

## Supreme Court Upholds IPR as Constitutional

Harold C. Wegner

On April 24, 2018, in *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, \_\_\_ U.S. \_\_\_ (2018)(Thomas, J.), the Supreme Court has upheld the Constitutionality of the post grant review procedures of Inter Partes Review (IPR) : On April 24, 2018, the Supreme Court sustained the Constitutionality of IPR reviews

Concurrently, in *SAS Institute Inc. v. Iancu*, \_\_\_ U.S. \_\_\_ (2018)(Gorsuch, J.), the Court reversed the Patent Office practice of selectively considering the validity of only some of the claims where it had granted IPR review.

*Oil States Energy Services* will have a major, positive impact on the patent system: The *interrorem* threat of a post grant Patent Office challenge is a major factor in creating a climate where patent applicants will present cleaner patent applications to avoid post grant procedures.

The twin rulings sustain the Constitutional basis for the post grant review procedures found in the patent law; the decisions will have a major, positive impact on the patent system as the *interrorem* threat of a post grant Patent Office challenge is a major factor in creating a climate where patent applicants will present cleaner patent applications to avoid post grant procedures.

*SAS Institute* fine tuned the IPR regime by holding that if the Office institutes review of any claim of a patent, it must grant review of *all* claims where review is granted.

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### **Narrow Holdings in Both Cases**

Justice Thomas' *Oil States Energy Services* majority opinion spoke for five of the nine members of the Court. (Justice Breyer, joined by Justices Ginsburg and Sotomayer, issued a concurring opinion; Justice Gorsuch, joined by the Chief Justice, dissented.)

Justice Gorsuch spoke for only five of the nine members of the Court in *SAS Institute*. (An extensive dissenting opinion was issued by Justice Ginsburg, joined by Breyer, Sotomayer, Kagan, JJ.)

The narrow nature of the rulings in both cases is emphasized in the majority opinions in both cases: In *Oil States*, the majority expressly “emphasize[d] the narrowness of [its] holding. We address the constitutionality of inter partes review only. We do not address whether other patent matters, such as infringement actions, can be heard in a non-Article III forum. \* \* \* [w]e address only the precise constitutional challenges that *Oil States* raised here.” In *SAS Institute* the Court stated “[b]ecause *SAS* challenged all 16 claims of [challenged] patent, the Board in its final written decision had to address the patentability of all 16 claims.”

### **The Majority Ruling in *Oil States Energy Services***

As explained in *Oil States Energy Services*, the American Inventors Protection Act of 1999 established “inter partes review.” Thus, “[u]nder that [IPR], the United States Patent and Trademark Office ... is authorized to reconsider and to cancel an issued patent claim in limited circumstances. In this case, we address whether inter partes review violates Article III or the Seventh Amendment of the Constitution. We hold that it violates neither.”

***We emphasize the narrowness of our holding. We address the constitutionality of inter partes review only. We do not address whether other patent matters, such as infringement actions, can be heard in a non-Article III forum.*** And because the Patent Act provides for judicial review by the Federal Circuit, see 35 U.S.C. § 319, we need not consider whether inter partes review would be constitutional “without any sort of intervention by a court at any stage of the proceedings,” *Atlas Roofing Co. v. Occupational Safety and Health Review Comm'n*, 430 U.S. 442, 455, n. 13, 97 S.Ct. 1261, 51 L.Ed.2d 464 (1977). Moreover, ***we address only the precise constitutional challenges that *Oil States* raised here.***

**The Majority Ruling in *Oil States Energy Services*<sup>1</sup>**

**JUSTICE THOMAS** delivered the opinion of the Court.

I  
A

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In 1999, Congress added a procedure called “inter partes reexamination.” See American Inventors Protection Act, §§ 4601–4608, 113 Stat. 1501A–567 to 1501A–572. Under this procedure, any person could file a request for reexamination. 35 U.S.C. § 311(a) (2006 ed.). The Director would determine if the request raised “a substantial new question of patentability affecting any claim of the patent” and, if so, commence a reexamination. §§ 312(a), 313 (2006 ed.). The reexamination would follow the general procedures for initial examination, but would allow the third-party requester and the patent owner to participate in a limited manner by filing responses and replies. §§ 314(a), (b) (2006 ed.). Inter partes reexamination was phased out when the America Invents Act went into effect in 2012. See § 6, 125 Stat. 299–305.

C

The America Invents Act replaced inter partes reexamination with inter partes review, the procedure at issue here. See *id.*, at 299. Any person other than the patent owner can file a petition for inter partes review. 35 U.S.C. § 311(a) (2012 ed.). The petition can request cancellation of “1 or more claims of a patent” on the grounds that the claim fails the novelty or nonobviousness standards for patentability. § 311(b). The challenges must be made “only on the basis of prior art consisting of patents or printed publications.” *Ibid.* If a petition is filed, the patent owner has the right to file a preliminary response explaining why inter partes review should not be instituted. § 313.

Before he can institute inter partes review, the Director must determine “that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged.” § 314(a). The decision whether to institute inter partes review is committed to the Director's discretion. See *Cuozzo Speed*

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<sup>\*1</sup> Footnotes omitted; emphasis added in bold/italics. The concurring opinion of Justice Breyer (joined by Justice Ginsburg and Sotomayor) and the dissenting opinion of Justice Gorsuch (joined by the Chief Justice) are omitted from this report.

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Technologies, LLC v. Lee, 579 U.S. —, — (2016) (slip op., at 9). The Director's decision is “final and nonappealable.” § 314(d).

Once inter partes review is instituted, the Patent Trial and Appeal Board—an adjudicatory body within the PTO created to conduct inter partes review—examines the patent's validity. See 35 U.S.C. §§ 6, 316(c). The Board sits in three-member panels of administrative patent judges. See § 6(c). During the inter partes review, the petitioner and the patent owner are entitled to certain discovery, § 316(a)(5); to file affidavits, declarations, and written memoranda, § 316(a)(8); and to receive an oral hearing before the Board, § 316(a)(10). The petitioner has the burden of proving unpatentability by a preponderance of the evidence. § 316(e). The owner can file a motion to amend the patent by voluntarily canceling a claim or by “propos[ing] a reasonable number of substitute claims.” § 316(d)(1)(B). The owner can also settle with the petitioner by filing a written agreement prior to the Board's final decision, which terminates the proceedings with respect to that petitioner. § 317. If the settlement results in no petitioner remaining in the inter partes review, the Board can terminate the proceeding or issue a final written decision. § 317(a).

