

DEVELOPMENTS IN INTELLECTUAL PROPERTY LAW: OCTOBER 1, 2017 – SEPTEMBER 30, 2018

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This Article addresses recent developments in intellectual property law. In particular, this Article provides an overview and discussion of six pivotal intellectual property law cases decided between October 1, 2017 and September 31, 2018. Three of these decisions come from the United States Supreme Court and the remaining three come from the United States Court of Appeals for the Federal Circuit (“Federal Circuit”). The cases are:

- *Oil States Energy Services LLC v. Greene’s Energy Group, LLC*;¹
- *SAS Institute, Inc. v. Iancu*;²
- *WesternGeco LLC v. Ion Geophysical Corp.*³
- *Wi-Fi One LLC v. Broadcom Corp.*;⁴
- *Berkheimer v. HP Inc.*;⁵ and
- *Saint Regis Mohawk Tribe v. Mylan Pharmaceuticals.*⁶

I. CONSTITUTIONALITY OF INTER PARTES REVIEW: *OIL STATES V. GREENE’S ENERGY GROUP, LLC*

In April 2018, the Supreme Court issued a highly-anticipated 7-2 decision in *Oil States Energy Services LLC v. Greene’s Energy Group, LLC* upholding the constitutionality of the *inter partes* review process for patents.⁷ The Court found that *inter partes* review does not violate Article III or the Seventh Amendment.⁸

A. Background

The America Invents Act of 2011 created the *inter partes* review process as a means for reexamining the validity of previously-issued patents.⁹ An *inter*

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1. 138 S. Ct. 1365 (2018).

2. 138 S. Ct. 1348 (2018).

3. 138 S. Ct. 2129 (2018).

4. 878 F.3d 1364 (Fed. Cir. 2018).

5. 881 F.3d 1360 (Fed. Cir. 2018).

6. 896 F.3d 1322 (Fed. Cir. 2018), *cert. denied*, 2019 WL 1590253 (U.S. Apr. 15, 2019).

7. *Oil States Energy Servs. LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365 (2018).

8. *Id.* at 1369.

9. *See* America Invents Act, Pub. L. No. 112-29, § 6(a), 125 Stat. 284 (2011); 35 U.S.C. § 311 et seq.

partes review is a trial-like adversarial proceeding before the Patent Trial & Appeals Board (“PTAB” or “Board”) of the U.S. Patent & Trademark Office (“USPTO”).¹⁰ In an *inter partes* review, a petitioner wishing to challenge the validity of a patent files a petition to cancel one or more claims.¹¹ The patent owner is given an opportunity to respond to the petition, and the PTAB then makes a decision on whether to institute an *inter partes* review.¹² Unlike other types of post-grant patent proceedings before the USPTO, the petitioner and the patent owner both participate throughout the process.¹³ If the *inter partes* review is instituted, the parties conduct discovery, submit briefing to the PTAB, and participate in an oral hearing.¹⁴ The PTAB then issues a final, written decision on the patentability of the claims.¹⁵

If a party to the *inter partes* review is unhappy with the final written decision, it can appeal to the Court of Appeals for the Federal Circuit.¹⁶ In reviewing the final written decision, “the Federal Circuit assesses ‘the Board’s compliance with governing legal standards de novo and its underlying factual determinations for substantial evidence.’”¹⁷

In *Oil States*, Petitioner Oil States argued that *inter partes* review violates the U.S. Constitution’s separation of powers because a legal proceeding that could result in the revocation of a patent must take place in an Article III court before a jury.¹⁸

B. Procedural History

Oil States and Greene’s Energy were competitors in the oilfield services industry.¹⁹ Oil States brought suit against Greene’s Energy in federal district court for allegedly infringing one of Oil States’s patents relating to fracking equipment.²⁰ Greene’s Energy then filed a petition for *inter partes* review of Oil States’s patent.²¹ The District Court issued a claim construction order that was a win for Oil States because it foreclosed Greene’s Energy’s arguments that the patent was invalid.²² However, the PTAB then issued an opinion in the *inter partes* review that found that the patent claims in the *inter partes* review were

10. See *Oil States*, 138 S. Ct. at 1371.

11. *Id.*

12. *Id.*

13. *Id.*

14. *Id.*

15. *Id.*; 35 U.S.C. § 317(a) (2019).

16. 35 U.S.C. § 319.

17. *Oil States*, 138 S. Ct. at 1372 (quoting *Randall Mfg. v. Rea*, 733 F.3d 1355, 1362 (Fed. Cir. 2013)).

18. *Id.*

19. *Id.*

20. *Id.*

21. *Id.*

22. *Id.*

unpatentable.²³

Oil States appealed the *inter partes* review decision to the Federal Circuit.²⁴ One of Oil States's arguments to the Federal Circuit was that the *inter partes* review process is unconstitutional because a legal proceeding that could result in the revocation of a patent must take place in an Article III court before a jury.²⁵ The Federal Circuit rejected Oil States's argument about the constitutionality of *inter partes* review.²⁶ Oil States then sought certiorari to the Supreme Court.²⁷ The Supreme Court granted certiorari and upheld the Federal Circuit's decision, finding that *inter partes* review is constitutional and does not violate Article III or the Seventh Amendment.²⁸

C. Justice Thomas's Opinion of the Court

Justice Thomas delivered the opinion of the Court, joined by Justices Kennedy, Ginsburg, Breyer, Alito, Sotomayor, and Kagan.²⁹ Justice Thomas concluded, after analyzing Article III and the Seventh Amendment, that the *inter partes* review process does not violate the Constitution. His opinion focused largely on whether the public rights doctrine applies to *inter partes* review. Because he found that the public rights doctrine should apply, he concluded that the *inter partes* review process does not violate Article III. He then concluded that there was no Seventh Amendment violation because once the Congress properly assigns a matter for adjudication in a non-Article III tribunal, there is no Seventh Amendment violation.

1. *Article III.*—Article III provides that the judicial powers of the federal government are vested “in one supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish.”³⁰ In addressing whether *inter partes* review violates Article III, the Court applied the public rights doctrine, which “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.’”³¹ Stated differently, it “applies to matters ‘arising between the government and others, which from their nature do not require judicial determination and yet are susceptible of it.’”³²

The Court concluded that *inter partes* review involves a public right—“reconsideration of the Government's decision to grant a public

23. *Id.*

24. *Id.*

25. *Id.*

26. *Id.*

27. *Id.*

28. *Id.*

29. *Id.* at 1369.

30. U.S. CONST. art. III, § 1.

31. *Oil States*, 138 S. Ct. at 1373 (quoting *Crowell v. Benson*, 285 U.S. 22, 50 (1932)).

