exists for the Director to achieve his policy aims—not that he “should be allowed to improvise on the powers granted by Congress” by devising an extralegal path to the same goal. *Id.*, at 330. That an agency’s improvisation might be thought by some more expedient than what the law allows, *post*, at 1, does nothing to commend it either, for lawful ends do not justify unlawful means.

## Opinion of the Court

meaning. 467 U. S., at 843, n. 9. And after applying traditional tools of interpretation here, we are left with no uncertainty that could warrant deference. The statutory provisions before us deliver unmistakable commands. The statute hinges inter partes review on the filing of a petition challenging specific patent claims; it makes the petition the centerpiece of the proceeding both before and after institution; and it requires the Board's final written decision to address every claim the petitioner presents for review. There is no room in this scheme for a wholly unmentioned "partial institution" power that lets the Director select only some challenged claims for decision. The Director may (today) think his approach makes for better policy, but policy considerations cannot create an ambiguity when the words on the page are clear. See *SEC v. Sloan*, 436 U. S. 103, 116–117 (1978). Neither may we defer to an agency official's preferences because we imagine some "hypothetical reasonable legislator" would have favored that approach. *Post*, at 9 (BREYER, J., dissenting). Our duty is to give effect to the text that 535 *actual* legislators (plus one President) enacted into law.

At this point, only one final question remains to resolve. Even if the statute forbids his partial institution practice, the Director suggests we lack the power to say so. By way of support, he points to §314(d) and our decision in *Cuozzo*, 579 U. S. \_\_\_. Section 314(d) says that the "determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable." In *Cuozzo*, we held that this provision prevented courts from entertaining an argument that the Director erred in instituting an inter partes review of certain patent claims. *Id.*, at \_\_\_–\_\_\_ (slip op., at 7–12). The Director reads these authorities as foreclosing judicial review of any legal question bearing on the institution of inter partes review—including whether the statute permits his "partial institution" practice.



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But this reading overreads both the statute and our precedent. As *Cuozzo* recognized, we begin with “the ‘strong presumption’ in favor of judicial review.” *Id.*, at \_\_\_\_ (slip op., at 9). To overcome that presumption, *Cuozzo* explained, this Court’s precedents require “clear and convincing indications” that Congress meant to foreclose review. *Id.*, at \_\_\_\_ (slip op., at 10) (internal quotation marks omitted). Given the strength of this presumption and the statute’s text, *Cuozzo* concluded that §314(d) precludes judicial review only of the Director’s “initial determination” under §314(a) that “there is a ‘reasonable likelihood’ that the claims are unpatentable on the grounds asserted” and review is therefore justified. *Id.*, at \_\_\_\_ (slip op., at 9); see *id.*, at \_\_\_\_ (slip op., at 12) (review unavailable “where a patent holder merely challenges the Patent Office’s ‘determin[ation] that the information presented in the petition . . . shows that there is a reasonable likelihood’ of success ‘with respect to at least 1 of the claims challenged’”); *ibid.* (claim that a “petition was not pleaded ‘with particularity’ under §312 is little more than a challenge to the Patent Office’s conclusion, under §314(a), that the ‘information presented in the petition’ warranted review”). In fact, *Cuozzo* proceeded to emphasize that §314(d) does not “enable the agency to act outside its statutory limits.” *Id.*, at \_\_\_\_ (slip op., at 11). If a party believes the Patent Office has engaged in “‘shenanigans’” by exceeding its statutory bounds, judicial review remains available consistent with the Administrative Procedure Act, which directs courts to set aside agency action “not in accordance with law” or “in excess of statutory jurisdiction, authority, or limitations.” *Ibid.*; 5 U. S. C. §§706(2)(A), (C).

And that, of course, is exactly the sort of question we are called upon to decide today. SAS does not seek to challenge the Director’s conclusion that it showed a “reasonable likelihood” of success sufficient to warrant “insti-

## Opinion of the Court

tut[ing] an inter partes review.” 35 U. S. C. §§314(a), (d). No doubt SAS remains very pleased with the Director’s judgment on that score. Instead, SAS contends that the Director exceeded his statutory authority by limiting the review to fewer than all of the claims SAS challenged. And nothing in §314(d) or *Cuozzo* withdraws our power to ensure that an inter partes review proceeds in accordance with the law’s demands.

Because everything in the statute before us confirms that SAS is entitled to a final written decision addressing all of the claims it has challenged and nothing suggests we lack the power to say so, the judgment of the Federal Circuit is reversed and the case is remanded for further proceedings consistent with this opinion.