If the proceeding does not terminate, the Board must issue a final written decision no later than a year after it notices the institution of inter partes review, but that deadline can be extended up to six months for good cause. §§ 316(a)(11), 318(a). If the Board's decision becomes final, the Director must “issue and publish a certificate.” § 318(b). The certificate cancels patent claims “finally determined to be unpatentable,” confirms patent claims “determined to be patentable,” and incorporates into the patent “any new or amended claim determined to be patentable.” *Ibid.*

A party dissatisfied with the Board's decision can seek judicial review in the Court of Appeals for the Federal Circuit. § 319. Any party to the inter partes review can be a party in the Federal Circuit. *Ibid.* The Director can intervene to defend the Board's decision, even if no party does. See § 143; *Cuozzo, supra*, at — (slip op., at 15). When reviewing the Board's decision, the Federal Circuit assesses “the Board's compliance with governing legal standards *de novo* and its underlying factual determinations for substantial evidence.” *Randall Mfg. v. Rea*, 733 F.3d 1355, 1362 (C.A.Fed.2013).

## II

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Petitioner Oil States Energy Services, LLC, and respondent Greene's Energy Group, LLC, are both oilfield services companies. In 2001, Oil States obtained a patent relating to an apparatus and method for protecting wellhead equipment used in hydraulic fracturing. In 2012, Oil States sued Greene's Energy in Federal District Court for infringing that patent. Greene's Energy responded by challenging the patent's validity. Near the close of discovery, Greene's Energy also petitioned the Board to institute inter partes review. It argued that two of the patent's claims were unpatentable because they were anticipated by prior art not mentioned by Oil States in its original patent application. Oil States filed a response opposing review. The Board found that Greene's Energy had established a reasonable likelihood that the two claims were unpatentable and, thus, instituted inter partes review.

The proceedings before the District Court and the Board progressed in parallel. In June 2014, the District Court issued a claim-construction order. The order construed the challenged claims in a way that foreclosed Greene's Energy's arguments about the prior art. But a few months later, the Board issued a final written decision concluding that the claims were unpatentable. The Board acknowledged the District Court's contrary decision, but nonetheless concluded that the claims were anticipated by the prior art.

*Oil States* sought review in the Federal Circuit. In addition to its arguments about patentability, *Oil States* challenged the constitutionality of inter partes review. Specifically, it **argued that actions to revoke a patent must be tried in an Article III court before a jury**. While *Oil States*' case was pending, **the Federal Circuit issued an opinion in a different case, rejecting the same constitutional arguments. *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284, 1288–1293 (2015)**. The Federal Circuit summarily affirmed the Board's decision in this case. 639 Fed.Appx. 639 (2016).

**We granted certiorari to determine whether inter partes review violates Article III or the Seventh Amendment.** 582 U.S. — (2017). We address each issue in turn.

Commented [HW1]:

### III

Article III vests the judicial power of the United States “in one supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish.” § 1. Consequently, Congress cannot “confer the Government's ‘judicial Power’ on entities outside Article III.” *Stern v. Marshall*, 564 U.S. 462, 484, 131 S.Ct. 2594, 180 L.Ed.2d 475 (2011). When determining whether a proceeding involves an exercise of Article III judicial power, this Court's precedents have distinguished between “public rights” and “private rights.” *Executive Benefits Ins. Agency v. Arkison*, 573 U.S. —, — (2014) (slip op., at 6) (internal quotation marks omitted). Those precedents have given Congress significant latitude to assign adjudication of public rights to entities other than Article III courts. See *ibid.*; *Stern*, *supra*, at 488–492.

This Court has not “definitively explained” the distinction between public and private rights, *Northern Pipeline Constr. Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 69, 102 S.Ct. 2858, 73 L.Ed.2d 598 (1982), and its precedents applying the public-rights doctrine have “not been entirely consistent,” *Stern*, 564 U.S., at 488. But this case does not require us to add to the “various formulations” of the public-rights doctrine. *Ibid.* Our precedents have recognized that the doctrine 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.” *Crowell v. Benson*, 285 U.S. 22, 50, 52 S.Ct. 285, 76 L.Ed. 598 (1932). In other words, the public-rights doctrine applies to matters “‘arising between the government and others, which from their nature do not require judicial determination and yet are susceptible of it.’” *Ibid.* (quoting *Ex parte Bakelite Corp.*, 279 U.S. 438, 451, 49 S.Ct. 411, 73 L.Ed. 789 (1929)). *Inter partes* review involves one such matter: reconsideration of the Government's decision to grant a public franchise.

A

***Inter partes* review falls squarely within the public-rights doctrine. This Court has recognized, and the parties do not dispute, that the decision to grant a patent is a matter involving public rights—specifically, the grant of a public franchise. Inter partes review is simply a reconsideration of that grant, and Congress has permissibly reserved the PTO's authority to conduct that reconsideration. Thus, the PTO can do so without violating Article III.**

This Court has long recognized that the grant of a patent is a “ ‘matte[r] involving public rights.’ ” *United States v. Duell*, 172 U.S. 576, 582–583, 19 S.Ct. 286, 43 L.Ed. 559 (1899) (quoting *Murray's Lessee v. Hoboken Land & Improvement Co.*, 18 How. 272, 284, 15 L.Ed. 372 (1856)). It has the key features to fall within this Court's longstanding formulation of the public-rights doctrine.