32. *Id.* (quoting *Crowell*, 285 U.S. at 50).

franchise.”³³ Because *inter partes* review involves a public right, it falls within well-established precedents that “have given Congress significant latitude to assign adjudication of public rights to entities other than Article III courts.”³⁴ Thus, Congress’s delegation of *inter partes* review proceedings to the PTAB is not a violation of Article III.³⁵

In concluding that the reconsideration of the grant of a patent is a public right, the Court pointed out that the *grant* of a patent has long been recognized as a matter of public rights that does not need to be adjudicated in an Article III court.³⁶ The Court then characterized *inter partes* review as a review of the decision to grant a patent, concluding that *inter partes* review “involves the same [public] interests as the determination to grant a patent in the first instance,” and thus also “falls on the public rights side of the line.”³⁷ The Court therefore concluded that the rights adjudicated in an *inter partes* review do not need to be resolved in an Article III court.³⁸

2. *Seventh Amendment*.—The Court also addressed whether *inter partes* review violates the Seventh Amendment, which protects a “right of trial by jury” in “Suits at common law, where the value in controversy shall exceed twenty dollars.”³⁹ In its analysis, the Court noted that “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 adjudication of that action by a nonjury factfinder.’”⁴⁰ Because the *inter partes* review process does not violate Article III, the Court concluded that it was properly assigned by Congress to the PTAB and therefore does not violate the Seventh Amendment.⁴¹

D. Justice Breyer’s Concurrence

Justice Breyer joined the majority opinion in full, but wrote separately to point out that “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,” because Supreme Court “precedent is to the contrary.”⁴² Justice Ginsburg and Justice Sotomayor joined Justice Breyer’s concurrence.⁴³

33. *Oil States*, 138 S. Ct. at 1373.

34. *Id.*

35. *Id.*

36. *Id.* at 1374.

37. *Id.* at 1374-75.

38. *Id.* at 1375.

39. *Id.* at 1379; U.S. CONST. amend. VII.

40. *Oil States*, 138 S. Ct. at 1379 (quoting *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 53-54 (1989)).

41. *Id.*

42. *Id.* at 1379-80 (citing *Stern v. Marshall*, 564 U.S. 462, 494 (2011); *Commodity Futures Trading Comm’n v. Schor*, 478 U.S. 833, 853-856 (1986)).

43. *Id.* at 1379.

E. Justice Gorsuch's Dissent

Justice Gorsuch dissented in an opinion joined by Chief Justice Roberts.⁴⁴ Justice Gorsuch wrote of the concern that the *inter partes* review process gives “a political appointee and his administrative agents, instead of an independent judge,” the authority to determine the validity of a patent.⁴⁵

After describing the dangers of having a political appointee and his employees adjudicate the validity of patents, Justice Gorsuch provided his own opinion on “which cases independent judges must hear,” referring to Article III and the “original[] understanding” that “the judicial power extended to ‘suit[s] at the common law, or in equity, or admiralty.’”⁴⁶ From this, he wrote, “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.”⁴⁷ Justice Gorsuch agreed with the majority on this premise, but disagreed in its application.⁴⁸ In Justice Gorsuch’s view, history shows that in England, at the time of founding, only courts could hear patent challenges, and the view that courts were the forum in which disputes about patent validity must be heard has “held firm for most of our history.”⁴⁹

Justice Gorsuch also disagreed with the majority’s focus on the revocation of patents as simply a reversal of the patent grant.⁵⁰ Just because the Patent Office has the authority to grant a patent, in Justice Gorsuch’s view, does not mean that it also has the authority to take it away.⁵¹ Historically, patent holders, who had proven the social utility of their work, were provided greater protection against their patent rights being revoked, and Justice Gorsuch wrote that “the law requires us to honor those historical rights, not diminish them.”⁵²

Justice Gorsuch concluded his dissent by emphasizing the importance of protecting Article III’s guarantees.⁵³ While not considering the majority’s opinion a “rout” of Article III’s guarantees, Justice Gorsuch nevertheless wrote of the importance of preserving Article III’s protections to “ensur[e] the people today and tomorrow enjoy no fewer rights against governmental intrusion than those who came before.”⁵⁴

44. *Id.* at 1380.

45. *Id.*

46. *Id.* at 1381 (citing *Murray’s Lessee v. Hoboken Land & Improvement Co.*, 59 U.S. (18 How.) 272, 284 (1856)).

47. *Id.* (alteration and omission in original) (quoting *Stern v. Marshall*, 564 U.S. 462, 484 (2011)).

48. *Id.*

49. *Id.* at 1384.

50. *Id.* at 1385.

51. *Id.*

52. *Id.*

53. *Id.* at 1386.

54. *Id.*

II. FINAL WRITTEN DECISIONS IN INTER PARTES REVIEW:
SAS INST., INC. v. IANCU

On the same day it decided *Oil States*, the Supreme Court also issued a decision in *SAS Inst., Inc. v. Iancu* that addressed whether, during an *inter partes* review proceeding, the Director of the U.S. Patent & Trademark Office must issue a final written decision on all claims raised by the petitioner or if the Director has the discretion to issue a final written decision on only a smaller set of claims for which the *inter partes* review was actually instituted.⁵⁵ In a majority opinion authored by Justice Gorsuch, the Court held that the Patent Office must decide whether to institute an *inter partes* review and issue a final written decision on *all* claims challenged by the petitioner.⁵⁶ Prior to this decision, the Patent Office followed a procedure in *inter partes* review proceedings in which a petitioner would identify in its petition what patent claims it was challenging; the Patent Office would make a determination as to which, if any, of those claims to actually institute; and then the Patent Office would only issue a final written decision as to the actually-instituted claims.

A. Background

As described in Section I.A, above, an *inter partes* review is a trial-like adversarial proceeding before the PTAB of the USPTO.⁵⁷ The petitioner requests that the PTAB institute an *inter partes* review to cancel patent claims.⁵⁸ The patent owner responds, and then the PTAB makes a decision on whether to institute the *inter partes* review.⁵⁹ If the *inter partes* review is instituted, the parties conduct discovery, submit briefing to the PTAB, and participate in an oral hearing.⁶⁰ The PTAB then issues a final, written decision on the patentability of the claims.⁶¹

Prior to *SAS Institute*, the PTAB's practice was to decide whether to institute an *inter partes* review on all, only some, or none of the patent claims challenged by a petitioner. If the PTAB instituted review on only some of the challenged claims, then the final written decision would only address the instituted claims.⁶²

B. Procedural History

SAS was the petitioner in an *inter partes* review in which it sought to cancel

55. *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348 (2018).