*So ordered.*

GINSBURG, J., dissenting

**SUPREME COURT OF THE UNITED STATES**

No. 16–969

SAS INSTITUTE INC., PETITIONER *v.* ANDREI IANCU,  
AS DIRECTOR, UNITED STATES PATENT  
AND TRADEMARK OFFICE, ET AL.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF  
APPEALS FOR THE FEDERAL CIRCUIT

[April 24, 2018]

JUSTICE GINSBURG, with whom JUSTICE BREYER,  
JUSTICE SOTOMAYOR, and JUSTICE KAGAN join, dissenting.

Given the Court’s wooden reading of 35 U. S. C. §318(a), and with “no mandate to institute [inter partes] review” at all, *Cuozzo Speed Technologies, LLC v. Lee*, 579 U. S. \_\_\_\_, \_\_\_\_ (2016) (slip op., at 9), the Patent Trial and Appeal Board could simply deny a petition containing challenges having no “reasonable likelihood” of success, §314(a). Simultaneously, the Board might note that one or more specified claims warrant reexamination, while others challenged in the petition do not. Petitioners would then be free to file new or amended petitions shorn of challenges the Board finds unworthy of inter partes review. Why should the statute be read to preclude the Board’s more rational way to weed out insubstantial challenges? For the reasons stated by JUSTICE BREYER, the Court’s opinion offers no persuasive answer to that question, and no cause to believe Congress wanted the Board to spend its time so uselessly.

BREYER, J., dissenting

**SUPREME COURT OF THE UNITED STATES**

No. 16–969

SAS INSTITUTE INC., PETITIONER *v.* ANDREI IANCU,  
AS DIRECTOR, UNITED STATES PATENT  
AND TRADEMARK OFFICE, ET AL.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF  
APPEALS FOR THE FEDERAL CIRCUIT

[April 24, 2018]

JUSTICE BREYER, with whom JUSTICE GINSBURG and JUSTICE SOTOMAYOR join, and with whom JUSTICE KAGAN joins except as to Part III–A, dissenting.

This case requires us to engage in a typical judicial exercise, construing a statute that is technical, unclear, and constitutes a minor procedural part of a larger administrative scheme. I would follow an interpretive technique that judges often use in such cases. Initially, using “traditional tools of statutory construction,” *INS v. Cardoza-Fonseca*, 480 U. S. 421, 446 (1987), I would look to see whether the relevant statutory phrase is ambiguous or leaves a gap that Congress implicitly delegated authority to the agency to fill. *Chevron U. S. A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U. S. 837, 842–843 (1984). If so, I would look to see whether the agency’s interpretation is reasonable. *Id.*, at 843. Because I believe there is such a gap and because the Patent Office’s interpretation of the ambiguous phrase is reasonable, I would conclude that the Patent Office’s interpretation is lawful.

I

The majority sets out the statutory framework that establishes “inter partes review.” See *ante*, at 2–3; 35

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U. S. C. §§311–319. An example will help the reader keep that framework in mind. Suppose the Patent Office issues a patent containing, say, 16 different claims. A challenger, believing the patent is invalid, seeks to invoke the inter partes review procedure.

The statutory chapter entitled “Inter partes review” explains just how this is to be done. See §§311–319. First, the challenger files a petition requesting “cancel[lation]” of one or more of the patent claims as “unpatentable” because “prior art” shows, for example, that they are not “novel.” §311(b); see §§102, 103. That petition must detail the grounds for the challenge and the supporting evidence, along with providing certain technical information. §312. Second, the patent owner may file a “preliminary response” to the petition. §313.

Third, the Director of the Patent Office will decide whether to “institute” inter partes review. §314. The statute specifies that the Director “may not authorize an inter partes review to be instituted unless the Director determines . . . that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” §314(a). Thus, in my example, if the Director determines that none of the 16 challenges in the petition has likely merit, he cannot institute an inter partes review. Even if there is one potentially meritorious challenge, we have said that the statute contains “no mandate to institute review,” so the Director still has discretion to deny a petition. *Cuozzo Speed Technologies, LLC v. Lee*, 579 U. S. \_\_\_, \_\_\_ (2016) (slip op., at 9). We have also held that the Director’s decision whether to institute review is normally not reviewable. *Id.*, at \_\_\_–\_\_\_ (slip op., at 11–12).

The Director, by regulation, has delegated the power to institute review to the Patent Trial and Appeal Board. 37 CFR §42.4(a) (2017). And the Director has further provided by regulation that where a petition challenges several

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patent claims (say, all 16 claims in my example), “the Board may authorize the review to proceed on all *or some* of the challenged claims.” §42.108(a) (emphasis added). Thus, where some, but not all, of the challenges have likely merit (say, 1 of the 16 has likely merit and the others are close to frivolous), the Board is free to conduct inter partes review only as to the challenge with likely merit.

