ARE Patent Law Alert: SCOTUS Precludes Judicial Review of Time-Bar Challenges of USPTO PTAB Institution Decisions

Author(s): Charles R. Macedo,

On Monday, April 20, 2020, the U.S. Supreme Court delivered an opinion in in *Thryv, Inc. v. Click-to-Call Technologies, LP*, No.18-916, slip op. (U.S. Apr. 20, 2020), addressing the question of whether 35 U.S.C. § 314(d) precludes judicial review of a decision by the Patent Trial and Appeal Board (PTAB) of the U.S. Patent and Trademark Office (USPTO) to institute inter partes review (IPR) even when there was purportedly a prior lawsuit that should have barred institution under 35 U.S.C. § 315(b). In a 7-2 decision, the Supreme Court held that the USPTO's decision to hear an IPR challenge is nonappealable.

Statutory Framework

Under 35 U.S.C. §314(d), the USPTO's determination as to whether to institute an inter partes review "shall be final and nonappealable." Further, under 35 U.S.C. § 315(b), pertinent to this case, "[a]n inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent."

Background

In 2013, Thryv, Inc. petitioned the PTAB to institute an IPR to challenge several claims of Click-to-Call's patent. Click-to-Call opposed the challenge, arguing that the IPR was untimely under § 315(b) due to a 2001 infringement suit against Thryv, which ended in a voluntary dismissal without prejudice. The PTAB disagreed, concluding that "a complaint dismissed without prejudice does not trigger § 315(b)'s one-year limit."

The PTAB instituted review, and after proceedings on the merits, issued a final written decision cancelling claims of Click-to-Call's patent. Click-to-Call appealed the decision to the Federal Circuit, challenging only the PTAB's determination that the petition was not time-barred under § 315(b).

The Federal Circuit initially dismissed the appeal for lack of jurisdiction, "agreeing with Thryv and the Director (who intervened on appeal) that § 314(d)'s bar on appeal of the institution decision precludes a judicial review of the agency's application of § 315(b)."

However, after the en banc Federal Circuit in *WiFi One, LLC v. Broadcom Corp.*, 878 F.3d 1364 (2018), held that time-bar determinations under § 315(b) are appealable, the Federal

Circuit granted rehearing and vacated the final written decision on the grounds that Thryv's request to institute IPR was untimely under Section 315(b).

The Supreme Court thereafter took certiorari.

Majority Opinion

In a 7-2 Decision authored by Justice Ginsburg, and joined by Chief Justice Roberts and Justices Breyer, Kagan, and Kavanaugh, and joined-in-part by Justices Thomas and Alito, the Court vacated the Federal Circuit's decision and remanded with instructions to dismiss for lack of jurisdiction.

In *Thryv*, the Court found that under its precedent in *Cuozzo v. Speed Technologies, LLC v. Lee*, No. 15-446 (2016), Click-to-Call's challenge to the PTAB's ability to institute an IPR as an alleged violation of the time-bar provisions under Section 315(b) is barred under Section 314(d). *Cuozzo* held that § 314(d) "bars review at least of matters 'closely tied to the application and interpretation of statutes related to' the institution decision."

The *Thryv* Court reasoned that Section 315(b)'s time limitation is integral to institution, as it "sets forth a circumstance in which '[a]n inter partes review may not be instituted.'" Thus, because § 315(b) expressly governs institution, a challenge to a petition's timeliness under § 315(b) raises "'an ordinary dispute about the application of' an institution-related statute" and, therefore, "easily meets" the *Cuozzo* standard.

The Court also reasoned that the "AIA's purpose and design strongly reinforce [its] conclusion." Allowing § 315(b) appeals would go against the objective of IPR: "to weed out bad patent claims efficiently."

In addition, "because a patent owner would need to appeal only if she could not prevail on patentability, § 315(b) appeals would operate to save patent claims." Further, "§ 315(b) appeals [are not] necessary to protect patent claims from wrongful invalidation, for patent owners remain free to appeal final decisions on the merits."

Ultimately, in holding that the PTAB's decision to institute IPR proceedings cannot be appealed even if based on a timeliness objection, the Court vacated the judgment of the Federal Circuit and remanded with instructions to dismiss for lack of appellate jurisdiction.

Gorsuch Dissent

The dissenting opinion, authored by Justice Gorsuch, and joined-in-part by Justice Sotomayor, argued that the "Court takes a flawed premise—that the Constitution permits a politically guided agency to revoke an inventor's property right in an issued patent—and bends it further, allowing the agency's decision to stand immune from judicial review."

Further, Justice Gorsuch, in a section of the dissent not joined by Justice Sotomayor,

expressed concern with the Court's reading of § 314(d) as it "takes us further down the road of handing over judicial powers involving the disposition of individual rights to executive agency officials."

The dissenting opinion concluded that the majority's reading of the statute compounds the "error" made in *Oil States Energy Services, LLC v. Green's Energy Group LLC*, No. 16-712, by "not only requiring patent owners to try their disputes before employees of a political branch, but limiting their ability to obtain judicial review when those same employees fail or refuse to comply with the law. Nothing in the statute commands this result, and nothing in the Constitution permits it."

Conclusion

Thryv will further limit future attacks on PTAB decisions. Challenges to final written decisions based on alleged failures to meet time-bar requirements are no longer within the Federal Circuit's authority for judicial review. The Court's expansion of *Cuozzo* is likely to be applied to other similar challenges in the future.

We will continue to monitor and report on developments in this area of patent law. In the meantime, feel free to contact us to learn more.

About the Authors

Charles R. Macedo is a partner, and Chandler Sturm is a law clerk at Amster, Rothstein & Ebenstein LLP. Their practice specializes in intellectual property issues, including litigating patent disputes before the PTAB and District Courts, as well as on appeal to the Federal Circuit and the Supreme Court. The authors can be reached at cmacedo@arelaw.com and csturm@arelaw.com.