56. *Id.* at 1353-54.

57. *Id.* at 1353.

58. *Id.*

59. *Id.*

60. *Id.* at 1354.

61. *Id.*; 35 U.S.C. § 318(a) (2019).

62. *See SAS Inst.*, 138 S. Ct. at 1354.

16 claims in a software patent.⁶³ SAS argued in its petition that all 16 claims were invalid, but the Director only instituted review of claims 1 and 3-10.⁶⁴ At the end of the *inter partes* review, the Director issued a final written decision that addressed the instituted claims 1 and 3-10, but did not address the non-instituted claims that SAS had challenged in the petition.⁶⁵

SAS appealed the final written decision to the Federal Circuit, arguing that 35 U.S.C. § 318(a) required the PTAB to make a decision on the patentability of *each* claim that SAS raised in its petition.⁶⁶ The Federal Circuit rejected SAS's argument, and SAS then petitioned for certiorari to the Supreme Court.⁶⁷

C. Justice Gorsuch's Majority Opinion

Justice Gorsuch delivered the opinion of the Court, joined by Justices Roberts, Kennedy, Thomas, and Alito.⁶⁸ The Court's reasoning in reaching its holding was based largely on the language of 35 U.S.C. § 318(a), which states "[i]f 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."⁶⁹ Justice Gorsuch wrote that the "directive" in this statutory provision "is both mandatory and comprehensive," meaning that "the Board *must* address *every* claim the petitioner has challenged."⁷⁰

After concluding that the plain meaning of the statute answered the question before it, the majority opinion then addressed and rejected the Director of the Patent Office's arguments that he has the discretion to decide which claims make it from the petition into an actual *inter partes* review and therefore which claims merit a final written decision.⁷¹ Justice Gorsuch wrote that, from the outset, the *inter partes* review statute gives the petitioner, not the Director, the ability to "define the contours of the proceeding."⁷² He wrote that the decision to pursue an *inter partes* review and the decision about what claims to include rest with the petitioner.⁷³ The *inter partes* review is also different than previous processes, such as *ex parte* reexamination, which gave the Director the authority to institute reexamination at any time—according to Justice Gorsuch, if the Congress had wished to grant the Director similar authority in the context of an *inter partes*

63. *Id.*

64. *Id.*

65. *Id.*

66. *Id.*

67. *Id.*

68. *Id.* at 1352.

69. 35 U.S.C. § 318(a) (2019).

70. *SAS Inst.*, 138 S. Ct. at 1354 (emphasis in original).

71. *Id.* at 1355.

72. *Id.*

73. *Id.*

review, “it knew exactly how to do so.”⁷⁴

Moving to the actual institution of the *inter partes* review, Justice Gorsuch wrote that the statute gives the Director the authority to determine “whether to institute an *inter partes* review . . . pursuant to a petition,” but does not grant the Director the discretion to determine which claims in the petition to include.⁷⁵ Nor does Section 314(a)—which requires the Director to determine whether “there is a reasonable likelihood” that the petitioner will succeed in invalidating at least one claim—give the Director the authority to pick and choose which claims actually are in the instituted *inter partes* review.⁷⁶

Justice Gorsuch also dismissed the Director’s policy argument that partial institution increases efficiency because it allows the Patent Office to allocate resources and “focus on the most promising challenges and avoid spending time and resources on others.”⁷⁷ He acknowledged “plausible reasons” why this efficiency argument makes sense, but ultimately deferred to Congress as the appropriate body to prescribe policies to create efficiencies at the Patent Office.⁷⁸

Next, the Court addressed the impact of *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.* on its decision.⁷⁹ Under *Chevron*, when Congress has “explicitly left a gap for an agency to fill, there is an express delegation of authority to the agency to elucidate a specific provision of the statute by regulation.”⁸⁰ But the Court “le[ft] for another day” the question of “whether *Chevron* should remain.”⁸¹ Even applying *Chevron*, the Court found that “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 meaning.”⁸² Because the Court had found that Congress’s meaning was clear that the *inter partes* review process focuses on the contents of the petition as the centerpiece of the review, and therefore requires that the Director issue a decision based on all of the claims in the petition, the Court found *Chevron* to be inapplicable.⁸³

Finally, the Court addressed its decision in *Cuozzo* and the language of 35 U.S.C. § 314(d). Section 314(d) states that the “determination by the Director whether to institute an *inter partes* review under this section shall be final and nonappealable.”⁸⁴ In *Cuozzo*, the Court held that the Director’s decision on whether to institute an *inter partes* review on certain patent claims is non-

74. *Id.*

75. *Id.* at 1355 (quoting 35 U.S.C. § 314(b)).

76. *Id.* at 1356 (quoting 35 U.S.C. § 314(a)).

77. *Id.* at 1357.

78. *Id.*

79. *Id.* at 1358; see *Chevron U.S.A. Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837 (1984).

80. *Chevron*, 467 U.S. at 843-44.

81. *SAS Inst.*, 138 S. Ct. at 1358.

82. *Id.* (quoting *Chevron*, 467 U.S. at 843).

83. *Id.*

84. 35 U.S.C. § 314(d) (2019).

appealable.⁸⁵ But in *SAS*, the majority wrote that Section 314(d) and *Cuozzo* did not change its decision—relying on the “strong presumption” of judicial review, as well as the statute’s text, the Court concluded that *Cuozzo* and Section 314(d) only preclude judicial review of the Director’s “initial determination” of whether to institute a review.⁸⁶

D. Justice Ginsburg’s Dissent

Justice Ginsburg authored a one-paragraph dissent, joined by Justices Breyer, Sotomayor, and Kagan,⁸⁷ in which she criticized the majority’s “wooden” reading of 35 U.S.C. § 318(a) and wrote that she would instead read the statute as allowing the Board’s “more rational way to weed out insubstantial challenges.”⁸⁸

E. Justice Breyer’s Dissent

Justice Breyer also wrote a dissent joined by Justices Ginsburg and Sotomayor.⁸⁹ Justice Kagan also joined Justice Breyer’s dissent, except for a section of the dissent in which Justice Breyer wrote about his interpretation of *Chevron*, not as “a rigid, black-letter rule of law,” but instead as a “rule of thumb, guiding courts in an effort to respect that leeway which Congress intended the agencies to have.”⁹⁰

III. RECOVERY OF LOST FOREIGN PROFITS UNDER 35 U.S.C. §284: *WESTERNGECO LLC V. ION GEOPHYSICAL CORP.*

In June 2018, in a 7-2 decision, the Supreme Court held that a successful plaintiff could recover foreign lost profits as “a permissible domestic application” of the general damages provision of the Patent Act, 35 U.S.C. § 284.⁹¹

A. Background

A patentee who proves patent infringement under § 271 of the Patent Act can recover damages under § 284 “adequate to compensate for the infringement, but in no event less than a reasonable royalty.”⁹² Section 271 describes several different ways in which a patent can be infringed.⁹³ Particularly relevant in this case, under § 271(f), if a company ships *components* of a patented product to be

85. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2151 (2016).