Fourth, the statute next describes the relation of a petition for review and an instituted review to other proceedings involving the challenged patent. §315. Fifth, the statute describes what happens once the Board begins its inter partes review, including how the Board is to take evidence and make its decisions, §316, and the nature and effect of settlements, §317.

Sixth, the statute sets forth the section primarily at issue here, which describes what happens at the end of the process. It says:

“Final Written Decision. 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).” §318(a) (emphasis added).

Finally, the chapter says that a “party dissatisfied with the final written decision . . . may appeal the decision” to the U. S. Court of Appeals for the Federal Circuit. §319; see §141(c).

Thus, going through this process, if a petitioner files a petition challenging 16 claims and the Board finds that the challenges to 15 of the claims are frivolous, the Board may then, as it interprets the statute, begin and proceed through the inter partes review process as to the remaining claim, number 16, but not in respect to the other 15

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claims. Eventually the Board will produce a “final written decision” as to the patentability of claim number 16, which decision the challenger (or the patentee) can appeal to the Federal Circuit.

## II

Now let us return to the question at hand, the meaning of the phrase “any patent claim challenged by the petitioner” in §318(a). Do those words unambiguously refer, as the majority believes, to “any patent claim challenged by the petitioner” *in the petitioner’s original petition*? The words “in the petitioner’s original petition” do not appear in the statute. And the words that do appear, “any patent claim challenged by the petitioner,” could be modified by using different words that similarly do not appear, for example, the words “in the inter partes review proceeding.” But without added words, the phrase “challenged by the petitioner” does not tell us whether the relevant challenge is one made in the initial petition or only one made in the inter partes review proceeding itself. And, linguistically speaking, there is as much reason to fill that gap with reference to the claims still being challenged in the proceeding itself as there is to fill it with reference to claims that were initially challenged in the petition but which the Board weeded out before the inter partes review proceeding began.

Which reading we give the statute makes a difference. The first reading, the majority’s reading, means that in my example, the Board must consider and write a final, and *appealable*, see §319, decision in respect to the challenges to all 16 claims, including the 15 frivolous challenges. The second reading requires the Board to write a final, appealable decision only in respect to the challenge to the claim (number 16 in my example) that survived the Board’s initial screening, namely, in my example, the one challenge in respect to which the Board found a “reason-

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able likelihood that the petitioner would prevail.” §314(a).

I cannot find much in the statutory context to support the majority’s claim that the statutory words “claim challenged by the petitioner” refer unambiguously to claims challenged initially in the petition. After all, the majority agrees that they do not refer to claims that initially were challenged in the petition but were later settled or withdrawn. *Ante*, at 9–10; see §316(d)(1)(A) (allowing the patent owner to cancel a challenged patent claim during inter partes review); §317 (addressing settlement). The majority says that weeded-out challenges, unlike settled matters or canceled claims, involve claims that are still being “challenged ‘by the petitioner’ at the litigation’s end.” *Ante*, at 9–10. But weeded-out challenges are the same as settled matters and canceled claims in this respect. The petitioner cannot continue to challenge a claim once that challenge is weeded out by the Board at the institution phase. He cannot pursue it before the Board in the inter partes review, and normally he cannot pursue it in a court of appeals. See *Cuozzo*, 579 U. S., at \_\_\_\_–\_\_\_\_ (slip op., at 11–12). The petitioner might bring a totally separate case in court in which he challenges the claim, but that is a different matter that is not the subject of this statutory chapter.

Nor does the chapter’s structure help fill the statutory gap. I concede that if we examine the “final written decision” section, §318(a), just after reading the three initial sections of the statute, §§311, 312, and 313, we may be tempted to believe that the words “any patent claim challenged” in §318(a) must refer to the claims challenged in the petition, just as the words “each claim challenged” in §312(a)(3) unmistakably do. But once we look at the whole statute, this temptation disappears. The first section, §311, describing the inter partes review process, does not use the word “challenge.” The next section, §312, describes the requirements for the initial petition, which is



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filed *before* any inter partes proceeding has been instituted. It is about the petition, so it is not surprising that it refers to the claims challenged in the petition. The next section, §313, concerns the preliminary response, which is similarly filed before the inter partes review proceeding has been instituted and is thus similarly focused on the petition, although it does not use the word “challenged.”

The very next section, however, §314, along with part of §315, describes preliminary screening and the *institution* of the inter partes review proceeding. The remainder of §315, and the following sections, §§316 and 317, then describe how that proceeding, once instituted, will be conducted (and provide for settlements). Only then does §318 appear. That statutory provision tells the Board that, at the conclusion of the inter partes review proceeding, it must “issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner.” §318(a). And in this context, a context about the inter partes review proceeding itself, it is more than reasonable to think that the phrase “patent claim challenged by the petitioner” refers to challenges made in the proceeding, not challenges made in the petition but never made a part of the proceeding.

