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Supreme Court Limits Judicial Review of IPR Institution Decisions

On April 20, 2020, in *Thryv, Inc. v. Click-to-Call Techs., LP*, 590 U.S. __ (2020), the Supreme Court extended its decision in *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. __ (2016) to prohibit appeals of decisions from the Patent Trial and Appeal Board (“PTAB”) relating to whether an *inter partes* review (“IPR”) is time-barred under Section 315(b). At issue was the patent owner’s appeal of the PTAB’s decision to institute *inter partes* review on a petition that was filed a more than a year *after* the petitioner was served with a complaint alleging infringement of the challenged patent. That complaint was dismissed without prejudice by the patent owner. When the patent owner raised the timeliness issue, the PTAB held that Section 315(b) was not triggered by service of complaints dismissed without prejudice.

After a final written decision canceling 13 claims, the patent owner appealed the PTAB’s decision to institute claiming that the petition was time-barred under Section 315(b). The patent owner’s appeal was dismissed by the Federal Circuit for lack of jurisdiction citing Section 314(d) as precluding appeals of institution decisions. In a separate case, *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F. 3d 1364, 1367 (2018), the *en banc* Federal Circuit held that institution decisions under Section 315(b) were reviewable because Section 314(d) was limited only to requirements of Section 314 and did not extend to Section 315. As a result of *Wi-Fi*, the Federal Circuit, upon rehearing, held that the PTAB’s decision to institute was in error because the complaint,

while dismissed without prejudice, still triggered the one-year clock under Section 315(b). The Federal Circuit vacated the Board’s final written decision cancelling the 13 claims and remanded with instructions to dismiss.

The petitioner appealed to the Supreme Court, which, on April 20, 2020, held that the PTAB decision was nonappealable under Section 314(d) because that provision extended to the time-bar of Section 315(b). “Section 314(d)’s text renders ‘final and nonappealable’ the ‘determination by the Director whether to institute an *inter partes* review under this section.’” 590 U. S. ____ (2020) at 6. In *Cuozzo*, the Supreme Court held that the prohibition on appeals of Section 314(d) applies “where the grounds for attacking the decision to institute *inter partes* review consist of questions that are closely tied to the application and interpretation of statutes related to the Patent Office’s decision to initiate *inter partes* review.” In *Thryv*, the Supreme Court held that Section 315(b) met the *Cuozzo* standard because the time prescription of Section 315(b) is inextricably tied to the Director’s institution decision.

It appears the Supreme Court is enforcing its literal interpretation of Section 314(d) and a party’s ability to appeal the Director’s decision to act (*i.e.*, to institute) regardless of any technical defects in its decision, even though it counters the usual presumption favoring judicial review of agency action. This interpretation no longer

applies only to the “particularity” requirement of Section 312(a)(3), but also the timeliness requirement under Section 315(b), and presumably also applies to the other requirements of the IPR statute, such as, identifying the real party-in-interest under Section 315(b). So long as the Director (or those to whom the Director designated the authority to decide institution decisions) is satisfied that these requirements have been met, the Director’s decision to either institute (or not) are nonappealable.

It is interesting to note how this ruling could dovetail with the Supreme Court’s due process concerns of “panel stacking” raised in its *Oil States* opinion. As Justice Gorsuch described in his dissent in *Oil States*, because the Director (or a designee) determines whether a petitioner has met all of the requirements, and whether those requirements have been met are not subject to judicial review, the Director can simply change the composition of the determining panel to achieve the Director’s desired outcome. Compounding this problem is that the only available remedy would be mandamus, which is reserved for “extraordinary case[s].”

Moreover, the result of reduced judicial review of an institution decision will likely be an increase in requests for rehearing of institution decisions, as that would be the only opportunity to attempt to explain how the PTAB’s decision

“misapprehended or overlooked” the law. In combination with seeking rehearing, this decision may also revive efforts to obtain expanded panels to review decisions by parties dissatisfied with an institution decision. *See, e.g., Ericsson Inc. v. Regents of the Univ. of Minn.*, Case No. IPR2017-01186, Paper 14 (P.T.A.B. 2017).

In practice, as a petitioner, it is imperative to convince the PTAB that the requirements for institution were met as the decision by the Director and its designees will not be reviewed. Conversely, as the patent owner, it is imperative to argue the contrary position as once institution has begun, it cannot be reviewed on appeal.

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