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Lawyer Who'd Put the PTAB Out of Business Gets Cool Reception

Scott Graham, The Recorder

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The Federal Circuit didn't sound like a court Friday that was poised to declare inter partes review unconstitutional.

But Chief Judge Sharon Prost and Judge Timothy Dyk weren't rejecting a San Jose lawyer's moonshot challenge to the new patent validity procedure out of hand, either.

Edward "Ned" Heller of Alliacense argued Friday that the U.S. Patent and Trademark Office has no legal authority to cancel a patent once it's been issued. The U.S. Court of Appeals for the Federal Circuit has ruled consistently [for 30 years](#) that the PTO does have that power, but Heller said the new, more adversarial inter partes review process—and [a 2011 U.S. Supreme Court decision](#)—have changed the equation. Patent validity "is exclusively a matter for the courts," he argued.

Heller got off on the wrong foot Friday in [MCM Portfolio v. Hewlett-Packard](#). He spent much of his time on the unbriefed issue of whether the court can rule on his appeal without addressing the constitutional issue. But when he was finished, Dyk and Prost pressed PTO counsel William Havemann on the Seventh Amendment argument.

"We have a very odd situation here where invalidity questions are adjudicated both in the courts and before the PTO," Dyk told Havemann. If a statute authorized district judges to send patent validity disputes to administrative agencies for adjudication, "there'd be a real question whether that was permissible, right?"

"Congress did not take away from Article III courts jurisdiction to hear invalidity claims," responded Havemann, of the Department of Justice's Civil Division. "It provided parties with an alternative, less expensive, less time-consuming process" for determining whether the PTO correctly issued the patent in the first place.

Havemann said a patent is "a quintessential public right" and that under the 2011 Supreme Court ruling, *Stern v. Marshall*, it's clear that public rights may be adjudicated by agencies such as the Patent Trial and Appeal Board.

Prost did not sound entirely sold. "How is that right?" she asked. "How can a patent right be exclusively a public right under *Stern*, if it involves the liability of one individual to another?"

Still, the court hardly sounded on the brink of sending some 100 PTAB judges packing. For one thing, Prost and Judge Todd Hughes suggested that, at a minimum, it would take an en banc panel of the court to give Heller the relief he's seeking. And based on the pushback during the early part of the argument, it sounded as if the court would prefer to dispose of Heller's case without wading into the constitutional thicket.

Congress can authorize the PTO to issue patents, Dyk told Heller toward the end of the argument. "So why can't it essentially provide for reconsideration in the administrative agency which granted the patent in the first place?"

Contact the reporter at sgraham@alm.com.

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