I am not helped by examining, as the majority examines, what Congress might have done had it used other language. *Ante*, at 6–8. The majority points out that had Congress meant anything other than “challenged in the petition,” it might have said so more clearly. *Ibid*. But similarly, if Congress had meant “challenged in the petition,” it might have used the words “in the petition.” After all, it used those very words only four sections earlier. See §314(a) (referring to “claims challenged in the petition”). This argument, like many such arguments, is a wash.

Neither am I helped by analogizing the inter partes review proceeding to civil litigation. Cf. *ante*, at 2–3, 5. That is because, as this Court said in *Cuozzo*, inter partes

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review is a “hybrid proceeding.” 579 U. S., at \_\_\_\_ (slip op., at 16). It has some adversarial characteristics, but “in other significant respects, inter partes review is less like a judicial proceeding and more like a specialized agency proceeding.” *Id.*, at \_\_\_\_ (slip op., at 15). Its purposes are not limited to “helping resolve concrete patent-related disputes among parties,” but extend to “reexamin[ing] . . . an earlier administrative grant of a patent” and “protect[ing] the public’s ‘paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope.’” *Ibid.* (quoting *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U. S. 806, 816 (1945); ellipsis in original); see also *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*, \_\_\_\_ U. S. \_\_\_\_, \_\_\_\_–\_\_\_\_ (2018) (slip op., at 8–9).

Finally, I would turn to the likely purposes of the statutory provision. As the majority points out, §314(a) makes clear that the “Director” (now his delegate, the Board) is to determine whether there is a “reasonable likelihood” of success as to at least one of the claims the petition challenges. If not, he cannot initiate an inter partes review proceeding. If so, §314(a) “invests the Director with discretion on the question whether to institute review.” *Ante*, at 8 (emphasis deleted); *Cuozzo, supra*, at \_\_\_\_ (slip op., at 9). As I have said, Patent Office regulations allow the Board to proceed with inter partes review of some of the claims a petitioner challenges (say, only those where there is a reasonable likelihood of success), but not of others. 37 CFR §42.108(a).

The majority points out that it does not follow from §314(a) that the statute affords the Director discretion regarding *what claims that review will encompass*. The text says only that the Director can decide “whether” to institute the requested review, not “whether and to what extent” review should proceed. *Ante*, at 8 (emphasis deleted). That is certainly so. But I think that when we, as

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judges, face a difficult text, it is often helpful to ask not just “whether” or “what” but also “why.” Why, asks the Patent Office, would Congress have intended to require the Board to proceed with an inter partes review, take evidence, and hear argument in respect to challenges to claims that the Board had previously determined had no “reasonable likelihood” of success? The statute would seem to give the Director discretion to achieve the opposite, namely, to avoid wasting the Board’s time and effort reviewing challenges that it has already decided have no “reasonable likelihood of success.” In my example, why make the Board do further work on the challenges to claims 1 through 15, which the Board has already decided are near frivolous?

More than that, to read §318(a) as requiring a “final written decision” in respect to those 15 perhaps frivolous challenges would seem to lead to judicial review of the Board’s decision about those frivolous challenges. After all, §319 of the statute says that a “party dissatisfied with the final written decision of the [Board] under section 318(a),” the provision before us, “may appeal the decision” to the Federal Circuit. And the majority’s interpretation is anomalous in that it is difficult to imagine why Congress, with one hand, would make the agency’s weeding-out decision nonreviewable, see *Cuozzo, supra*, at \_\_\_-\_\_\_ (slip op., at 11–12), yet at the same time would make the decision reviewable via the requirement that the Board issue a “final written” appealable “decision” with respect to that weeded-out challenge.

### III

I end up where I began. Section 318(a) contains a gap just after the words “challenged by the petitioner.” Considerations of context, structure, and purpose do not close the gap. And under *Chevron*, “where a statute leaves a ‘gap’ or is ‘ambigu[ous],’ we typically interpret it as grant-

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ing the agency leeway to enact rules that are reasonable in light of the text, nature, and purpose of the statute.” *Cuozzo, supra*, at \_\_\_\_ (slip op., at 13) (quoting *United States v. Mead Corp.*, 533 U. S. 218, 229 (2001); alteration in original).

## A

In referring to *Chevron*, I do not mean that courts are to treat that case like a rigid, black-letter rule of law, instructing them always to allow agencies leeway to fill every gap in every statutory provision. See *Mead Corp.*, *supra*, at 229–231. Rather, I understand *Chevron* as a rule of thumb, guiding courts in an effort to respect that leeway which Congress intended the agencies to have. I recognize that Congress does not always consider such matters, but if not, courts can often implement a more general, virtually omnipresent congressional purpose—namely, the creation of a well-functioning statutory scheme—by using a canon-like, judicially created construct, the hypothetical reasonable legislator, and asking what such legislators would likely have intended had Congress considered the question of delegating gap-filling authority to the agency.

