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Could "SAS Institute" Signal the End of Partial Institutions in IPR Proceedings?

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Los Angles Intellectual Property Litigation Partner Nimalka Wickramasekera and Associate Jason Hamilton authored a February 13 article in *The Recorder* titled "Could 'SAS Institute' Signal the End of Partial Institutions in IPR Proceedings?" The article examines the potential import of U.S. Supreme Court case *SAS Institute v. Matal*, which addresses whether the Patent Trial and Appeal Board (PTAB) is required under 35 U.S.C. Section 318(a) to issue a final written decision for every claim challenged in an inter partes review (IPR) petition, or only those under review.

The authors begin by explaining the rationale for Congress's creation of IPR, which was for agency adjudication of patentability on certain grounds. Once the PTAB makes a determination on the "reasonable likelihood" of whether the petitioner "would prevail with respect to at least one of the claims challenged in the petition," the determination on patentability cannot be appealed. 35 U.S.C. Section 314.

SAS Institute claims that the language in Section 318(a) is plain and should be construed strictly: the PTAB must issue final written decisions on all claims "challenged by the petitioner" regardless of the scope of instituted review. The article highlights Justice Sonia Sotomayor's point that SAS's argument would effectively make the PTAB decision appealable.

The respondents' argument, the authors explain, is that final written decisions are limited to claims under review because the statute must be read in context to include Section 314's "would prevail with respect to at least one of the claims."

Each side claims to be furthering Congress's objectives. SAS maintains, according to the authors, that Congress meant to "creat[e] an efficient substitute for district-court invalidity litigation whereby invalidity is resolved on one set of challenges before one tribunal." Respondents, on the other hand, "contend that Congress never intended IPR to be a full substitute for district-court litigation, and that partial institution provides efficient resolution for the claims most likely to be invalidated."

The broader implications of *SAS Institute* involve the precept of administrative deference, established by the Supreme Court's 1984 decision in *Chevron U.S.A. v. Natural Resources Defense Council*. *SAS Institute* calls into question the scope of the USPTO's authority to formalize regulations implementing the IPR process. The authors conclude that "if the Supreme Court takes on *Chevron* deference, its decision could have wide-ranging import for how administrative agencies implement the laws they enforce."

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