

SCOTUS grants cert to case that could change the federal patent review system

Details of Oil States v. Greene's Energy Group, et. al

Context

- *Inter partes* review (IPR) is a process used by the United States Patent and Trademark Office to determine whether an existing patent is valid, on the grounds that there was prior art that could have made it probable or it was obvious. 73.8% of all IPRs result in cancellation of all claims
- Fracking involves pumping fluid into oil and gas wells to encourage production, but the wellheads can be damaged from this process, since they are not designed to withstand continuous exposure to such fluids. An Oil States Energy Services subsidiary attempted to fix this issue with a patented design, known as the '118 application, but it was not sufficient. The subsidiary attempted a second method, known as the '053 patent
- In 2012, Oil States sued Greene's Energy for patent infringement. During litigation, the Patent Trial and Appeal Board found that the '053 Patent was distinct from the previous one. Greene's Energy filed for an IPR at the PTO, stating that '053 patent was anticipated by the '118 application

History

- Oil States has since argued that the decision made by the Patent Trial and Appeal Board (PTAB) was erroneous and appealed to the Federal Circuit, the court that hears all patent appeal cases, but the panel of judges denied the appeal without issuing a written opinion
- Oil States then petitioned to the Supreme Court

The issue

- Oil States argues that the IPR process is unconstitutional, violating the Seventh Amendment (right to trial by jury) by extinguishing private property rights, because lawsuits seeking to invalidate patents should be tried in front of a jury in an Article III forum instead of an agency proceeding

Significance

- The IPR process is often used to target and eliminate bad patents. The process is faster and cheaper than a trial at a district court to challenge the validity of a patent. Some argue that if IPRs are found unconstitutional, patent troll activity will rise
- Others believe that patent owners don't receive due process under current proceeding rules since PTAB does not consider evidence timely submitted, refuses to allow amendments, and does not issue final decisions on all challenged claims



Sources: Joe Mullin, "Supreme Court will weigh in on troll-killing patent-review process," *ArsTechnica*, July 13, 2017; Gene Quinn, "Supreme Court to decide if Inter Partes Review is unconstitutional," *IP Watchdog*, June 12, 2017; Noun Project, 2017.