## B

To answer this question, we have previously held that a “statute’s complexity, the vast number of claims that it engenders, and the consequent need for agency expertise and administrative experience” normally “lead us to read [a] statute as delegating to the Agency considerable authority to fill in, through interpretation, matters of detail related to its administration.” *Barnhart v. Walton*, 535 U. S. 212, 225 (2002). These considerations all favor such a reading here. Indeed, the question before us is one of agency administration in respect to detailed matters that an agency working with the statute is particularly likely

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to understand. In addition, the agency filled the gap here through the exercise of rulemaking authority explicitly given it by Congress to issue regulations “setting forth the standards for the showing of sufficient grounds to institute a review” and “establishing and governing inter partes review.” §§316(a)(2), (4); *Cuozzo*, 579 U. S., at \_\_\_–\_\_\_ (slip op., at 12–13); cf. *Mead Corp.*, *supra*, at 227. Thus, there is a gap, the agency possesses gap-filling authority, and it filled the gap with a regulation that, for reasons I have stated, is a reasonable exercise of that authority.

\* \* \*

I consequently would affirm the judgment of the Federal Circuit. And, with respect, I dissent from the Court’s contrary conclusion.



UNITED STATES  
PATENT AND TRADEMARK OFFICE



# **Trial Statistics**

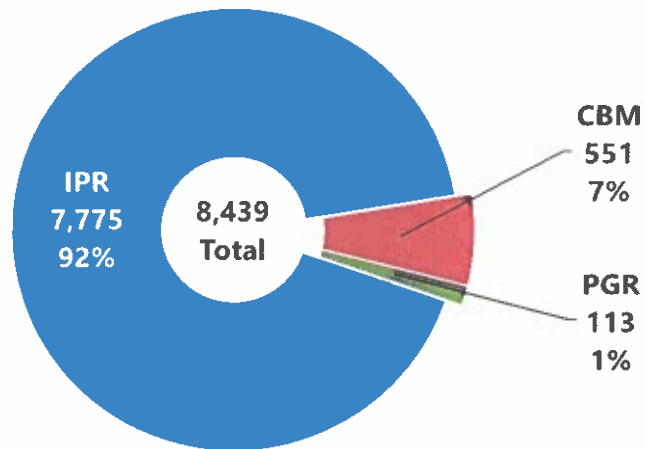
## **IPR, PGR, CBM**

Patent Trial and Appeal Board  
April 2018



## Petitions by Trial Type

(All Time: 9/16/12 to 4/30/18)

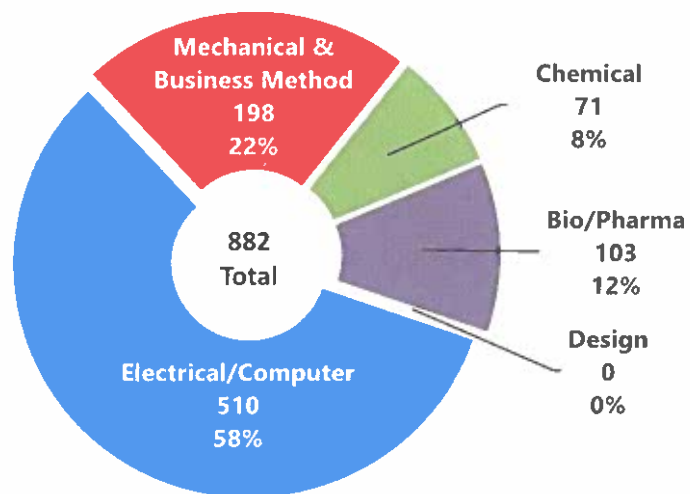


Trial types include Inter Partes Review (IPR), Post Grant Review (PGR), and Covered Business Method (CBM).



