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Is the One Year Time Bar for Filing an IPR Subject to Appellate Review?

By Paul E. Dietze, Ph.D., Whitney Remily, and Yongjin Zhu, Ph.D.

On May 4, 2017, the *en banc* Federal Circuit heard oral arguments in *Wi-Fi One, LLC v. Broadcom Corp*., Appeal 2015-1944 (Fed. Cir. Sept. 16, 2016)[1] to consider whether the findings of the Patent Trial & Appeals Board ("PTAB") regarding 35 U.S.C. § 315(b), which governs the timeliness of filing a petition for *inter partes* review ("IPR"), are subject to judicial review on appeal.[2] Specifically, the Federal Circuit is considering whether it should overrule its panel decision in *Achates Reference Publishing Inc. v. Apple Inc*. 803 F.3d, 652 (Fed. Cir. 2015), *cert. dismissed*, 136 S. Ct. 998 (2016) that judicial review is unavailable to challenge a determination by the PTAB that the petitioner satisfied the requirement of 35 U.S.C. § 315(b). Whether *Achates* is upheld or overruled will hinge on how broadly the Court construes the scope of 35 U.S.C. § 314(d).[3]

Achates

In *Achates,* the Court held that it lacked jurisdiction to review a PTAB decision that a petition to institute an IPR was not time barred because such decisions "are final and nonappealable under 35 U.S.C. § 314(d)." *Achates* at 653. In particular, the Court held that, similar to their holding in *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268 (Fed. Cir. 2015), judicial review was precluded because "the § 315(b) time bar does not impact the Board's authority to invalidate a patent claim — it only bars particular petitioners from challenging the claim." *Achates* at 657.According to the Court, the time bar is also not a "'defining characteristic' of the Board's 'authority to invalidate' a patent." *Id*. The Court further held that 35 U.S.C. § 314(d) is properly construed as not limiting preclusion of judicial review to determinations "under this section," but as extending the preclusion to 35 U.S.C. § 315(b), and that review is precluded even if the determination is reconsidered during the merits phase and restated in the final written decision. *Id*. at 658.

Wi-Fi One in Front of the PTAB and the Federal Circuit

In *Wi-Fi One*, Broadcom petitioned the PTAB to institute IPRs challenging the validity of various claims of three patents owned and asserted by Wi-Fi One ("the Wi-Fi One patents"). Wi-Fi One argued that the IPR should not have been instituted because Broadcom's petition was time-barred under 35 U.S.C. § 315(b). Specifically, Wi-Fi One asserted that, although the defendants in a district court litigation were not petitioners in the IPR, the defendants were a real party-in-interest or a privy of petitioner Broadcom, and, thus, the one year time bar of 35 U.S.C. § 315(b) for filing a petition had expired. The PTAB disagreed and instituted the IPR proceedings. Wi-Fi

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[1] Appeal 2015-1944 consolidated appeals in *Wi-Fi One,* 837 F.3d 1329 (Fed. Cir. 2016); *Wi-Fi One, LLC v. Broadcom Corp.*, 2016 WL 4933344 (Fed. Cir. 2016) (per curiam); and *Wi-Fi One, LLC v. Broadcom Corp.*, 2016 WL 4933418 (Fed. Cir. 2016) (per curiam).

[2] 35 U.S.C. § 315(b) states:

> An *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. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

[3] 35 U.S.C. § 314(d) states:

> The determination by the Director whether to institute an *inter partes* review under this section shall be final and nonappealable.

One's motion requesting additional discovery to determine if any of the defendants were a real party-in-interest or a privy of Broadcom was denied by the PTAB, as was Wi-Fi One's request for a rehearing on the order denying discovery. A request for writ of mandamus filed by Wi-Fi One's predecessor-in-interest asking the Federal Circuit to compel that discovery was also denied. *In re Telefonaktiebolaget LM Ericsson*, 564 F. App'x 585 (Fed. Cir. 2014). Ultimately, the IPR proceedings concluded with a determination that the challenged claims of the Wi-Fi One patents were unpatentable. A request for rehearing was denied, and Wi-Fi One appealed to the Federal Circuit.