Ab initio, the grant of a patent involves a matter “arising between the government and others.” *Ex parte Bakelite Corp.*, supra, at 451. As this Court has long recognized, the grant of a patent is a matter between “ ‘the public, who are the grantors, and ... the patentee.’ ” *Duell*, supra, at 586 (quoting *Butterworth v. United States ex rel. Hoe*, 112 U.S. 50, 59, 5 S.Ct. 25, 28 L.Ed. 656 (1884)). By “issuing patents,” the PTO “take[s] from the public rights of immense value, and bestow[s] them upon the patentee.” *United States v. American Bell Telephone Co.*, 128 U.S. 315, 370, 9 S.Ct. 90, 32 L.Ed. 450 (1888). Specifically, patents are “public franchises” that the Government grants “to the inventors of new and useful improvements.” *Seymour v. Osborne*, 11 Wall. 516, 533, 20 L.Ed. 33 (1871); accord, *Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55, 63–64, 119 S.Ct. 304, 142 L.Ed.2d 261 (1998). The franchise gives the patent owner “the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States.” 35 U.S.C. § 154(a)(1). That right “did not exist at common law.” *Gayler v. Wilder*, 10 How. 477, 494, 13 L.Ed. 504 (1851). Rather, it is a “creature of statute law.” *Crown Die & Tool Co. v. Nye Tool & Machine Works*, 261 U.S. 24, 40, 43 S.Ct. 254, 67 L.Ed. 516 (1923).

Additionally, granting patents is one of “the constitutional functions” that can be carried out by “the executive or legislative departments” without “ ‘judicial determination.’ ” *Crowell*, supra, at 50–51 (quoting *Ex parte Bakelite Corp.*, supra, at 452). Article I gives Congress the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” § 8, cl. 8. Congress can grant patents itself by statute. See, e.g., *Bloomer v. McQuewan*, 14 How. 539, 548–550, 14 L.Ed. 532 (1853). And, from the founding to today, Congress has authorized the Executive Branch to grant patents that meet the statutory requirements for patentability. See 35 U.S.C. §§ 2(a)(1), 151; see also Act of July 8, 1870, § 31, 16 Stat. 202; Act of July 4, 1836, § 7, 5 Stat. 119–120; Act of Apr. 10, 1790, ch. 7, § 1, 1 Stat. 109–110. When the PTO “adjudicate[s] the patentability of inventions,” it is “exercising the executive power.” *Freytag v.*

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Commissioner, 501 U.S. 868, 910, 111 S.Ct. 2631, 115 L.Ed.2d 764 (1991) (Scalia, J., concurring in part and concurring in judgment) (emphasis deleted).

Accordingly, the determination to grant a patent is a “matte[r] involving public rights.” Murray’s Lessee, supra, at 284. It need not be adjudicated in Article III court.

2

Inter partes review involves the same basic matter as the grant of a patent. So it, too, falls on the public-rights side of the line.

Inter partes review is “a second look at an earlier administrative grant of a patent.” *Cuozzo*, 579 U.S., at — (slip op., at 16). The Board considers the same statutory requirements that the PTO considered when granting the patent. See 35 U.S.C. § 311(b). Those statutory requirements prevent the “issuance of patents whose effects are to remove existent knowledge from the public domain.” *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 6, 86 S.Ct. 684, 15 L.Ed.2d 545 (1966). So, like the PTO’s initial review, the Board’s inter partes review protects “the public’s paramount interest in seeing that patent monopolies are kept within their legitimate scope,” *Cuozzo*, supra, at — (slip op., at 16) (internal quotation marks and alterations omitted). Thus, inter partes review involves the same interests as the determination to grant a patent in the first instance. See *Duell*, supra, at 586.

1718 The primary distinction between inter partes review and the initial grant of a patent is that inter partes review occurs after the patent has issued. But that distinction does not make a difference here. Patent claims are granted subject to the qualification that the PTO has “the authority to reexamine—and perhaps cancel—a patent claim” in an inter partes review. See *Cuozzo*, supra, at — (slip op., at 3). Patents thus remain “subject to [the Board’s] authority” to cancel outside of an Article III court. *Crowell*, 285 U.S., at 50.

This Court has recognized that franchises can be qualified in this manner. For example, Congress can grant a franchise that permits a company to erect a toll bridge, but qualify the grant by reserving its authority to revoke or amend the franchise. See, e.g., *Louisville Bridge Co. v. United States*, 242 U.S. 409, 421, 37 S.Ct. 158, 61 L.Ed. 395 (1917) (collecting cases). Even after the bridge is built, the Government can exercise its reserved authority through legislation or an administrative proceeding. See, e.g., *id.*, at 420–421; *Hannibal Bridge Co. v. United States*, 221 U.S. 194, 205, 31 S.Ct. 603, 55 L.Ed. 699 (1911); *Bridge Co. v. United States*, 105 U.S. 470, 478–482, 26 L.Ed. 1143 (1882). The same is true for



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franchises that permit companies to build railroads or telegraph lines. See, e.g., *United States v. Union Pacific R. Co.*, 160 U.S. 1, 24–25, 37–38, 16 S.Ct. 190, 40 L.Ed. 319 (1895).

Thus, the public-rights doctrine covers the matter resolved in inter partes review. The Constitution does not prohibit the Board from resolving it outside of an Article III court.

B

Oil States challenges this conclusion, citing three decisions that recognize patent rights as the “private property of the patentee.” *American Bell Telephone Co.*, 128 U.S., at 370; see also *McCormick Harvesting Machine Co. v. Aultman*, 169 U.S. 606, 609, 18 S.Ct. 443, 42 L.Ed. 875 (1898) (“[A granted patent] has become the property of the patentee”); *Brown v. Duchesne*, 19 How. 183, 197, 15 L.Ed. 595 (1857) (“[T]he rights of a party under a patent are his private property”). But those cases do not contradict our conclusion.

Patents convey only a specific form of property right—a public franchise. See *Pfaff*, 525 U.S., at 63–64. And patents are “entitled to protection as any other property, consisting of a franchise.” *Seymour*, 11 Wall. at 533, 20 L.Ed. 33 (emphasis added). As a public franchise, a patent can confer only the rights that “the statute prescribes.” *Gayler*, supra, at 494; *Wheaton v. Peters*, 8 Pet. 591, 663–664, 8 L.Ed. 1055 (1834) (noting that Congress has “the power to prescribe the conditions on which such right shall be enjoyed”). It is noteworthy that one of the precedents cited by Oil States acknowledges that the patentee’s rights are “derived altogether” from statutes, “are to be regulated and measured by these laws, and cannot go beyond them.” *Brown*, supra, at 195.

