

Client Alert

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Supreme Court Shuts Door on Appeals Challenging Issues Related to IPR Institution Decisions

Introduction

In *Thryv, Inc. v. Click-to-Call Technologies, LP*, No. 18-916 (April 20, 2020),¹ the Supreme Court held in a 7-2 decision that PTAB determinations closely related to IPR institution decisions, including specifically whether an IPR is time-barred under the one-year time bar of 35 U.S.C. § 315(b),² cannot be challenged on appeal under § 314(d).

The Supreme Court's decision in *Thryv* is significant because it effectively gives more power to the PTAB and the PTO Director with respect to issues closely related to IPR institution decisions. Given *Thryv*, virtually all PTAB determinations closely related to institution decisions likely will be shielded from judicial review on appeal. As a result, PTAB precedential and informative decisions on these issues should become more important. Moreover, patent owners seeking to avoid institution based on one of these issues will need to persuade the PTAB to deny institution because they likely will not be able to challenge the PTAB's decision on these issues on appeal.

The *Thryv* Decision

The Supreme Court's decision in *Thryv* analyzed the appeal bar in § 314(d), which provides that "[t]he determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable." The Supreme Court previously analyzed § 314(d) in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016).³ In *Cuozzo*, the Court held that § 314(d) prohibits judicial review of a PTAB institution decision "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." *Cuozzo*, 136 S. Ct. at 2141.

In *Thryv*, Justice Ginsburg, writing for the majority, followed this holding in *Cuozzo*. Justice Ginsburg explained that a PTAB determination whether an IPR is time-barred under § 315(b) cannot be challenged on appeal given "*Cuozzo's* holding that § 314(d) bars review at least of matters 'closely tied to the application and interpretation of statutes related to' the institution decision." *Thryv*, slip op. at 7 (quoting *Cuozzo*, 136 S. Ct. at 2141). According to Justice Ginsburg, "a § 315(b) challenge easily meets" this *Cuozzo* standard because "[s]ection 315(b)'s time limitation is integral to, indeed a condition on, institution." *Id.* at 7. In particular, "[b]ecause § 315(b) expressly governs institution and nothing more, a contention that a petition fails under § 315(b) is a contention that the agency should have refused 'to institute an inter partes review.'" *Id.* at 8 (quoting § 314(d)). This is not appealable under § 314(d)

¹ https://www.supremecourt.gov/opinions/19pdf/18-916_f2ah.pdf.

² The one-year time bar in § 315(b) provides that "[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."

³ https://www.supremecourt.gov/opinions/15pdf/15-446_ihdk.pdf.

because it “raises ‘an ordinary dispute about the application of’ an institution-related statute.” *Id.* (quoting *Cuozzo*, 136 S. Ct. at 2139).

The Supreme Court’s decision in *Thryv* reversed the Federal Circuit’s position on this issue. In *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364 (Fed. Cir. 2018) (en banc),⁴ a majority of the en banc Federal Circuit held that § 314(d) does not prohibit appeals challenging PTAB time bar determinations under § 315(b). The majority reasoned that because § 314(d) prohibits appeals of PTAB institution determinations “under this section,” i.e., section 314, it does not bar appeals of PTAB determinations under other sections. Therefore, although § 314(d) prohibits appeals of PTAB determinations under § 314(a) regarding whether there is “a reasonable likelihood that the petitioner would prevail” in proving at least one challenged claim is unpatentable, the Federal Circuit held that § 314(d) does not prohibit appeals of time bar determinations under § 315(b). *Wi-Fi One*, 878 F.3d at 1372-74.

The Supreme Court majority in *Thryv* rejected this reasoning (which the dissent in *Thryv* also set forth) as inconsistent with the explanation in *Cuozzo* that “the [appeal] bar extends to challenges grounded in ‘statutes related to’ the institution decision.” *Thryv*, slip op. at 10 (quoting *Cuozzo*, 136 S. Ct. at 2141). Justice Ginsburg explained that the appeal bar in § 314(d) “encompasses the entire determination ‘whether to institute an inter partes review,’” which “is made ‘under’ § 314 but must take account of specifications in other provisions—such as the § 312(a)(3) particularity requirement at issue in *Cuozzo* and the § 315(b) timeliness requirement at issue” in *Thryv*. *Id.* at 11 (quoting § 314(d)).⁵

Implications

The Supreme Court’s decision in *Thryv* is significant because it effectively gives more power to the PTAB and the PTO Director, at least with respect to issues closely related to IPR institution decisions. After *Thryv*, virtually all PTAB determinations closely related to institution decisions likely will be shielded from judicial review, giving the PTAB the last word on these issues. As a result, PTAB decisions on these issues designated as precedential or informative, as well as those issued by the PTAB Precedential Opinion Panel, should become more important and perhaps more frequent.