On appeal, Wi-Fi One again argued, *inter alia*, that the district court defendants were a real party-in-interest or a privy of Broadcom and, therefore, Broadcom's petition was untimely under 35 U.S.C. § 315(b). The Federal Circuit, citing its earlier decision in *Achates*, declined to review the PTAB's decision to institute the IPR. The Court held that a PTAB decision to institute an IPR proceeding, which involves an assessment by the PTAB as to whether or not the time bar of 35 U.S.C. § 315(b) has been met, is not reviewable because such review is precluded under 35 U.S.C. § 314(d).

The Court was not persuaded by Wi-Fi One's argument that *Achates* was implicitly overruled by the Supreme Court decision in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016). The Court stated that "[w]e see nothing in the *Cuozzo* decision that suggests *Achates* has been implicitly overruled" and held that a PTAB decision as to whether or not 35 U.S.C. § 315(b) bars institution of an IPR proceeding is a "question[] that [is] closely tied to the application and interpretation of statutes related to the Patent Office's decision to initiate *inter partes* review." *Wi-Fi One* at 1334. The Court then concluded that, following *Cuozzo*, "the prohibition against reviewability applies." *Id.* However, Judge Reyna's concurrence in *Wi-Fi One* suggested that *Achates* may have been improperly decided in view of *Cuozzo* and suggested that *Achates* should be revisited by the *en banc* Court.[4]

Wi-Fi One petitioned the Federal Circuit for rehearing *en banc*, and that petition was granted on January 4, 2017. *Wi-Fi One, LLC v. Broadcom Corp.*, 851 F.3d 1241 (Fed. Cir. 2017). The Court requested supplemental briefs limited to the question of whether the Court should overrule *Achates*. *Id.*

Wi-Fi One's Arguments on Appeal

In its appeal brief, Wi-Fi One argues that *Achates* should be overruled because the Supreme Court's decision in *Cuozzo* "exposed at least two fundamental flaws in the reasoning of *Achates.*" Wi-Fi One's En Banc Brief at 2. Specifically, Wi-Fi One argues that the decision in *Achates* improperly failed to consider the strong presumption for judicial review of administrative action, which can only be rebutted by a clear and convincing indication of Congressional intent to preclude judicial review, and erroneously focused on whether 35 U.S.C. § 315(b) was a "jurisdictional" statute. *Id*.

In particular, Wi-Fi One argues that *Achates* applied an improper analytical framework for deciding if the preclusion of judicial review under 35 U.S.C. § 314(d) extended to determinations under 35 U.S.C. § 315(b) by

[4] Similarly, in *Click-to-Call Technologies, LP v. Oracle Corp*., 622 Fed. Appx. 907 (Fed. Cir. 2015) the Federal Circuit, on remand from the Supreme Court for further consideration in light of *Cuozzo*, held, being bound by *Wi-Fi One* and *Achates*, that it did not have jurisdiction to hear Click-to-Call Technologies LP's ("Click-to-Call's") appeal of a PTAB decision invalidating one of its patents in an IPR proceeding where Click-to-Call asserted that the IPR should not have been instituted because of the time bar under 35 U.S.C. § 315(b). Concurring opinions by Judges O'Malley and Taranto in *Click-to-Call* also suggested that *Achates* may have been improperly decided in view of the *Cuozzo* decision and urged the full court to address the issue.

focusing on whether 35 U.S.C. § 315(b) was a "jurisdictional" statute, as the Supreme Court had abrogated any distinction between "jurisdictional" and "non-jurisdictional" agency statutes, and "all statutory directives to an agency are jurisdictional." *Id*. at 36-37. Rather, Wi-Fi One argues that the proper analytical framework for assessing whether the preclusion of judicial review under 35 U.S.C. § 314(d) extends to 35 U.S.C. § 315(b) is provided by *Cuozzo, i.e.*, an approach that considers the strong presumption of judicial review and then considers if the text of the statute, the overall statutory structure, and the legislative history provides a clear and convincing indication that Congress intended to overcome that presumption. Applying the standard set forth in *Cuozzo*, Wi-Fi One argues that the scope of preclusion under of 35 U.S.C. § 314(d) did not preclude judicial review of a PTAB determination under 35 U.S.C. § 315(b).