One such regulation is inter partes review. See *Cuozzo*, 579 U.S., at — (slip op., at 3). The Patent Act provides that, “[s]ubject to the provisions of this title, patents shall have the attributes of personal property.” 35 U.S.C. § 261. This provision qualifies any property rights that a patent owner has in an issued patent, subjecting them to the express provisions of the Patent Act. See *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 392, 126 S.Ct. 1837, 164 L.Ed.2d 641 (2006). Those provisions include inter partes review. See §§ 311–319.

Nor do the precedents that Oil States cites foreclose the kind of post-issuance administrative review that Congress has authorized here. To be sure, two of the cases make broad declarations that “[t]he only authority competent to set a patent

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aside, or to annul it, or to correct it for any reason whatever, is vested in the courts of the United States, and not in the department which issued the patent.” McCormick Harvesting Machine Co., *supra*, at 609; accord, American Bell Telephone Co., 128 U.S., at 364. But those cases were decided under the Patent Act of 1870. See *id.*, at 371; McCormick Harvesting Machine Co., *supra*, at 611. That version of the Patent Act did not include any provision for post-issuance administrative review. Those precedents, then, are best read as a description of the statutory scheme that existed at that time. They do not resolve Congress' authority under the Constitution to establish a different scheme.

C

Oil States and the dissent contend that inter partes review violates the “general” principle that “Congress may not ‘withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law, or in equity, or admiralty.’” Stern, 564 U.S., at 484 (quoting *Murray's Lessee*, 18 How., at 284, 15 L.Ed. 372). They argue that this is so because patent validity was often decided in English courts of law in the 18th century. For example, if a patent owner brought an infringement action, the defendant could challenge the validity of the patent as an affirmative defense. See Lemley, *Why Do Juries Decide If Patents Are Valid?* 99 Va. L.Rev. 1673, 1682, 1685–1686, and n. 52 (2013). Or, an individual could challenge the validity of a patent by filing a writ of scire facias in the Court of Chancery, which would sit as a law court when adjudicating the writ. See *id.*, at 1683–1685, and n. 44; Bottomley, *Patent Cases in the Court of Chancery, 1714–58*, 35 J. Legal Hist. 27, 36–37, 41–43 (2014).

But this history does not establish that patent validity is a matter that, “from its nature,” must be decided by a court. Stern, *supra*, at 484 (quoting *Murray's Lessee*, *supra*, at 284). The aforementioned proceedings were between private parties. But there was another means of canceling a patent in 18th-century England, which more closely resembles inter partes review: a petition to the Privy Council to vacate a patent. See Lemley, *supra*, at 1681–1682; Hulme, *Privy Council Law and Practice of Letters Patent for Invention From the Restoration to 1794*, 33 L.Q. Rev. 63 (1917). The Privy Council was composed of the Crown's advisers. Lemley, *supra*, at 1681. From the 17th through the 20th centuries, English patents had a standard revocation clause that permitted six or more Privy Counsellors to declare a patent void if they determined the invention was contrary to law, “prejudicial” or “inconvenient,” not new, or not invented by the patent owner. See 11 W. Holdsworth, *A History of English Law* 426–427, and n. 6 (1938); Davies, *The Early History of the Patent Specification*, 50 L.Q. Rev. 86, 102–106 (1934).

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Individuals could petition the Council to revoke a patent, and the petition was referred to the Attorney General. The Attorney General examined the petition, considered affidavits from the petitioner and patent owner, and heard from counsel. See, e.g., *Bull v. Lydall*, PC2/81, pp. 180–181 (1706). Depending on the Attorney General's conclusion, the Council would either void the patent or dismiss the petition. See, e.g., *Darby v. Betton*, PC2/99, pp. 358–359 (1745–1746) (voiding the patent); *Baker v. James*, PC2/103, pp. 320–321, 346–347 (1752) (dismissing the petition).

The Privy Council was a prominent feature of the English system. It had exclusive authority to revoke patents until 1753, and after that, it had concurrent jurisdiction with the courts. See *Hulme*, 33 L.Q. Rev., at 189–191, 193–194. The Privy Council continued to consider revocation claims and to revoke patents throughout the 18th century. Its last revocation was in 1779. See *id.*, at 192–193. It considered, but did not act on, revocation claims in 1782, 1794, and 1810. See *ibid.*; *Board of Ordinance v. Parr*, PC1/3919 (1810).

The Patent Clause in our Constitution “was written against the backdrop” of the English system. *Graham*, 383 U.S., at 5. Based on the practice of the Privy Council, it was well understood at the founding that a patent system could include a practice of granting patents subject to potential cancellation in the executive proceeding of the Privy Council. The parties have cited nothing in the text or history of the Patent Clause or Article III to suggest that the Framers were not aware of this common practice. Nor is there any reason to think they excluded this practice during their deliberations. And this Court has recognized that, “[w]ithin the scope established by the Constitution, Congress may set out conditions and tests for patentability.” *Id.*, at 6. We conclude that inter partes review is one of those conditions.

For similar reasons, we disagree with the dissent's assumption that, because courts have traditionally adjudicated patent validity in this country, courts must forever continue to do so. See *post*, at 8–10. Historical practice is not decisive here because matters governed by the public-rights doctrine “from their nature” can be resolved in multiple ways: Congress can “reserve to itself the power to decide,” “delegate that power to executive officers,” or “commit it to judicial tribunals.” *Ex parte Bakelite Corp.*, 279 U.S., at 451. That Congress chose the courts in the past does not foreclose its choice of the PTO today.