86. *SAS Inst.*, 138 S. Ct. at 1359 (quoting *Cuozzo*, 136 S. Ct. at 2134).

87. *Id.* at 1360.

88. *Id.*

89. *Id.*

90. *Id.* (Sotomayor, J., joining dissent, except as to Part III.A); *id.* at 1364 (Breyer, J., dissent, Pt. III.A.).

91. *WesternGeco LLC v. ION Geophysical Corp.*, 138 S. Ct. 2129, 2139 (2018).

92. 35 U.S.C. § 284 (2019).

93. *See id.* § 271.

assembled abroad, they can be held liable for patent infringement.⁹⁴ While it is undisputed that these statutes provide for recovery for acts of infringement occurring within the United States, the issue in this case is whether a domestic patent owner can recover foreign lost profits under these provisions, as well.⁹⁵

B. Procedural History

WesternGeco LLC (“WesternGeco”) owns four patents related to a system that uses “lateral-steering technology” for surveying the ocean floor.⁹⁶ In 2007, ION Geophysical Corp. (“ION”) began manufacturing components for a competing system, and shipped the components to overseas companies who assembled the components to create a system identical to WesternGeco’s.⁹⁷ These overseas companies then used the system to directly compete with WesternGeco’s services.⁹⁸ WesternGeco subsequently sued ION for patent infringement under §§ 271(f)(1) and (f)(2), proved infringement, and the jury awarded \$12.5 million in reasonable royalties and \$93.4 million in lost profits.⁹⁹ ION filed a post-trial motion to set aside the \$93.4 million, arguing that § 271(f) did not apply “extraterritorially,” and thus WesternGeco could not recover lost profits.¹⁰⁰ The motion was denied and ION filed an appeal.¹⁰¹

On appeal, the Federal Circuit reversed the award of lost profits based on its prior precedent,¹⁰² holding that the general infringement provision, § 271(a), did not allow the patent owner to recover lost profits off of foreign sales and reasoning that §271(f) should be interpreted the same way.¹⁰³ The Supreme Court granted certiorari, vacated the Federal Circuit’s judgment, and remanded for further consideration in light of *Halo Electronics v. Pulse Electronics*.¹⁰⁴ On remand, the Federal Circuit once again found that § 271(f) did not apply extraterritorially, and the Supreme Court granted certiorari again.¹⁰⁵

C. Justice Thomas’s Majority Opinion

Justice Thomas delivered the opinion of the Court, joined by Justices

94. *Id.*

95. *WesternGeco LLC*, 138 S. Ct. at 2134.

96. *Id.* at 2135.

97. *Id.*

98. *Id.*

99. *Id.*

100. *Id.*

101. *Id.*

102. *See Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, 711 F.3d 1348 (Fed. Cir. 2013).

103. *Id.*

104. *WesternGeco LLC*, 138 S. Ct. at 2136 (citing *Halo Elecs., Inc. v. Pulse Elecs., Inc.* 136 S. Ct. 1923 (2016) (holding that the Federal Circuit’s two-part test for enhanced damages under the Patent Act (the “*Seagate* test”) was inconsistent with § 284)).

105. *Id.*

Kennedy, Ginsburg, Alito, Sotomayor, and Kagan. The majority noted that courts generally recognize a “presumption against extraterritoriality,” referring to the principal that federal statutes are meant to govern only domestically, necessarily avoiding “clashes” that “could result in international discord.”¹⁰⁶ However, this presumption is not absolute. In its opinion, the Supreme Court reiterated the two-step framework to decide questions of extraterritoriality. First, the court must ask “whether the presumption against extraterritoriality has been rebutted,”¹⁰⁷ which can only be done if the text of the statute “provides a ‘clear indication of an extraterritorial application.’”¹⁰⁸ If the presumption has *not* been rebutted, the second step of the framework asks if “the case involves a domestic application of the statute.”¹⁰⁹ The answer to the second question hinges on determining the statute’s “focus” and whether the “conduct relevant to that focus occurred in United States territory.”¹¹⁰

The Court exercised its discretion to begin the analysis at step two and sought to identify the statute’s “focus.”¹¹¹ To determine the focus, the Court honed in on “relevant conduct” noting that “[i]f the conduct relevant to the statute’s focus occurred in the United States, then the case involves a permissible domestic application’ of the statute, ‘even if other conduct occurred abroad.’”¹¹² However, “if the relevant conduct occurred in another country, ‘then the case involves an impermissible extraterritorial application regardless of any other conduct that occurred in U.S. territory.’”¹¹³

In applying these principals, the Court determined that the conduct relevant to the statutory focus of § 284 and § 271(f)(2) was domestic.¹¹⁴ The Court found that the focus of the general damages provision of the Patent Act was adequately compensating a patent owner for acts of infringement, and “[a]ccordingly, the infringement [was] plainly the focus of § 284.”¹¹⁵ Subsequently, the Court determined that § 271(f)(2)—the basis for the acts of infringement—also focused on domestic conduct. In coming to this conclusion, the Court reasoned that conduct that § 271(f)(2) regulated—its “focus”—was the domestic act of “supply[ing]” components of the patented invention “in or from the United States,” not the overseas assembly of the patented invention.¹¹⁶ Therefore, because “the focus of § 284, in a case involving infringement under § 271(f)(2), [was] on the act of exporting components from the United States” (i.e. ION’s

106. *Id.* (quoting *EEOC v. Arabian Am. Oil Co.*, 499 U.S. 244, 248 (1991) (internal quotation marks omitted)).

107. *Id.* (quoting *RJR Nabisco, Inc. v. European Cmty.*, 136 S. Ct. 2090, 2101 (2016)).

108. *Id.* (quoting *Morrison v. Nat’l Austl. Bank Ltd.*, 561 U.S. 247, 255 (2010)).

109. *Id.* (quoting *RJR Nabisco, Inc.*, 136 S. Ct. at 2101).

110. *Id.*

111. *Id.* at 2136-37.

112. *Id.* at 2137 (quoting *RJR Nabisco, Inc.*, 136 S. Ct. at 2101).