Specifically, Wi-Fi One argues that the strong presumption of judicial review dictates a narrow construction of 35 U.S.C. § 314(d) that limits the scope of § 314(d) to precluding review of institution decisions under 35 U.S.C. § 314(a)[5] and other statutes or issues that are "closely related" to the institution decision. *Id*. at 41. According to Wi-Fi One, determinations under 35 § U.S.C. 315(b) are not "closely related" and, as such, judicial review is appropriate. *Id*. at 46. Wi-Fi One acknowledges that, although the plain text of §314(d) limits appeals to institution decisions under §314(a), *Cuozzo* applied the preclusion to an institution decision under 35 U.S.C. § 312(a)(3).[6] Wi-Fi One, however, argues that a decision based on petition requirements under 35 U.S.C. § 312(a)(3) is different from a statutory time bar under 35 U.S.C. § 315(b) because a decision based on 35 U.S.C. § 312(a)(3), unlike a decision based on 35 U.S.C. § 315(b), is "closely related" to a decision based on 35 U.S.C. § 314(d). *Id*. at 41. Indeed, Wi-Fi One notes that the Court in *Cuozzo* identified the challenge to review under 35 U.S.C. § 312(a)(3) as simply a "mine-run challenge to the director's institution decision under § 314(d)." *Id*. at 39.

Wi-Fi One additionally argues that the process used by the PTAB to make its determination under 35 U.S.C. § 315(b) raised "issues of constitutional due process and violations of procedural protections guaranteed by the APA [Administrative Procedures Act]" and, even if the PTAB's ultimate timeliness determination under §315(b) is not subject to judicial review, procedural irregularities are subject to review absent "clear indications that Congress intended to grant the PTAB discretion to make its §315(b) determinations in ways that violate constitutional due process, or with disregard to important procedural requirements of the APA-with no judicial oversight." Wi-Fi One characterizes this burden as one that the United States Patent & Trademark Office ("USPTO") will be unable to meet. *Id.* at 51-53.

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[5] 35 U.S.C. § 314(a) states:

> The Director may not authorize an *inter partes* review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

[6] 35 U.S.C. § 312(a)(3) states:

> A petition filed under section 311 may be considered only if— …
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> (3) the petition identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim, including—
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> (A) copies of patents and printed publications that the petitioner relies upon in support of the petition; and
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> (B) affidavits or declarations of supporting evidence and opinions, if the petitioner relies on expert opinions.

Thus, Wi-Fi One concludes that *Achates* should be overruled and its appeal considered on the merits or, in the alternative, that the PTAB decision should be vacated and remanded for further proceedings on the 35 U.S.C. § 315(b) time bar issue.

Broadcom's Arguments on Appeal

In its reply brief, Broadcom argues that *Achates* was properly decided and should not be overturned because "*Achates* properly recognized that the plain language of 35 U.S.C. § 314(d) prohibits appeals of the Board's determination whether to institute *inter partes* review, including the closely related issue of whether the petition is timely." Broadcom's En Banc Brief at 2. According to Broadcom, the plain meaning of 35 U.S.C. § 314(d) prohibits appeal of PTAB determinations whether to institute an IPR. Furthermore, Broadcom cites *Cuozzo* to argue that the bar to challenges under § 314(d) "at a minimum, bars challenges that are *closely tied* to the application and interpretation of statutes related to the Patent Office's decision to initiate *inter partes* review," and that 35 U.S.C. § 315(b) is "just such a statute." *Id.* at 12 (emphasis in original, internal quotations omitted). Broadcom further argues that *Cuozzo's* holding that a decision to institute an IPR under 35 U.S.C. § 312(a)(3) was not appealable "bolsters" the conclusion that 35 U.S.C. § 314(d) is properly construed as not limiting preclusion of judicial review to decisions to institute under 35 U.S.C. § 314(a). *Id.* at 12.

Broadcom also argues that the legislative history of 35 U.S.C. § 314(d) supports the position that 35 U.S.C. § 314(d) precludes judicial review of a determination as to whether or not the time bar of 35 U.S.C. § 315(b) has been met. Specifically, Broadcom argues that Congress created IPR to "improve patent quality and restore confidence in the presumption of validity that comes with issued patents" and that allowing appeals of institution decisions "would undercut [this] important congressional objective." *Id.* at 24-25. Further, Broadcom argues that Congress intended IPR to provide a "speedy and efficient alternative" to district court litigation for challenging the validity of patents, and that allowing parties to "relitigate not only the threshold time-bar issue but also all the underlying discovery disputes related to that issue would severely undermine [this] goal." *Id.* at 25-26.