Given *Thryv*, the PTAB determinations barred from judicial review will include not only whether there is a reasonable likelihood that the petitioner will prevail on the merits under § 314(a) and whether the petition is time-barred under § 315(b), but may also include other determinations related to the institution decision, such as:

- whether the petitioner identified all real parties in interest under § 312(a)(2);
- whether a third party is a real party in interest under § 312(a)(2), § 315(a)(1), § 315(a)(2) and § 315(b);
- whether a third party is a privy of the petitioner under § 315(b);
- whether to permit joinder under § 315(c);
- whether institution should be denied based on the *General Plastic* discretionary factors under § 314(a);
- whether institution should be denied based on the *Beckton Dickinson* discretionary factors under § 325(d); and
- whether a reference qualifies as a “printed publication” at the institution stage.

⁴ <http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/15-1944.Opinion.1-4-2018.1.PDF>.

⁵ The IPR institution decision in *Cuozzo* was challenged on appeal on the ground that the PTAB had improperly instituted an IPR for claims not expressly challenged in the petition, contrary to the requirement in § 312(a)(3) to set forth the grounds of the challenge in the petition “with particularity.” *Cuozzo*, 136 S. Ct. at 2139.

Patent owners who seek to avoid institution based on any of these issues will need to make the strongest case possible in their preliminary response to persuade the PTAB to deny institution because they likely will not be able to challenge the PTAB's decision on these issues in an appeal from the final written decision. As a result, more patent owners may request rehearing of institution decisions based on these issues. Conversely, petitioners should be even more confident after institution that the IPR and any appeal will turn on the merits of the patentability challenge instead of any of these issues related to institution.

Thryv also could result in the undoing of at least one recent Federal Circuit precedential decision that reviewed a PTAB determination related to an IPR institution decision. As we explained in a recent alert,⁶ in *Facebook, Inc. v. Windy City Innovations, LLC*, 953 F.3d 1313 (Fed. Cir. 2020),⁷ the Federal Circuit held that the joinder provision in § 315(c) does not permit a petitioner to join its own previously instituted IPR and does not permit new claims or grounds to be added to an instituted IPR. As of this writing, Facebook had filed a notice of supplemental authority citing *Thryv* in support of its rehearing petition, arguing that under § 314(d), the Federal Circuit did not have jurisdiction to review the PTAB determination that permitted joinder because it was closely related to the institution decision.⁸ If the Federal Circuit grants rehearing based on *Thryv* and vacates its *Facebook* decision, the contrary PTAB Precedential Opinion Panel precedent that permits joinder of the same petitioner and additional issues presumably should continue to apply.⁹

Finally, a related issue is whether the PTAB will remain bound by earlier Federal Circuit precedent that reviewed PTAB determinations related to IPR institution decisions. For example, in *Applications In Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336 (Fed. Cir. 2018),¹⁰ the Federal Circuit vacated the PTAB's determination that RPX's IPR petition was not time-barred under § 315(b) and remanded for the PTAB to reconsider this issue. The Federal Circuit held that the PTAB had applied an unduly restrictive test in determining that a third party (Salesforce)—which had been sued more than one year before RPX filed its petition—was not a real party in interest under § 315(b). After *Thryv*, petitioners and patent owners may debate before the PTAB whether the Federal Circuit's more flexible real-party-in-interest test in *RPX* is still precedent that binds the PTAB.

Contact

Mark A. Chapman

mchapman@HuntonAK.com

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⁶ <https://www.huntonak.com/images/content/6/5/v2/65072/federal-circuit-holds-that-ipr-joinder-provision-cannot-be-used-.pdf>.

⁷ http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/18-1400.Opinion.3-18-2020_1552952.pdf.

⁸ *Facebook, Inc. v. Windy City Innovations, LLC*, No. 2018-1400 (Fed. Cir.), Docket No. 101 (April 21, 2020).

⁹ In *Proppant Express Invs., LLC v. Oren Techs., LLC*, No. IPR2018-00914, Paper 38 (P.T.A.B. Mar. 13, 2019), the Precedential Opinion Panel held that a petitioner could join its own previously instituted IPR and that a joined petition could add new issues to an instituted IPR.

¹⁰ http://www.cafc.uscourts.gov/sites/default/files/17-1698_unsealed_opinion.pdf.