## Petitions Filed by Technology in FY18

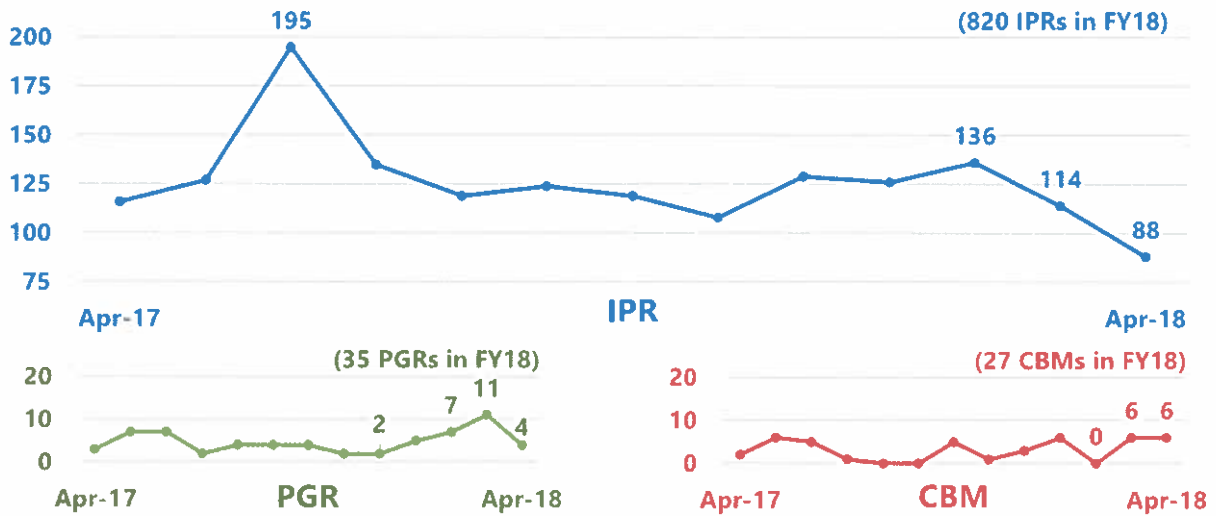
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## Petitions Filed by Month

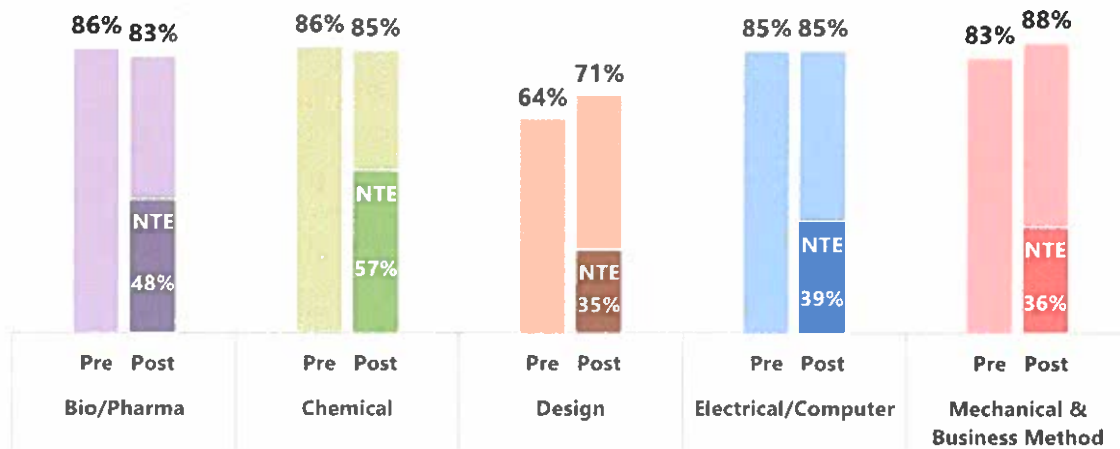
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## Preliminary Response Filing Rates

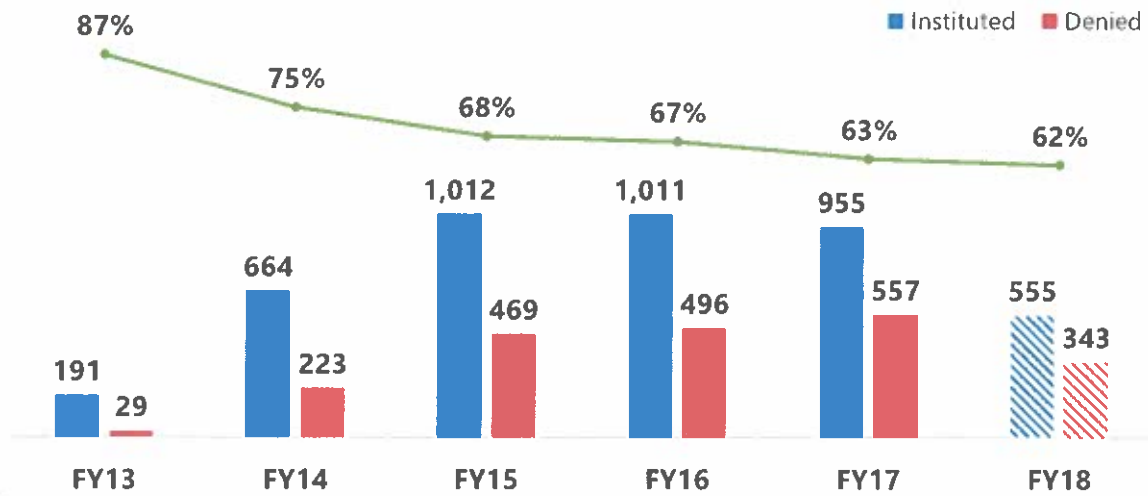
Pre- and Post-Rule To Allow New Testimonial Evidence (NTE)  
(All Time: 9/16/12 to 4/30/18)



The rule to allow new testimonial evidence was effective May 2, 2016.