113. *Id.* (quoting *RJR Nabisco, Inc.*, 136 S. Ct. at 2101).

114. *Id.*

115. *Id.*

116. *Id.* at 2137-38; 35 U.S.C. § 271(f)(2) (2019).

domestic act of shipping components overseas), WesternGeco was entitled to the lost profits as a domestic application of § 284.¹¹⁷

The Court rejected ION's argument that because the loss of profits occurred extraterritorially, the case involved an extraterritorial application of § 284.¹¹⁸ Rather, the Court noted that the "overseas events were merely incidental to the infringement."¹¹⁹ The Court also rejected the conclusion that "damages awards for foreign injuries are always an extraterritorial application of a damages provision."¹²⁰ The Court further refuted the dissent's position that the Patent Act does not permit damages awards for lost foreign profits by suggesting that the dissenters were "conflat[ing] legal injury with the damages arising from that legal injury."¹²¹

Ultimately, the Court held that damages awarded for foreign lost profits was a permissible domestic application of § 284 for acts of infringement occurring under § 271(f)(2).¹²²

D. Justice Gorsuch's Dissent

Justice Gorsuch dissented in an opinion, joined by Justice Breyer.¹²³ In his dissent, Justice Gorsuch wrote that he agreed that the award of lost profits "[did] not offend the judicially created presumption against extraterritorial application of statutes," however, he submitted that the Federal Circuit came to the right result when it concluded that the Patent Act "foreclose[d]" claims for foreign lost profits.¹²⁴ The reason, Justice Gorsuch wrote, was "straightforward"—a U.S. patent provides for a legal monopoly in the U.S. *only*, and allowing the monopoly to extend to foreign territories would invite other countries to similarly infiltrate the U.S. economy via their patent laws.¹²⁵ He reiterated that "acts *outside* the United States do not infringe a U.S. patent right" and that the infringement itself must occur within the United States in order for a patentee to claim damages.¹²⁶

Justice Gorsuch articulated that WesternGeco was entitled to a reasonable royalty for the infringing products ION produced in the United States, but was not owed lost profits because "[the] foreign conduct [wasn't] 'infringement'" and so this conduct was not a basis for compensation under the "plain terms" of § 284.¹²⁷ To illustrate his point, Justice Gorsuch pointed to three cases: (1) *Brown v. Duchesne*, holding that the use of an invention on the high seas was not

117. *WesternGeco LLC*, 138 S. Ct. at 2138.

118. *Id.*

119. *Id.*

120. *Id.*

121. *Id.* at 2138.

122. *Id.* at 2139.

123. *Id.*

124. *Id.*

125. *Id.*

126. *Id.* at 2139-40 (emphasis in original).

127. *Id.* at 2140.

infringement because “the use of [an invention] outside the jurisdiction of the United States is not infringement of [the patent owner’s] rights” and so there was no claim for compensation;¹²⁸ (2) *Birdsall v. Coolidge*, holding that damages are supposed to compensate a patent owner for the “the unlawful acts of the defendant”;¹²⁹ and (3) *Yale Lock Manufacturing Co. v. Sargent*, which Justice Gorsuch dubbed “[t]his Court’s leading case on lost profit damages,” holding the difference in the patent holder’s economic position had the infringement not occurred “‘is to be measured’ by the additional profits the patent owner ‘would have realized from such sales if the infringement had not interfered with such monopoly.’”¹³⁰ Justice Gorsuch proposed that all three cases taught us that the Patent Act did not warrant compensation for foreign uses of a U.S. patent.¹³¹

Furthermore, Justice Gorsuch did not see § 271(f)(2) as a “special exception” to the “bedrock rule that *foreign uses* of an invention (even an invention made in this country) do not infringe a U.S. patent.”¹³² Instead, Justice Gorsuch opined that § 271(f)(2) simply extended the *domestic* protections of the Patent Act by “[making] clear that someone who *almost makes* an invention in this country may be held liable as if he made the complete invention in this country.”¹³³

Justice Gorsuch warned that allowing for protection against foreign uses of a U.S. would lead to “anomalous results” and “threaten to ‘conver[t] a single act of supply from the United States into a springboard for liability.’”¹³⁴ Justice Gorsuch then presented a situation where a microchip developer created a microchip, infringed a U.S. patent in the process, but then competed with the patent owner’s microchip strictly overseas.¹³⁵ According to Justice Gorsuch, by applying the majority’s approach, the patent owner could recover lost profits from all of the foreign sales of the infringing microchip, which could “effectively [give] the patent owner a monopoly over foreign markets through its U.S. patent.”¹³⁶

Justice Gorsuch concluded his dissent by further warning that overstepping by extending patent rights “beyond our borders” could invite reciprocal actions by foreign patentees.¹³⁷ Finally, Justice Gorsuch heeded that “principles of comity counsel against an interpretation of our patent laws that would interfere so dramatically with the rights of other nations to regulate their own economies.”¹³⁸

128. *Id.* (alterations in original) (quoting *Brown v. Duchesne*, 60 U.S. (19 How.) 183, 195-96 (1857)).

129. *Id.* at 2140 (quoting *Birdsall v. Coolidge*, 93 U.S. 64 (1876)).

130. *Id.* at 2141 (quoting *Yale Lock Mfg. Co. v. Sargent*, 117 U.S. 536, 552-53 (1886)).

131. *Id.* at 2140-41.

132. *Id.* at 2141 (emphasis in original).

133. *Id.* at 2142 (emphasis in original).

134. *Id.* (alteration in original) (quoting *Microsoft Corp. v. AT & T Corp.*, 550 U.S. 437, 456 (2007) (internal quotations omitted)).

135. *Id.*

136. *Id.* at 2142-43.

137. *Id.*

138. *Id.* at 2143.