D

Finally, Oil States argues that inter partes review violates Article III because it shares “every salient characteristic associated with the exercise of the judicial power.” Brief for Petitioner 20. Oil States highlights various procedures used in inter partes review: motion practice before the Board; discovery, depositions, and cross-examination of witnesses; introduction of evidence and objections based on the Federal Rules of Evidence; and an adversarial hearing before the Board. See 35 U.S.C. § 316(a); 77 Fed.Reg. 48758, 48761–48763 (2012). Similarly, Oil States cites PTO regulations that use terms typically associated with courts—calling the hearing a “trial,” *id.*, at 48758; the Board members “judges,” *id.*, at 48763; and the Board’s final decision a “judgment,” *id.*, at 48761, 48766–48767.

2526 But this Court has never adopted a “looks like” test to determine if an adjudication has improperly occurred outside of an Article III court. The fact that an agency uses court-like procedures does not necessarily mean it is exercising the judicial power. See *Freytag*, 501 U.S., at 910 (opinion of Scalia, J.). This Court has rejected the notion that a tribunal exercises Article III judicial power simply because it is “called a court and its decisions called judgments.” *Williams v. United States*, 289 U.S. 553, 563, 53 S.Ct. 751, 77 L.Ed. 1372 (1933). Nor does the fact that an administrative adjudication is final and binding on an individual who acquiesces in the result necessarily make it an exercise of the judicial power. See, e.g., *Murray’s Lessee*, 18 How., at 280–281, 15 L.Ed. 372 (permitting the Treasury Department to conduct “final and binding” audits outside of an Article III court). Although inter partes review includes some of the features of adversarial litigation, it does not make any binding determination regarding “the liability of [Greene’s Energy] to [Oil States] under the law as defined.” *Crowell*, 285 U.S., at 51. It remains a matter involving public rights, one “between the government and others, which from [its] nature do[es] not require judicial determination.” *Ex parte Bakelite Corp.*, 279 U.S., at 451.5

E

***We emphasize the narrowness of our holding. We address the constitutionality of inter partes review only. We do not address whether other patent matters, such as infringement actions, can be heard in a non-Article III forum.*** And because the Patent Act provides for judicial review by the Federal Circuit, see 35 U.S.C. § 319, we need not consider whether inter partes review would be constitutional “without any sort of intervention by a court at any stage of the proceedings,” *Atlas Roofing Co. v. Occupational Safety and Health Review Comm’n*, 430 U.S. 442, 455, n. 13, 97 S.Ct. 1261, 51 L.Ed.2d 464 (1977). Moreover, ***we address only the precise constitutional challenges that Oil States raised here.*** Oil States does not challenge the retroactive application of inter partes review, even though that procedure was not in place when its patent issued. Nor has Oil States raised a due process challenge. Finally, our decision should not be misconstrued as suggesting that patents are not property for purposes of the Due Process Clause or the Takings Clause. See, e.g., *Florida Prepaid Postsecondary Ed. Expense Bd. v. College Savings Bank*, 527 U.S. 627, 642, 119 S.Ct. 2199, 144 L.Ed.2d 575 (1999); *James v. Campbell*, 104 U.S. 356, 358, 26 L.Ed. 786 (1882).

IV

In addition to Article III, Oil States challenges inter partes review under the Seventh Amendment. The Seventh Amendment preserves the “right of trial by jury” in “Suits at common law, where the value in controversy shall exceed twenty dollars.” This Court’s 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 the adjudication of that action by a nonjury factfinder.”

**The Majority Ruling in *SAS Institute Inc. v. Iancu*,**

Justice GORSUCH delivered the opinion of the Court.\*

A few years ago Congress created “inter partes review.” The new procedure allows private parties to challenge previously issued patent claims in an adversarial process before the Patent Office that mimics civil litigation. Recently, the Court upheld the inter partes review statute against a constitutional challenge. *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, ante, p. ——. Now we take up a question concerning the statute's operation. ***When the Patent Office initiates an inter partes review, must it resolve all of the claims in the case, or may it choose to limit its review to only some of them?*** The statute, we find, supplies a clear answer: ***the Patent Office must “issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner.”*** 35 U.S.C. § 318(a) (emphasis added). In this context, as in so many others, “any” means “every.” The agency cannot curate the claims at issue but must decide them all. “To promote the Progress of Science and useful Arts,” Congress long ago created a patent system granting inventors rights over the manufacture, sale, and use of their inventions. U.S. Const., Art. I, § 8, cl. 8; see 35 U.S.C. § 154(a)(1). To win a patent, an applicant must (among other things) file “claims” that describe the invention and establish to the satisfaction of the Patent Office the invention's novelty and nonobviousness. See §§ 102, 103, 112(b), 131; *Cuozzo Speed Technologies, LLC v. Lee*, 579 U.S. ———, ——— (2016) (slip op., at 2–3). Sometimes, though, bad patents slip through. Maybe the invention wasn't novel, or maybe it was obvious all along, and the patent owner shouldn't enjoy the special privileges it has received. To remedy these sorts of problems, Congress has long permitted parties to challenge the validity of patent claims in federal court. See §§ 282(b)(2)-(3). More recently, Congress has supplemented litigation with various administrative remedies. The first of these was ex parte reexamination. Anyone, including the Director of the Patent Office, can seek ex parte reexamination of a patent claim. §§ 302, 303(a). Once instituted, though, an ex parte reexamination follows essentially the same inquisitorial process between patent owner and examiner as the initial Patent Office examination. § 305. Later, Congress supplemented ex parte reexamination with inter partes reexamination. Inter partes reexamination (since repealed) provided a slightly more adversarial process, allowing a third party challenger to submit comments throughout the proceeding. §

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\* The decision was decided by a 5-4 vote. An extensive dissenting opinion by Justice Ginsburg (joined by Breyer, Sotomayor, Kagan, JJ., is not reproduced here).

314(b)(2) (2006 ed.) (repealed). But otherwise it too followed a more or less inquisitorial course led by the Patent Office. § 314(a). Apparently unsatisfied with this approach, in 2011 Congress repealed inter partes reexamination and replaced it with inter partes review. See 35 U.S.C. §§ 311–319 (2012 ed.).

