IP Alert: Supreme Court Continues its Analysis of the AIA in SAS v. Matal

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By Katie L. Becker

On November 27, 2017, the Supreme Court heard oral argument in SAS Institute, Inc. v. Joseph Matal. Although SAS seems to have taken a back seat to Oil States,[1] the outcome of SAS could heavily impact petitioners, patent owners and the Patent Trial and Appeal Board alike. The question presented in SAS is whether 35 U.S.C. § 318(a) requires the PTAB to render a final written decision on all claims challenged by the petitioner in its petition versus only those claims instituted by the PTAB.

SAS was argued immediately after Oil States. The Supreme Court engaged with counsel for SAS and the Department of Justice. Justice Sotomayor grilled counsel for SAS, requesting that he frame the issues presented before the Court and pressed for an explanation as to why he was not trying to "get around" the High Court's ruling in Cuozzo. Despite Justice Sotomayor's questioning, she also stated that she did not agree with the holding of Cuozzo, and seemed interested in hearing both parties' arguments. Justice Kagan also joined the discussion, asking if SAS's interpretation of § 318(a) also supported the inclusion of cancelled claims, as well as non-instituted claims, in the PTAB's final written decision. Counsel for the petitioner argued that there was "a

world of difference" between the non-instituted claims and cancelled claims, as cancelled claims "no longer exist" to assert against another party and further argued that claims cancelled during inter partes review proceedings are no longer challenged by the petitioner at the time of final decision. Justice Breyer believed the statutory language helped the petitioner's interpretation, but questioned the practical implications of such an interpretation.

All of the justices (with the exception of Justice Thomas, who did not ask any questions during the SAS or Oil States arguments) seemed to focus on the language of the statute, and in particular, on whether "any patent claim challenged" means all claims challenged by the petitioner or all claims challenged by the petitioner and instituted by the PTAB. At one point, Justice Breyer, honed in on the ambiguity of the term "any," used in § 318(a). Justice Alito questioned the Department of Justice's counsel, asking, "If Congress wanted to say what you think this means, why in the world would they phrase it the way it is phrased in 318(a)?" Counsel for the government responded by providing scenarios when "challenged" claims may not be taken to final decision, such as when claims are cancelled or settled. Justice Gorsuch focused on §§ 304, 314 and 316 for guidance as to Congress' intended meaning with respect to the claims requiring a final written decision.

Although the Supreme Court seemed likely to side with the government and preserve the PTAB's existing framework of limiting its final written decision to only instituted claims, patent practitioners, patent owners, accused patent infringers and the PTAB will continue to wait with bated breath until the Supreme Court issues its decision.

Click here to download a transcript of the arguments in SAS v. Matal.

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[1] A patent case argued on the same day and dealing with the constitutionality of certain post-issuance proceedings.

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