6

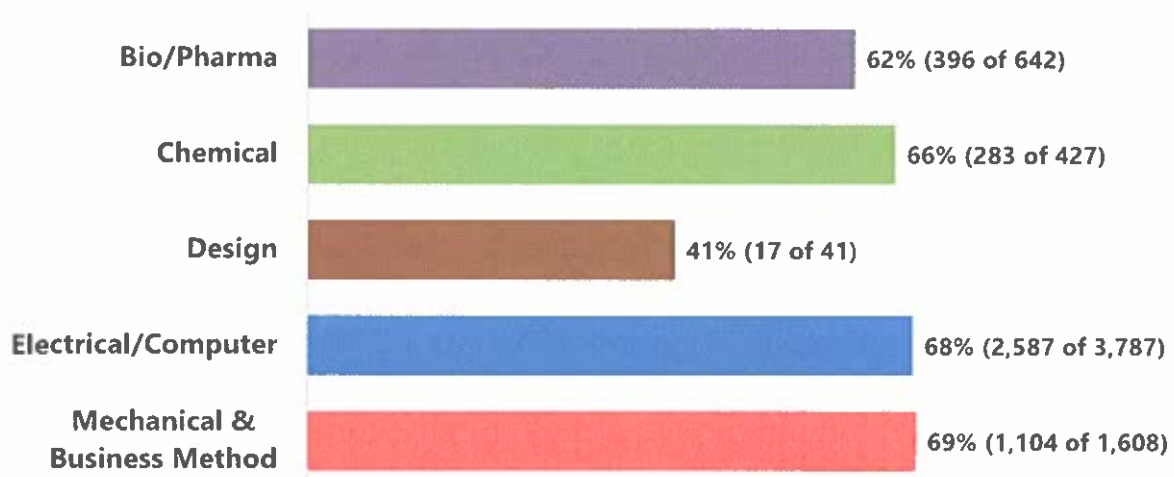
## Institution Rates (FY13 to FY18: 10/1/12 to 4/30/18)



Institution rate for each fiscal year is calculated by dividing petitions instituted by decisions on institution (i.e., petitions instituted plus petitions denied). The outcomes of decisions on institution responsive to requests for rehearing are excluded.

7

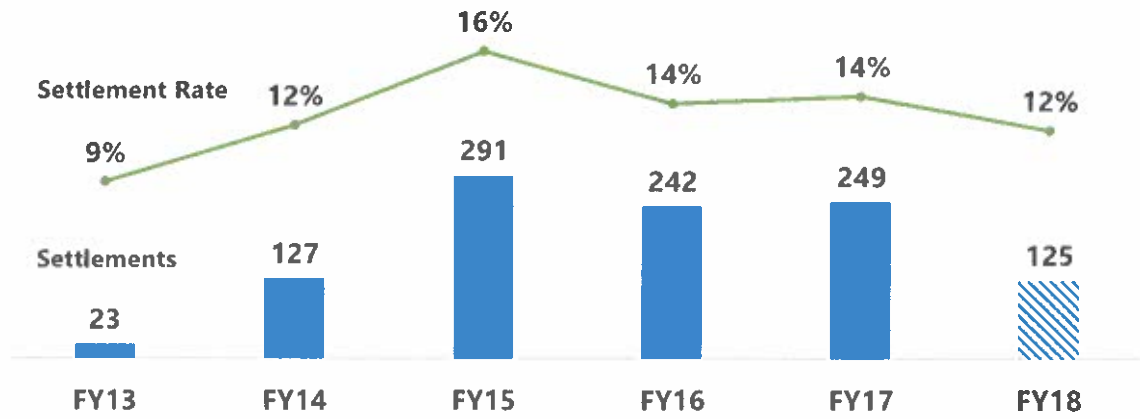
## Institution Rates by Technology (All Time: 9/16/12 to 4/30/18)



Institution rate for each technology is calculated by dividing petitions instituted by decisions on institution (i.e., petitions instituted plus petitions denied). The outcomes of decisions on institution responsive to requests for rehearing are excluded.