The new inter partes review regime looks a good deal more like civil litigation. At its outset, a party must file “a petition to institute an inter partes review of [a] patent.” § 311(a). The petition “may request to cancel as unpatentable 1 or more claims of [the] patent” on the ground that the claims are obvious or not novel. § 311(b); see §§ 102 and 103. In doing so, the petition must identify “each claim challenged,” the grounds for the challenge, and the evidence supporting the challenge. § 312(a)(3). The patent owner, in turn, may respond with “a preliminary response to the petition” explaining “why no inter partes review should be instituted.” § 313. With the parties' submissions before him, the Director then decides “whether to institute an inter partes review ... pursuant to [the] petition.” § 314(b). (In practice, the agency's Patent Trial and Appeal Board exercises this authority on behalf of the Director, see 37 CFR § 42.4(a) (2017).) Before instituting review, the Director must determine, based on the parties' papers, “that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a).

Once the Director institutes an inter partes review, the matter proceeds before the Board with many of the usual trappings of litigation. The parties conduct discovery and join issue in briefing and at an oral hearing. §§ 316(a)(5), (6), (8), (10), (13). During the course of the case, the patent owner may seek to amend its patent or to cancel one or more of its claims. § 316(d). The parties may also settle their differences and seek to end the review. § 317. But “[i]f an inter partes review is instituted and not dismissed,” at the end of the litigation the Board “shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner.” § 318(a).

Our case arose when SAS sought an inter partes review of ComplementSoft's software patent. In its petition, SAS alleged that all 16 of the patent's claims were unpatentable for various reasons. The Director (in truth the Board acting on the Director's behalf) concluded that SAS was likely to succeed with respect to at least one of the claims and that an inter partes review was therefore warranted. But instead of instituting review on all of the claims challenged in the petition, the Director instituted review on only some (claims 1 and 3–10) and denied review on the rest. The Director did all this on the strength of a Patent Office regulation that purported to recognize a power of “partial institution,” claiming that “[w]hen instituting inter partes review, the [Director] may authorize the review to proceed

on all or some of the challenged claims and on all or some or the grounds of unpatentability asserted for each claim.” 37 CFR § 42.108(a). At the end of litigation, the Board issued a final written decision finding claims 1, 3, and 5–10 to be unpatentable while upholding claim 4. But the Board's decision did not address the remaining claims on which the Director had refused review.

That last fact led SAS to seek review in the Federal Circuit. There SAS argued that 35 U.S.C. § 318(a) required the Board to decide the patentability of every claim SAS challenged in its petition, not just some. For its part, the Federal Circuit rejected SAS's argument over a vigorous dissent by Judge Newman. *SAS Institute, Inc. v. ComplementSoft, LLC*, 825 F.3d 1341 (2016). We granted certiorari to decide the question ourselves. 581 U.S. — (2017).

We find that the plain text of § 318(a) supplies a ready answer. It **directs that “[i]f an inter partes review is instituted and not dismissed under this chapter, the [Board] shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner ....”** “§ 318(a) (emphasis added). This directive is both mandatory and comprehensive. The word “shall” generally imposes a nondiscretionary duty. See *Lexecon Inc. v. Milberg Weiss Bershad Hynes & Lerach*, 523 U.S. 26, 35, 118 S.Ct. 956, 140 L.Ed.2d 62 (1998). And the word “any” naturally carries “an expansive meaning.” *United States v. Gonzales*, 520 U.S. 1, 5, 117 S.Ct. 1032, 137 L.Ed.2d 132 (1997). When used (as here) with a “singular noun in affirmative contexts,” the word “any” ordinarily “refer[s] to a member of a particular group or class without distinction or limitation” and in this way “impl[ies] every member of the class or group.” *Oxford English Dictionary* (3d ed., Mar. 2016), [www.oed.com/view/Entry/8973](http://www.oed.com/view/Entry/8973) (OED) (emphasis added) (all Internet materials as last visited Apr. 20, 2018). So when § 318(a) says the Board's final written decision “shall” resolve the patentability of “any patent claim challenged by the petitioner,” it means the Board must address every claim the petitioner has challenged.

That would seem to make this an easy case. Where a statute's language carries a



plain meaning, the duty of an administrative agency is to follow its commands as written, not to supplant those commands with others it may prefer. *Social Security Bd. v. Nierotko*, 327 U.S. 358, 369, 66 S.Ct. 637, 90 L.Ed. 718 (1946). **Because SAS challenged all 16 claims of ComplementSoft's patent, the Board in its final written decision had to address the patentability of all 16 claims.** Much as in the civil litigation system it mimics, in an inter partes review the petitioner is master of its complaint and normally entitled to judgment on all of the claims it raises, not just those the decisionmaker might wish to address.

The Director replies that things are not quite as simple as they seem. Maybe the Board has to decide every claim challenged by the petitioner in an inter partes review. But, he says, that doesn't mean every challenged claim gains admission to the review process. In the Director's view, he retains discretion to decide which claims make it into an inter partes review and which don't. The trouble is, nothing in the statute says anything like that. The Director's claimed "partial institution" power appears nowhere in the text of § 318, or anywhere else in the statute for that matter. And what can be found in the statutory text and context strongly counsels against the Director's view.

Start where the statute does. In its very first provision, the statute says that a party may seek inter partes review by filing "a petition to institute an inter partes review." § 311(a). This language doesn't authorize the Director to start proceedings on his own initiative. Nor does it contemplate a petition that asks the Director to initiate whatever kind of inter partes review he might choose. Instead, the statute envisions that a petitioner will seek an inter partes review of a particular kind—one guided by a petition describing "each claim challenged" and "the grounds on which the challenge to each claim is based." § 312(a)(3). **From the outset, we see that Congress chose to structure a process in which it's the petitioner, not the Director, who gets to define the contours of the proceeding.** And "[j]ust as Congress' choice of words is presumed to be deliberate" and deserving of judicial respect, "so too are its structural choices." *University of Tex. Southwestern Medical Center v. Nassar*, 570 U.S. 338, 353, 133 S.Ct. 2517, 186 L.Ed.2d 503 (2013).