Broadcom goes on to argue that the presumption of judicial review does not apply. Specifically, Broadcom argues that "the statute on its face precludes judicial review" and, as held in *Cuozzo*, "the language of § 314(d) and the legislative history of the AIA sufficiently establish Congress's intent to bar review of challenges 'closely tied' to the Board's institution decision." *Id.* at 31. According to Broadcom, by "implicitly recognizing — as *Cuozzo* confirms — that the statutory text and purpose sufficiently rebut the presumption in this case," the Court in *Achates* "gave the presumption the weight it deserved." *Id.* at 30-31. Broadcom further notes that *Cuozzo* preserved the availability of judicial review of "shenanigans" related to institutional decisions, such as determinations that violate the Constitution, *ultra vires* decisions, and decisions exceeding the PTAB's authority to invalidate a patent. Broadcom takes the position that *Achates* recognized these exceptions, but that none of them are applicable to the present matter. *Id*. at 34-46. Broadcom argues that challenges under the Administrative Procedures Act, based on the process by which the PTAB makes a decision, are also not available when, as here, the statute precludes judicial review. *Id.* at 46-48.

Oral Arguments

During oral arguments, the questions posed showed that the Court was considering statutory language, legislative history, public policy, and the guidance provided by *Cuozzo*. For example, some of the questions showed that there was concern as to whether permitting review of institution decisions would stifle the legislative intent of the America Invents Act to improve patent quality in a fast and cost effective manner.

With regard to statutory language, Judge Chen queried why, if 35 U.S.C. § 314(d) was intended to extend to other sections, it states "under this section," rather than "under this chapter" (as in 35 U.S.C. § 318(a)), and Judge O'Malley, noting that 35 U.S.C. § 315(b) is directed to instituting *inter partes* review, asked whether the USPTO would be exceeding its statutory authority by instituting a review that does not meet the requirements of this section.

There were also numerous questions concerning the guidance provided by the Supreme Court in *Cuozzo* as to the scope of preclusion under 35 U.S.C. § 314(d), in particular, whether it encompasses 35 U.S.C. § 315(b). For example, there were questions as to what is a "question closely tied to the application and interpretation of statutes" and what is a "less closely related statute." Judge Chen also wanted to know what to make of the fact that, while the majority in *Cuozzo* addressed the dissent's concerns about limiting judicial review, the majority did not address the dissent's discussion of precluding review under 35 U.S.C. § 315(b). Other questions were directed to what conduct amounts to a "shenanigan."

The USPTO took part in the argument in support of the position that a determination under 35 U.S.C. § 315(b) should be precluded from judicial review. Specifically, it argued that a proper construction of the phrase "under this section" in 35 U.S.C. § 314(d) extends the preclusion of judicial review to 35 U.S.C. § 315(b). The USPTO also asserted that, although the USPTO is bound by 35 U.S.C. § 315(b), the determination whether or not to institute *inter partes* review under this section is not appealable for the reason that public policy supports not overturning a proper decision regarding patentability due to an error in an institution decision. Finally, the USPTO indicated that such an approach considers the interest of the public, which is an "absent party" in this proceeding.

Conclusion

Thus, the *en banc* Federal Circuit will consider statutory construction, Congressional intent, and legislative history to decide whether *Achates* was properly decided and preclusion of judicial review under 35 U.S.C. § 314(d) extends to all institution decisions, except for those characterized in *Cuozzo* as "shenanigans," including decisions that involve a determination under 35 U.S.C. § 315(b), or whether Achates should be overruled because judicial review under 35 U.S.C. § 314(d) is limited to decisions to institute under 35 U.S.C. § 314(a) and closely related statutes. If the Court agrees with Wi-Fi One to overrule *Achates*, the Court will also need to decide if 35 U.S.C. § 315(b) is a statute closely related to 35 U.S.C. § 314(a). If the Court agrees with Broadcom that *Achates* was properly decided, the Court will need to decide if a failure to consider the time bar under 35 U.S.C. § 315(b) and its limitations on USPTO authority is a "shenanigan."

A decision by the Court upholding *Achates* would strictly limit appellate review of PTAB institution decisions, while a decision reversing *Achates* would suggest that other issues, such as the USPTO's conclusion that a dismissal without prejudice avoids a 35 U.S.C §315(b) time bar, would more likely be subject to judicial review.