IV. THE APPEALABILITY OF TIME-BAR *INTER PARTES* REVIEW INSTITUTION DECISIONS: *WI-FI ONE LLC V. BROADCOM CORP.*

In January 2018, the en banc Federal Circuit revisited the issue of judicial review of time-bar determinations made under § 315(b).¹³⁹ The panel's majority overruled *Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652, 658 (Fed. Cir. 2015), and held that determinations made by the PTAB regarding the one-year time bar and whether to institute *inter partes* review are appealable.¹⁴⁰

A. Background

With the passage of the Leahy-Smith America Invents Act (“AIA”) in 2011, Congress created *inter partes* review and other post-grant proceedings in order to provide an efficient alternative to litigation for third parties to challenge the patentability of issued claims.¹⁴¹ The two most pertinent provisions from the AIA in this case are § 314(d), which provides that “[t]he determination by the Director whether to institute an *inter partes* review under this section shall be final and nonappealable,”¹⁴² and § 315(b), which provides that “[a]n *inter partes* review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real part in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.”¹⁴³ The issue is whether § 314(d)'s “final and nonappealable” language applies to § 315(b)'s time-bar determinations.¹⁴⁴

B. Procedural History

Prior to this rehearing en banc, the Federal Circuit had already made a determination on this issue in *Achates*.¹⁴⁵ In *Achates*, the Federal Circuit held that § 314(d) precluded the Federal Circuit from reviewing the Board's determination to initiate *inter partes* review proceedings based on the time-bar of §315(b).¹⁴⁶ Subsequently, the Supreme Court decided *Cuozzo Speed Technologies, LLC v. Lee*, in which they determined that § 314(d) bars judicial review of determinations regarding whether the petition was pleaded with sufficient particularity under § 312(a)(3).¹⁴⁷ In *Cuozzo*, despite ultimately finding that §

139. *Wi-Fi One, LLC v. Broadcom, Corp.*, 878 F.3d 1364, 1365 (Fed. Cir. 2018).

140. *Id.*

141. See Pub. L. No. 112-29, § 6(a)-(c), 125 Stat. 284, 299–305 (2011); 35 U.S.C. §§ 311-319; H.R. Rep. No. 112-98, pt. 1, at 48 (2011); 157 Cong. Rec. 2,710 (2011) (statement of Sen. Grassley).

142. 35 U.S.C. § 314(d) (2019).

143. *Id.* § 315(b).

144. *Wi-Fi One*, 878 F.3d at 1368.

145. *Id.*

146. *Id.* at 1369.

147. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016).

314(d) precluded review, the Supreme Court noted that there is a “strong presumption in favor of judicial review” and noted that its holding was limited, expressly opening the door to the potential for review of decisions to institute *inter partes* review.¹⁴⁸

With that history as a backdrop, the present appeal came about over a period of several years involving a convoluted mixture of parties. Ericsson initially owned three patents and sued several defendants in the Eastern District of Texas in 2010.¹⁴⁹ That case progressed through a jury trial where the jury determined that the defendants infringed the asserted claims. In 2013, well after the one-year bar of § 315(b) and during the appeal of the jury verdict, which was eventually affirmed, Broadcom Corporation (“Broadcom”), who was not a defendant in the litigation, filed three petitions for *inter partes* review on the three patents-in-suit.¹⁵⁰ During the pendency of the *inter partes* review petitions, Ericsson transferred ownership of the three patents to Wi-Fi One, LLC (“Wi-Fi”).¹⁵¹ Wi-Fi initially argued that the Director was prohibited from instituting review of the three patents under § 315(b)’s one-year time-bar because Broadcom was in privity with the defendants that were served with the complaint in the district court litigation in 2010.¹⁵² Throughout the Board proceedings and into appeal, Wi-Fi maintained this position.¹⁵³ After losing the appeal at the Federal Circuit, Wi-Fi petitioned for rehearing en banc and it was granted.¹⁵⁴

C. Federal Circuit’s Majority Opinion

The majority began by reiterating that there is a “strong presumption” favoring judicial review of administrative actions, including the Director’s *inter partes* review institution decisions and that judicial review will be abdicated only when Congress provides a “clear and convincing” indications that it intends to prohibit review.¹⁵⁵ After noting this, the majority announced that there was no clear and convincing indication by Congress in the statutory language, legislative history, or statutory scheme as a whole that demonstrates an intent to bar judicial review of § 315(b) time-bar determinations.¹⁵⁶

Turning to the specific statutory language and statutory scheme, the majority noted that § 314(d) explicitly states that “[t]he determination of the Director whether to institute an *inter partes* review *under this section* shall be final and nonappealable.”¹⁵⁷ The majority reasoned that because the statutory language

148. *Wi-Fi One*, 878 F.3d at 1369-70.

149. *Id.* at 1370.

150. *Id.*

151. *Id.*

152. *Id.* at 1370-71.

153. *Id.* at 1371.

154. *Id.*

155. *Id.* (citing *Cuozzo*, 136 S. Ct. at 2140.)

156. *Id.* at 1372.

157. *Id.*

limits the scope of the statute to its own “section,” the only decisions that are final and non-appealable are those found under the substantive provisions of § 314(a).¹⁵⁸ Section 314 addresses the scope, authority, and discretion of the Director to preliminarily determine patentability. In contrast, the majority argued, § 315(b) addresses a discrete issue—time of service—that is wholly outside the scope of § 314(a). Because of this, the majority held that the time-bar determination is not akin to either the non-initiation or preliminary-only merits determinations for which unreviewability is common in the law because the time-bar has nothing to do with the patentability merits or the Director’s discretion not to institute.¹⁵⁹

D. Judge Hughes’s Dissent

Judge Hughes’s dissent was joined by Judges Lourie, Bryson, and Dyk. The dissent focused largely on the plain language of § 314(d) which explicitly states the unreviewability of the Director’s institution decision.¹⁶⁰ Similar to the majority opinion, the dissent relied heavily on the Supreme Court’s decision in *Cuozzo*.¹⁶¹ However, the dissent relied much more on the Supreme Court’s holding that there were clear and convincing indications to overcome the presumption of judicial reviewability with respect to *inter partes* review institution decisions.¹⁶² The dissent also argued that the petitions timeliness under § 315(b) is part of the Board’s institution decision and should, therefore, be barred from judicial review.¹⁶³

E. Judge O’Malley’s Concurrence

Judge O’Malley concurred with the result, but wrote separately to make the point that he believed the issue before the en banc panel was simpler than the majority opinion implies because the issue turns on the distinction between the Director’s authority to exercise discretion when reviewing the adequacy of a petition to institute an *inter partes* review proceeding and authority to undertake such a review in the first instance.¹⁶⁴ Judge O’Malley stated that § 315(b) “does not contemplate that the USPTO render a decision related to patentability—it simply places a limit on the USPTO’s authority to institute [*inter partes* reviews] that is based on a comparison of two or more dates.”¹⁶⁵ Finally, Judge O’Malley makes the point that a “determination by the USPTO whether an [*inter partes* review] petition is time-barred under § 315(b) is entirely unrelated to the agency’s ‘core statutory function’ of determining whether claims are or are not

158. *Id.*

159. *Id.* at 1373-74.

160. *Id.* at 1378.

161. *Id.*

162. *Id.*

163. *Id.*

164. *Id.* at 1375.