8

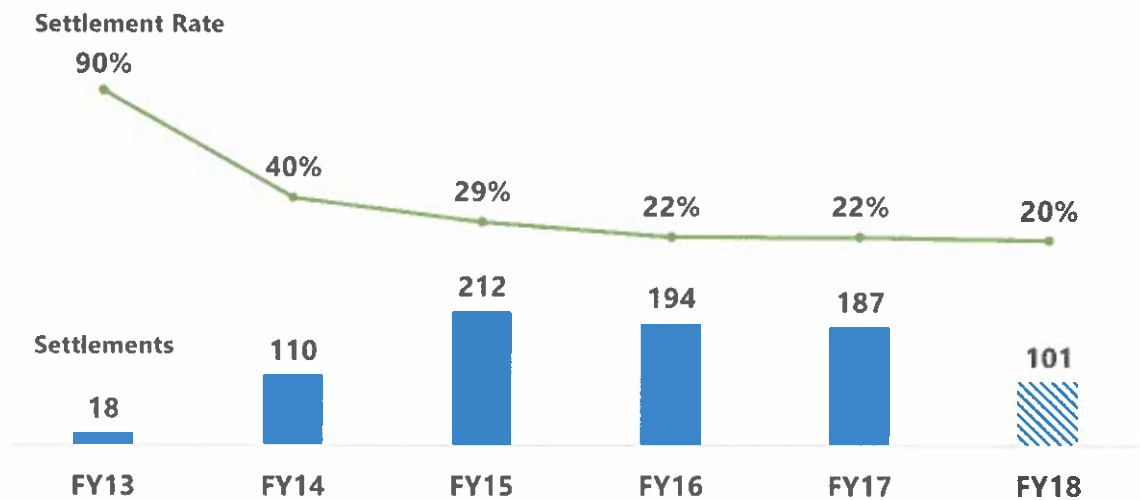
## Pre-Institution Settlements (FY13 to FY18: 10/1/12 to 4/30/18)



Settlement rate for each year is calculated by dividing pre-institution settlements by the sum of proceedings instituted, denied institution, dismissed, terminated with a request for adverse judgment, and settled before decision on institution.

9

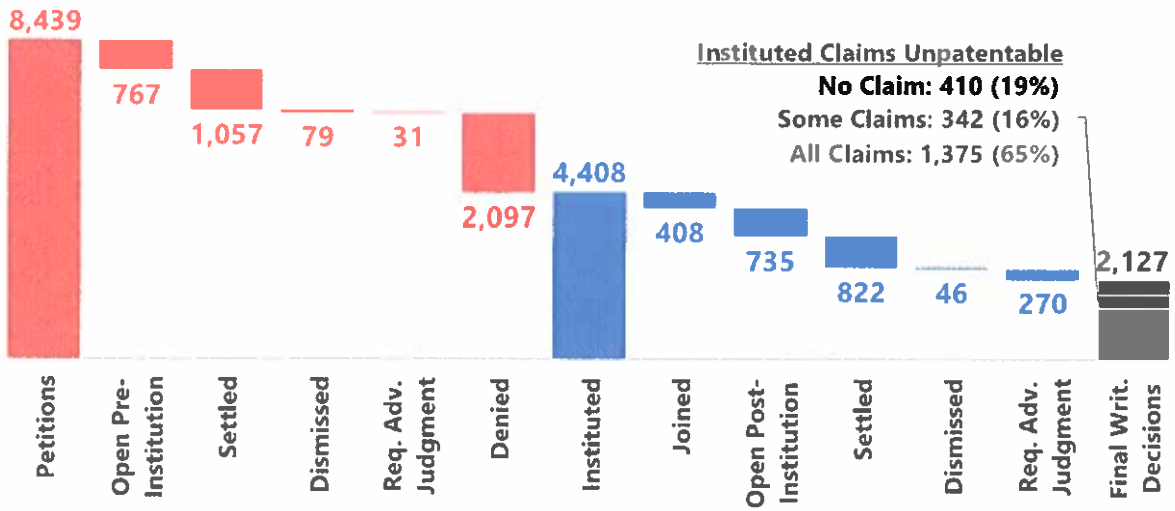
## Post-Institution Settlements (FY13 to FY18: 10/1/12 to 4/30/18)



Settlement rate for each year is calculated by dividing post-institution settlements by proceedings terminated post-institution (i.e., settled, dismissed, terminated with a request for adverse judgment, and final written decision), excluding joined cases.

10

## Status of Petitions (All Time: 9/16/12 to 4/30/18)



These figures reflect the latest status of each petition. The outcomes of decisions on institution responsive to requests for rehearing are incorporated. Once joined to a base case, a petition remains in the Joined category regardless of subsequent outcomes.

