Oil States Energy Services v. Greene's Energy Group

Banner & Witcoff offers the following content as a resource to help clients understand and prepare for the potential impact of this case:

On June 12, 2017, the Supreme Court agreed to take up Oil States Energy Services LLC v. Greene's Energy Group. The question for the Supreme Court is: "Whether inter partes review—an adversarial process used by the Patent and Trademark Office (PTO) to analyze the validity of existing patents—violates the Constitution by extinguishing private property rights through a non-Article III forum without a jury."

Oil States argued in its petition that the inter partes review procedure created by the America Invents Act is unconstitutional because Congress cannot delegate the power to invalidate granted patents to the U.S. Patent and Trademark Office. Oil States maintains that patents are private property rights, which can only be revoked by a federal court under Article III of the Constitution.

Greene's Energy Group challenged Oil States' patent on hydraulic fracturing technology at the U.S. Patent and Trademark Office's Patent Trial and Appeal Board after Oil States sued the company for infringement. The PTAB held in an inter partes review that several claims of the patent were invalid. The Federal Circuit affirmed the decision in May 2016.

The Supreme Court heard arguments in the case on Nov. 27, 2017, and decided on April 24, 2018, that IPRs are constitutional. Knocking the wind out of those who considered the opposite result possible, the decision garnered a majority of seven justices.

The case did not require addition to the Court's prior formulations of the difference between private rights and public rights. "Inter partes review," the court stated summarily, "involves one … matter: reconsideration of the Government's decision to grant a public franchise." Similarly, the Court stated that "inter partes review falls squarely within the public-rights doctrine." Touching on the U.S. Patent and Trademark Office's responsibility to grant patents, the Court stated that IPR is "simply a

reconsideration of that grant." The Congress, the Court stated, has, through the America Invents Act, "reserved the PTO's authority to conduct [the] reconsideration" in an IPR.

The Court's opinion turns to what it describes as a long history of the grant of a patent being a matter of public rights. The Court holds "the grant of a patent is a matter between 'the public, who are the grantors, and … the patentee.'" Specifically, patents are characterized as "'public franchises.'" Citing Cuozzo, the Court states that IPRs are "a second look at an earlier administrative grant of a patent." The PTAB's reviews, the Court states, protect a paramount public interest in seeing that "patent monopolies" are kept within legitimate scope. Making any distinction between after-patent-issuance IPR, and before-issuance patent application, does not change the public or private nature of the property.

Having categorized a patent as a "franchise," the Court supports its conclusion with franchise cases, on such matters as permission to erect a toll bridge. After the bridge is up, "the Government can exercise its reserved authority" over the franchise. "Thus, the public rights doctrine covers the matter."

IMPORTANT DATES

- April 24, 2018 – Supreme Court decision
- November 27, 2017 – Supreme Court oral arguments
- June 12, 2017 – Supreme Court grants certiorari
- November 23, 2016 – Oil States files petition with Supreme Court
- May 4, 2016 – Federal Circuit issues decision

COURT DOCUMENTS

- Supreme Court decision
- Supreme Court argument transcript
- Petition to the Supreme Court
- Federal Circuit decision

MEDIA

Banner & Witcoff attorneys are available to answer questions and discuss this case. Media inquiries should be directed to Amanda Robert (312) 463-5465 or arobert@bannerwitcoff.com.