165. *Id.* at 1377.

patentable.”¹⁶⁶

V. THE FACTUAL ISSUES UNDERLYING PATENT ELIGIBLE SUBJECT
MATTER INQUIRIES: *BERKHEIMER V. HP INC.*

In February 2018, the Federal Circuit found that summary judgment was appropriate for invalidating certain claims but not others under the two-part patent eligibility test for 35 U.S.C. § 101.¹⁶⁷

A. Background

Patent eligibility under 35 U.S.C. § 101 is ultimately an issue of law, which may contain underlying issues of fact.¹⁶⁸ In this case, the Federal Circuit addressed two issues regarding whether the district court appropriately awarded summary judgment of invalidity for all the challenged claims under 35 U.S.C. §101.¹⁶⁹

B. Procedural History

Steven E. Berkheimer (“Berkheimer”) owns U.S. Patent No. 7,447,713 (the “Patent-in-Suit”) which “relates to digitally processing and archiving files in a digital asset management system.”¹⁷⁰ Berkheimer sued HP, Inc. (“HP”) in the Northern District of Illinois, alleging infringement of claims 1-7 and 9-19 of the Patent-in-Suit.¹⁷¹ Following a *Markman* hearing, the district court held that several claims of the Patent-in-Suit were directed to patent ineligible subject matter and granted HP’s motion for summary judgment of invalidity under § 101; Berkheimer appealed.¹⁷²

C. Federal Circuit’s Majority Opinion

Judge Moore authored the unanimous decision by the Federal Circuit.¹⁷³ The Federal Circuit addressed § 101 patent eligibility under the two-part *Alice* framework.¹⁷⁴

At *Alice* step one, the Federal Circuit addressed whether the claims were directed to a patent-ineligible concept.¹⁷⁵ The Federal Circuit found “that claims 1-3 and 9 are directed to the abstract idea of parsing and comparing data; claim 4 is directed to the abstract idea of parsing, comparing, and storing data; and

166. *Id.*

167. *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1370 (Fed. Cir. 2018).

168. *Id.* at 1365.

169. *Id.* at 1364-65.

170. *Id.* at 1362.

171. *Id.* at 1363.

172. *Id.*

173. *Id.* at 1362.

174. *Id.* at 1364-1365; *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208 (2014).

175. *Berkheimer*, 881 F.3d at 1366-67.

claims 5-7 are directed to the abstract idea of parsing, comparing, storing, and editing data.”¹⁷⁶ These abstract ideas have all been addressed by the Federal Circuit in prior cases.¹⁷⁷ Despite Berkheimer’s argument to the contrary, the Federal Circuit determined that parsers were well-known prior to the invention and that they did not improve computer functionality.¹⁷⁸

At *Alice* step two, the Federal Circuit considered the elements of each claim individually and in combination to determine whether the additional elements transform the nature of the claim into a patent eligible application.¹⁷⁹ Here, the Federal Circuit made an interesting observation:

The question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact. Any fact, such as this one, that is pertinent to the invalidity conclusion must be proven by clear and convincing evidence.¹⁸⁰

The Federal Circuit likened the analysis at this step to that done for indefiniteness, enablement, or obviousness where the overall inquiry is one of law, but that also contains underlying facts.¹⁸¹ Because several precedential cases had affirmed summary judgment of patent ineligibility, the Federal Circuit carefully made the distinction between cases that have no genuine factual disputes underlying the patent eligibility issue and those that do.¹⁸² The Federal Circuit set the record straight because the district court did not acknowledge the underlying factual questions to the § 101 inquiry.¹⁸³

Ultimately, the Federal Circuit concluded that claims 1-3 and 9 were ineligible because they did not possess an inventive concept.¹⁸⁴ However, the Federal Circuit vacated the summary judgment determination that claims 4-7 were ineligible and remanded for further fact finding since Berkheimer had meaningfully argued that those claims contained limitations directed to

176. *Id.* at 1366.

177. *See, e.g., In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 613 (Fed. Cir. 2016); *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014).

178. *Berkheimer*, 881 F.3d at 1367.

179. *Id.*; *see also Alice Corp.*, 573 U.S. at 217.

180. *Berkheimer*, 881 F.3d at 1368.

181. *Id.*; *see also Apple Inc. v. Samsung Elecs. Co.*, 839 F.3d 1034, 1047 (Fed. Cir. 2016) (en banc) (“Obviousness is a question of law based on underlying facts.”); *Akzo Nobel Coatings, Inc. v. Dow Chem. Co.*, 811 F.3d 1334, 1343 (Fed. Cir. 2016) (“Indefiniteness is a question of law that we review de novo, [] subject to a determination of underlying facts.”); *Alcon Research Ltd. v. Barr Labs., Inc.*, 745 F.3d 1180, 1188 (Fed. Cir. 2014) (“Whether a claim satisfies the enablement requirement of 35 U.S.C. § 112 is a question of law that we review without deference, although the determination may be based on underlying factual findings, which we review for clear error.”).

182. *Berkheimer*, 881 F.3d at 1368.

183. *Id.* at 1369.

184. *Id.* at 1370.

unconventional inventive concepts described in the specification.¹⁸⁵

VI. SOVEREIGN IMMUNITY AND *INTER PARTES* REVIEW:
SAINT REGIS MOHAWK TRIBE V. MYLAN PHARMACEUTICALS INC.

In July 2018, the Federal Circuit decided *Saint Regis Mohawk Tribe v. Mylan Pharmaceuticals Inc.* and answered the question of whether tribal sovereign immunity could be asserted to terminate *inter partes* review proceedings.¹⁸⁶ The Federal Circuit affirmed the Board's decision and held that tribal sovereign immunity could not be asserted in *inter partes* reviews.¹⁸⁷

A. Background

Derived from common law, Indian tribes possess “inherent sovereign immunity” and cannot be sued “absent a clear waiver by the tribe or congressional abrogation.”¹⁸⁸ This immunity, however, “does not extend to actions brought by the federal government,” nor does it generally apply to investigations or adjudications by an administrative agency.¹⁸⁹ Nevertheless, there is no “blanket rule that immunity does not apply in federal agency proceedings.”¹⁹⁰

B. Procedural History

Allergan, Inc. (“Allergan”) is a pharmaceutical company that owns the patents to a name-brand dry eye medication called Restasis.¹⁹¹ In 2015, Allergan sued Mylan Pharmaceuticals, Inc. (“Mylan”), a generic drug manufacturer, for patent infringement of its Restasis patents based on Mylan's filing of an Abbreviated New Drug Application (“ANDA”) for a generic dry eye treatment.¹⁹² In response, in June 2016, Mylan petitioned for *inter partes* review of several of the Restasis patents, with Teva Pharmaceuticals USA, Inc. and Akorn, Inc., two other generic drug manufacturers, joining.¹⁹³ The Board instituted *inter partes* review.¹⁹⁴ While the *inter partes* review was pending, Allergan transferred title of its Restasis patents to the Saint Regis Mohawk Tribe (“the Tribe”) through a

185. *Id.*

186. 896 F.3d 1322 (Fed. Cir. 2018), *cert. denied*, 139 S. Ct. 1547 (2019).

