



# U.S. Supreme Court Rules That Inter Partes Review Challenges On Patent Validity Before the U.S. Patent and Trademark Office Are Constitutional

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Your business may at some point find itself in the unfortunate position of facing an allegation that it is infringing another's patent. The situation can be even more aggravating if you believe that the subject patent is obvious or not novel and therefore wrongfully issued. You can defend against an allegation of patent infringement by challenging the validity of the patent in a civil suit before a court of law. A patent carries a presumption of validity, which can only be overcome by clear and convincing evidence. That places a high burden on you to invalidate the patent in the lawsuit.

As an alternative strategy, the patent statutes provide for a proceeding before the U.S. Patent and Trademark Office (USPTO) to "take another look" at whether the patent was properly issued. This proceeding is called Inter Partes Review (IPR) and is conducted at the USPTO rather than in a court of law. An IPR permits any party other than the patent holder to petition the USPTO to make a determination as to whether one or more of the claims in the patent is invalid. In the IPR proceeding, the patent does not enjoy the high presumption of validity that a patent has in court proceedings, and is instead measured against the same review standard as applied during initial application examinations.

However, the IPR process has been challenged as being unconstitutional on the theory that the granted patent is a private right such that only a court of law (an Article III court) can determine whether a granted patent can be ruled invalid.

The U.S. Supreme Court has recently held in *Oil States Energy Services, LLC v. Greene's Energy Group, LLC* that an IPR proceeding before the USPTO is indeed constitutional. The Court reasoned that the determination of whether a granted patent was rightfully issued involves public rights as opposed to private rights. The USPTO has authority derived under the constitution and legislation in determining whether to issue a patent. The initial grant of a patent by the USPTO involves a matter arising between the government and others. The USPTO reviews an invention to determine whether it meets the statutory requirements for patentability, such as novelty and nonobviousness. If the invention meets those statutory requirements, a patent is granted which confers a "public franchise" that gives the patent holder the right to exclude others from making, using or selling the invention in the U.S. The Court characterizes the patent granting function as falling within the public rights doctrine.

An IPR proceeding supplements the USPTO's duties in issuing patents. The IPR procedure addresses and applies the same statutory requirements as followed in the initial application phase, so is considered to address the same basic matter as the grant of a patent. Accordingly, the IPR procedure as established by Congress addresses public rights in the patent. Therefore, the USPTO's adjudication of the previously granted patent's validity does not violate the patent owner's private rights per se. In contrast, issues such as the determination of infringement and awarding damages against another party, affect the private rights in the patent. Those rights must be addressed by an Article III court.

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The Court therefore distinguished between public rights and private rights in concluding that the Inter Partes Review may proceed before a non-Article III court. Given that the Inter Partes Review specifically addresses the grant of a patent, a constitutional function that can be carried out by the executive or legislative departments without judicial intervention, the Court found that determination to involve public rights.

Accordingly, the Inter Partes Review procedure remains as a strategic option for a party to consider in challenging the validity of wrongfully issued patents.

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