

PTAB proceedings are constitutional

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The Federal Circuit has rejected a challenge to the constitutionality of the new *inter partes* review proceedings conducted by the US Patent and Trademark Office Patent Trial and Appeals Board (PTAB). *Inter partes* review proceedings and the related post-grant review and covered business method proceedings, which were introduced as part of patent reform under the America Invents Act, have proven to be a popular route for attacking the validity of issued patents.

MCM Portfolio LLC had appealed the PTAB final decision invalidating a flash memory patent, in an *inter partes* review initiated by Hewlett-Packard Co. MCM argued that the new PTAB review proceedings were unconstitutional because they deprived owners of the right to a jury trial on the issue of the validity of their patent.

On December 2 2015 the three-judge panel in *MCM Portfolio LLC v Hewlett-Packard Co* upheld the constitutionality of PTAB review. It held that Congress had authority under Article III of the Constitution to delegate disputes over the public rights inherent in the granted patent to the same administrative agency that granted those public rights in the first place, and thus did not run afoul of the Seventh Amendment. The panel also affirmed the PTAB decision invalidating the patent claims as being obvious.

The decision effectively removes one possible, albeit unlikely, defence that patent owners may have had to fight off *inter partes* review or other proceedings before the PTAB. These proceedings have proven to be a powerful and popular tool for patent infringement defendants to use against claims of patent infringement, and their use is expected to increase.

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