

SAS INSTITUTE, INC. V. COMPLEMENTSOFT, LLC, Appeal Nos. 2015-1346, 1347 (Fed. Cir. June 10, 2016). Before Newman, Chen, and Stoll. Appealed from Patent Trial and Appeal Board.

Background:

SAS Institute ("SAS") filed a petition requesting an inter partes review ("IPR") of claims of a patent owned by ComplementSoft. The Patent Trial and Appeal Board ("Board") instituted an IPR proceeding on some of the claims challenged by SAS in the petition. As a result of its review, the Board concluded that all of the claims it reviewed, except for claim 4, were unpatentable. SAS appealed the Board's decision, asserting that the Board had improperly construed the terms of the claims at issue and that the Board erred by failing to address all of the claims challenged in the SAS petition.

Issues/Holdings:

Did the Board err in construing the terms of the claims at issue? Yes and no. Affirmed-in-part, vacated-in-part and remanded. Did the Board err by failing to address all of the claims challenged in the SAS petition? No. Affirmed.

Discussion:

The Federal Circuit affirmed-in-part, vacated-in-part and remanded on the issue of whether the Board properly construed the terms of the claims at issue. Although the Federal Circuit agreed with the Board's ultimate construction of the phrase "graphical representations of data flows," the Federal Circuit expressed concern regarding the procedure by which the Board arrived at that construction. In particular, the Federal Circuit noted that the Board's decision that claim 4 was patentable is based on the new construction of the phrase "graphical representations of data flows," which is significantly different from its initial construction of the phrase that the parties addressed.

In view of the significantly changed theory of claim construction, the Federal Circuit found that the Board had improperly changed its initial theory, without giving respondents reasonable notice to present arguments under the new theory. Accordingly, SAS was at an unfair disadvantage because it had focused its arguments on the Board's initial interpretation of the phrase, especially considering that ComplementSoft agreed with the initial interpretation. Thus, the Federal Circuit vacated the Board's determination of patentability regarding claim 4 and remanded so that the parties could address the Board's adopted construction of "graphical representations of data flows."

Regarding the issue of whether the Board erred by failing to address all the claims challenged in SAS's petition, the Federal Circuit affirmed the Board's decision. The Federal Circuit relied on its holding from *Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309 (Fed. Cir. 2016) to support its holding that the Board is not required to address in its final written decision claims the Board did not grant review. In particular, the Federal Circuit held that the text of 35 U.S.C. §318(a) only requires the Board to address claims of which the Board granted review.