187. *Id.* at 1326.

188. *Id.* at 1325 (quoting Okla. Tax Comm'n v. Citizen Band Potawatomi Indian Tribe of Okla., 498 U.S. 505, 509 (1991)).

189. *Id.*

190. *Id.* (citing Fed. Mar. Comm'n v. S.C. State Ports Auth. (*FMC*), 535 U.S. 743, 754-56 (2002)).

191. *Id.*

192. *Id.*

193. *Id.*

194. *Id.*

recorded assignment with the USPTO.¹⁹⁵ The Tribe then moved to terminate the *inter partes* reviews, asserting tribal sovereign immunity, and Allergan moved to withdraw.¹⁹⁶ The Board denied both motions, and the Tribe and Allergan appealed.¹⁹⁷

C. Federal Circuit's Majority Opinion

The Federal Circuit began its analysis by evaluating the Supreme Court's decision in *FMC*,¹⁹⁸ where the Court assessed whether state sovereign immunity barred the Federal Maritime Commission from adjudicating a private party's claim against a state-run port.¹⁹⁹ The Court held that the determinative question was "whether Commission adjudications 'are the type of proceedings from which the Framers would have thought the States possessed immunity when they agreed to enter the Union.'"²⁰⁰ Because the Commissioner's proceedings were "'overwhelming[ly] similar[]" to civil litigation proceedings, the Court decided that state sovereign immunity did shield the state from adjudicatory proceedings brought by a private party.²⁰¹ However, the Court also noted that there was a "a distinction between adjudicative proceedings brought against a state by a private party and *agency-initiated* enforcement proceedings."²⁰²

According to the Tribe, tribal sovereign immunity applied to the *inter partes* review in the same way the sovereign immunity applied to the state in *FMC* because a "private party" (i.e. the generic drug manufacturers) initiated the proceeding.²⁰³ The appellees countered, arguing that the *inter partes* review was brought as an agency action and that the Tribe could not assert immunity to defend a sham assignment.²⁰⁴ Ultimately, the Federal Circuit held that "[a]lthough the precise contours of tribal sovereign immunity differ from those of state sovereign immunity . . . tribal sovereign immunity cannot be asserted in [*inter partes* reviews]."²⁰⁵

In coming to its decision, the Federal Circuit acknowledged that *inter partes* review was a "hybrid proceeding" with characteristics of both court proceedings and "specialized agency proceedings."²⁰⁶ However, there were several factors that

195. *Id.*

196. *Id.*

197. *Id.*

198. *FMC*, 535 U.S. 743 (2002).

199. *Saint Regis Mohawk Tribe*, 896 F.3d at 1326.

200. *Id.* (quoting *FMC*, 535 U.S. at 756).

201. *Id.*

202. *Id.* (emphasis added).

203. *Id.*

204. *Id.*

205. *Id.*

206. *Id.* (quoting *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2143-44 (2016)). Compare *Oil States Energy Servs. v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365, 1373 (2018) (holding that the goal of the *inter partes* review is to protect the public interest and that an *inter*

persuaded the court to conclude that “[*inter partes* review] is more like an agency enforcement action than a civil suit brought by a private party,” thus avoiding the possible implication of tribal immunity.²⁰⁷ First, the Federal Circuit acknowledged that while the Director was “constrained” on how he must conduct *inter partes* review, he had “broad discretion” over whether to even institute *inter partes* review—similar to how an agency chooses whether or not to institute a proceeding.²⁰⁸ Second, once *inter partes* review is initiated, the Board may continue review regardless of whether or not the petitioner chooses to continue to participate.²⁰⁹ This supports the idea that “[*inter partes* review] is an act by the agency in reconsidering its own grant of a public franchise.”²¹⁰ Third, the court found that USPTO procedures vary significantly from the Federal Rules of Civil Procedure and its proceedings “are both functionally and procedurally different from district court litigation.”²¹¹ Finally, the court noted that “[t]he Tribe acknowledged that sovereign immunity would not apply in *ex parte* or *inter partes* reexamination proceedings because of their inquisitorial nature,” and while it is understood that *inter partes* review is more than “inquisitive,” courts have generally recognized that *inter partes* review and reexamination have the “same ‘basic purposes, namely to reexamine an agency decision.’”²¹²

Notably, the Federal Circuit’s decision was limited to the issue of tribal sovereign immunity, and the court “[le]ft for another day” the question of whether states can assert their state sovereign immunity against *inter partes* review proceedings.²¹³

D. Judge Dyk’s Concurrence

Judge Dyk fully joined the panel opinion, but wrote separately to “describe in greater detail the history of *inter partes* review proceedings, history that confirms that those proceedings are not adjudications between private parties.”²¹⁴ Judge Dyk provided an extensive overview of the history of *inter partes* review

partes review is a matter “which arise[s] between the Government and persons subject to its authority in connection with the performance of the constitutional functions of the executive or legislative departments.”) (quoting *Cromwell v. Benson*, 285 U.S. 22, 50 (1932)), with *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1355 (2018) (“Much as in the civil litigation system it mimics, in an *inter partes* review the petitioner is master of its complaint . . . Congress chose to structure a process in which it’s the petitioner, not the Director, who gets to define the contours of the proceeding.”)).

207. *Saint Regis Mohawk Tribe*, 896 F.3d at 1327.

208. *Id.* at 1328 (“It is the Director, the politically appointed executive branch official, not the private party, who ultimately decides whether to proceed against the sovereign.”).

209. *Id.*

210. *Id.*

211. *Id.* at 1329.

212. *Id.* (quoting *Cuozzo Speed Techs., LLC*, 136 S. Ct. at 2144).

213. *Id.*

214. *Id.* (Dyk, J., concurring).

proceedings, and wrote that while *inter partes* review and civil litigation share a few noted similarities, “at its core, [*inter partes* review] retains the purpose and many of the procedures of its reexamination ancestors, to which everybody agrees sovereign immunity does not apply.”²¹⁵

215. *Id.* at 1330-35 (Dyk, J., concurring).