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It's telling, too, to compare this structure with what came before. In the *ex parte* reexamination statute, Congress embraced an inquisitorial approach, authorizing the Director to investigate a question of patentability “[o]n his own initiative, and at any time.” § 303(a). If Congress had wanted to give the Director similar authority over the institution of inter partes review, it knew exactly how to do so—it could have simply borrowed from the statute next door. But rather than create (another) agency-led, inquisitorial process for reconsidering patents, Congress opted for a party-directed, adversarial process. Congress's choice to depart from the model of a closely related statute is a choice neither we nor the agency may disregard. See *Nassar*, *supra*, at 353–354.

More confirmation comes as we move to the point of institution. Here the statute says the Director must decide “whether to institute an inter partes review ... pursuant to a petition.” § 314(b). The Director, we see, is given only the choice “whether” to institute an inter partes review. That language indicates a binary choice—either institute review or don't. And by using the term “pursuant to,” Congress told the Director what he must say yes or no to: an inter partes review that proceeds “[i]n accordance with” or “in conformance to” the petition. OED, [www.oed.com/view/Entry/155073](http://www.oed.com/view/Entry/155073). Nothing suggests the Director enjoys a license to depart from the petition and institute a different inter partes review of his own design.

To this the Director replies by pointing to another part of § 314. Section 314(a) provides that the Director may not authorize an inter partes review unless he determines “there is a reasonable likelihood” the petitioner will prevail on “at least 1 of the claims challenged in the petition.” The Director argues that this language requires him to “evaluate claims individually” and so must allow him to institute review on a claim-by-claim basis as well. Brief for Federal Respondent 28. But this language, if anything, suggests just the opposite. Section 314(a) does not require the Director to evaluate every claim individually. Instead, it simply requires him to decide whether the petitioner is likely to succeed on “at least 1” claim. Once that single claim threshold is satisfied, it doesn't matter whether the petitioner is likely to prevail on any additional claims; the Director need not even consider any other claim before instituting review. Rather than contemplate claim-by-claim institution, then, the language anticipates a regime where a reasonable prospect of success on a single claim justifies review of all.

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Here again we know that if Congress wanted to adopt the Director's approach it knew exactly how to do so. The ex parte reexamination statute allows the Director to assess whether a request raises “a substantial new question of patentability affecting any claim” and (if so) to institute reexamination limited to “resolution of the question.” § 304 (emphasis added). In other words, that statute allows the Director to institute proceedings on a claim-by-claim and ground-by-ground basis. But Congress didn't choose to pursue that known and readily available approach here. And its choice to try something new must be given effect rather than disregarded in favor of the comfort of what came before. See Nassar, *supra*, at 353–354.

Faced with this difficulty, the Director tries another tack. He points to the fact that § 314(a) doesn't require him to institute an inter partes review even after he finds the “reasonable likelihood” threshold met with respect to one claim. Whether to institute proceedings upon such a finding, he says, remains a matter left to his discretion. See *Cuozzo*, 579 U.S., at — (slip op., at 9). But while § 314(a) invests the Director with discretion on the question whether to institute review, it doesn't follow that the statute affords him discretion regarding what claims that review will encompass. The text says only that the Director can decide “whether” to institute the requested review—not “whether and to what extent” review should proceed. § 314(b).

The rest of the statute confirms, too, that the petitioner's petition, not the Director's discretion, is supposed to guide the life of the litigation. For example, § 316(a)(8) tells the Director to adopt regulations ensuring that, “after an inter partes review has been instituted,” the patent owner will file “a response to the petition.” Surely it would have made little sense for Congress to insist on a response to the petition if, in truth, the Director enjoyed the discretion to limit the claims under review. What's the point, after all, of answering claims that aren't in the proceeding? If Congress had meant to afford the Director the power he asserts, we would have expected it to instruct him to adopt regulations requiring the patent owner to file a response to the Director's institution notice or to the claims on which the Director instituted review. Yet we have nothing like that here. And then and again there is § 318(a). At the end of the proceeding, § 318(a) categorically commands the Board to address in its final written decision “any patent claim challenged by the petitioner.” In all these ways, the statute tells us that the petitioner's contentions, not the Director's discretion, define the scope of the litigation all the way from institution through to conclusion.

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The Director says we can find at least some hint of the discretion he seeks by comparing § 314(a) and § 318(a). He notes that, when addressing whether to institute review at the beginning of the litigation, § 314(a) says he must focus on the claims found “in the petition”; but when addressing what claims the Board must address at the end of the litigation, § 318(a) says it must resolve the claims challenged “by the petitioner.” According to the Director, this (slight) linguistic discrepancy means the claims the Board must address in its final decision are not necessarily the same as those identified in the petition. And the only possible explanation for this arrangement, the Director submits, is that he must enjoy the (admittedly implicit) power to institute an inter partes review that covers fewer than all of the claims challenged in the petition.

We just don't see it. Whatever differences they might display, § 314(a) and § 318(a) both focus on the petitioner's contentions and, given that, it's difficult to see how they might be read to give the Director power to decide what claims are at issue. Particularly when there's a much simpler and sounder explanation for the statute's wording. As we've seen, a patent owner may move to “[c]ancel any challenged patent claim” during the course of an inter partes review, effectively conceding one part of a petitioner's challenge. § 316(d)(1)(A). Naturally, then, the claims challenged “in the petition” will not always survive to the end of the case; some may drop out thanks to the patent owner's actions. And in that light it is plain enough why Congress provided that only claims still challenged “by the petitioner” at the litigation's end must be addressed in the Board's final written decision. The statute's own winnowing mechanism fully explains why Congress adopted slightly different language in § 314(a) and § 318(a). We need not and will not invent an atextual explanation for Congress's drafting choices when the statute's own terms supply an answer. See *United States v. Ron Pair Enterprises, Inc.*, 489 U.S. 235, 240–241, 109 S.Ct. 1026, 103 L.Ed.2d 290 (1989) (“[A]s long as the statutory scheme is coherent and consistent, there generally is no need for a court to inquire beyond the plain language of the statute”).

Moving past the statute's text and context, the Director attempts a policy argument. He tells us that partial institution is efficient because it permits the Board to focus on the most promising challenges and avoid spending time and resources on others. Brief for Federal Respondent 35–36; see also post, at 1 (GINSBURG, J., dissenting); post, at 7–8 (BREYER, J., dissenting). SAS responds that all patent challenges usually end up being litigated somewhere, and that partial institution creates inefficiency by requiring the parties to litigate in two places instead of one—the Board for claims the Director chooses to entertain and a federal court for claims he refuses. Indeed, SAS notes, the government itself once took the same

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view, arguing that partial institution “ ‘undermine[s] the Congressional efficiency goal’ “ for this very reason. Brief for Petitioner 30. Each side offers plausible reasons why its approach might make for the more efficient policy. But who should win that debate isn't our call to make. Policy arguments are properly addressed to Congress, not this Court. It is Congress's job to enact policy and it is this Court's job to follow the policy Congress has prescribed. And whatever its virtues or vices, Congress's prescribed policy here is clear: the petitioner in an inter partes review is entitled to a decision on all the claims it has challenged.

That leaves the Director to suggest that, however this Court might read the statute, he should win anyway because of *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 104 S.Ct. 2778, 81 L.Ed.2d 694 (1984). Even though the statute says nothing about his asserted “partial institution” power, the Director says the statute is at least ambiguous on the propriety of the practice and so we should leave the matter to his judgment. For its part, SAS replies that we might use this case as an opportunity to abandon *Chevron* and embrace the “ ‘impressive body’ “ of pre-*Chevron* law recognizing that “ ‘the meaning of a statutory term’ “ is properly a matter for “ ‘judicial [rather than] administrative judgment.’ “ Brief for Petitioner 41 (quoting *Pittston Stevedoring Corp. v. Dellaventura*, 544 F.2d 35, 49 (C.A.2 1976) (Friendly, J.)).

But whether *Chevron* should remain is a question we may leave for another day. Even under *Chevron*, 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. 467 U.S., at 843, n. 9. And after applying traditional tools of interpretation here, we are left with no uncertainty that could warrant deference. The statutory provisions before us deliver unmistakable commands. The statute hinges inter partes review on the filing of a petition challenging specific patent claims; it makes the petition the centerpiece of the proceeding both before and after institution; and it requires the Board's final written decision to address every claim the petitioner presents for review. There is no room in this scheme for a wholly unmentioned “partial institution” power that lets the Director select only some challenged claims for decision. The Director may (today) think his approach makes for better policy, but policy considerations cannot create an ambiguity when the words on the page are clear. See *SEC v. Sloan*, 436 U.S. 103, 116–117, 98 S.Ct. 1702, 56 L.Ed.2d 148 (1978). Neither may we defer to an agency official's preferences because we imagine some “hypothetical reasonable legislator” would have favored that approach. Post, at 9 (BREYER, J., dissenting). Our duty is to give effect to the text that 535 actual legislators (plus one President) enacted into law.

At this point, only one final question remains to resolve. Even if the statute forbids his partial institution practice, the Director suggests we lack the power to say so. By way of support, he points to § 314(d) and our decision in *Cuozzo*, 579 U.S. —. Section 314(d) says that the “determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.” In *Cuozzo*, we held that this provision prevented courts from entertaining an argument that the Director erred in instituting an inter partes review of certain patent claims. *Id.*, at ——— (slip op., at 7–12). The Director reads these authorities as foreclosing judicial review of any legal question bearing on the institution of inter partes review—including whether the statute permits his “partial institution” practice.

But this reading overreads both the statute and our precedent. As *Cuozzo* recognized, we begin with “the ‘strong presumption’ in favor of judicial review.” *Id.*, at ——— (slip op., at 9). To overcome that presumption, *Cuozzo* explained, this Court's precedents require “clear and convincing indications” that Congress meant to foreclose review. *Id.*, at ——— (slip op., at 10) (internal quotation marks omitted). Given the strength of this presumption and the statute's text, *Cuozzo* concluded that § 314(d) precludes judicial review only of the Director's “initial determination” under § 314(a) that “there is a ‘reasonable likelihood’ that the claims are unpatentable on the grounds asserted” and review is therefore justified. *Id.*, at ——— (slip op., at 9); see *id.*, at ——— (slip op., at 12) (review unavailable “where a patent holder merely challenges the Patent Office's ‘determin[ation] that the information presented in the petition ... shows that there is a reasonable likelihood’ of success ‘with respect to at least 1 of the claims challenged’ ”); *ibid.* (claim that a “petition was not pleaded ‘with particularity’ under § 312 is little more than a challenge to the Patent Office's conclusion, under § 314(a), that the ‘information presented in the petition’ warranted review”). In fact, *Cuozzo* proceeded to emphasize that § 314(d) does not “enable the agency to act outside its statutory limits.” *Id.*, at ——— (slip op., at 11). If a party believes the Patent Office has engaged in “ ‘shenanigans’ “ by exceeding its statutory bounds, judicial review remains available consistent with the Administrative Procedure Act, which directs courts to set aside agency action “not in accordance with law” or “in excess of statutory jurisdiction, authority, or limitations.” *Ibid.*; 5 U.S.C. §§ 706(2)(A), (C).

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And that, of course, is exactly the sort of question we are called upon to decide today. SAS does not seek to challenge the Director's conclusion that it showed a "reasonable likelihood" of success sufficient to warrant "institut[ing] an inter partes review." 35 U.S.C. §§ 314(a), (d). No doubt SAS remains very pleased with the Director's judgment on that score. Instead, SAS contends that the Director exceeded his statutory authority by limiting the review to fewer than all of the claims SAS challenged. And nothing in § 314(d) or *Cuozzo* withdraws our power to ensure that an inter partes review proceeds in accordance with the law's demands.

Because ***everything in the statute before us confirms that SAS is entitled to a final written decision addressing all of the claims it has challenged*** and nothing suggests we lack the power to say so, ***the judgment of the Federal Circuit is reversed and the case is remanded for further proceedings consistent with this opinion.***