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Appealing Institution Issues and Section 314(d)

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The America Invents Act (“AIA”) of 2011 introduced several new tools to attack issued patents at the U.S. Patent and Trademark Office (“USPTO”). Of these, inter partes review—or “IPR” for short—is by far the most popular, comprising 93% of all AIA trials as of December 2019.²

Inter partes review is an administrative process that permits a patent challenger to ask the U. S. Patent and Trademark Office (“USPTO”) to reconsider the patentability of earlier granted patent claims. For an IPR to proceed, the Director of the USPTO must agree to institute review.³ Section 314(d) of the AIA makes the “Director’s determination . . . whether to institute an inter partes review under this section . . . final and nonappealable.”⁴

Shortly after AIA trials began, several parties attempted to appeal a decision on institution only to be confronted by the “nonappealable” clause of § 314(d). This issue has received renewed attention with recent decisions by the Supreme Court and Federal Circuit. This article briefly surveys the new and prior case law for direct appeals and writs of mandamus to the United States Court of Appeals for the Federal Circuit.

I. Direct Appeals to the Federal Circuit

The Supreme Court and Federal Circuit have found several issues barred by § 314(d). The barred issues include

whether the IPR petition was sufficiently well-pled, the timeliness of the IPR, and the proper naming of real parties in interest.

In *Cuozzo Speed Techs LLC v. Lee*, the patent owner challenged whether an instituted petition had met the statutory requirement of § 312(a)(3)—that the grounds must be pleaded “with particularity.”⁵ When addressing the interplay of § 312(a)(3) and § 314(d), the Court “recognize[d] the ‘strong presumption’ in favor of judicial review that we apply when we interpret statutes, including statutes that may limit or preclude review.”⁶ Nonetheless, the Supreme Court held that § 314(d) *barred review of this issue because it was* “closely tied” to the USPTO’s interpretation of IPR statutes.⁷

Recently, the Supreme Court expanded on the scope of “closely tied” in *Thryv, Inc. v. Click-To-Call Techs., LP*.⁸ In *Thryv*, the patentee asserted that the USPTO erroneously instituted IPR even though the patent challenger was time-barred by § 315(b). Section 315(b) instructs that if a patent challenger’s request for IPR comes more than a year after suit against him/her for patent infringement, “[a]n inter partes review may not be instituted.”⁹ The Supreme Court held that “[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.’”¹⁰

Following *Thryv*, the Federal Circuit issued another decision on § 314(d) in *ESIP Series 2, LLC v. Puzhen Life USA, LLC*. The case arose after the patent owner, ESIP, argued that the petitioner had “failed to identify all ‘real parties in interest’ and thus the Board erred when it considered institution of inter partes review.”¹¹ The Federal Circuit held that “ESIP’s challenge to the Board’s ‘real parties in interest’ determination raises an ordinary dispute about the application of an institution-related statute, and that § 314(d) precludes our review of that determination.”¹²

But § 314(d) does not bar appellate review of every challenge. In *Cuozzo*, the Supreme Court explained that § 314(d) may not prohibit review of the Patent Office’s institution decisions that are *not* “closely tied” to the USPTO’s interpretation of IPR statutes or challenges that “implicate a constitutional question.”¹³ Another

example is § 318, which instructs that “if . . . review is instituted,” the Patent Office must “issue a final written decision with respect to the patentability of *any* patent claim challenged by the petition.”¹⁴ In *SAS Inst., Inc. v. Iancu*, the Patent Office argued that its decision to only institute review on *some* of the claims challenged in a petition was unreviewable per § 314(d).¹⁵ The Supreme Court disagreed, asserting that the Director . . . “is given only the choice *whether* to institute an inter partes review,” and that the *nature* of the resulting institution falls outside § 314(d)’s “binary choice.”¹⁶ The Court also emphasized its earlier caution in *Cuozzo* that 314(d) does not “enable the PTO to act outside its statutory limits.”¹⁷

II. Writs of Mandamus to the Federal Circuit

Mandamus provides another avenue for review by the Federal Circuit. The court has found several issues failed to meet the mandamus threshold given their facts and the § 314(d) bar. However, the Supreme Court has declined to entirely rule out such challenges.

In *In re Power Integrations*, the petitioner (PI) sought “to obtain review of the non-institution decisions through petitions for mandamus covering all four of the Board’s orders.”¹⁸ The Federal Circuit noted the requirements for mandamus, that “a party must show that its right to

issuance of the writ is ‘clear and indisputable,’” “there are no adequate alternative legal channels through which it may obtain that relief,” and “the issuing court, in the exercise of its discretion, must be satisfied that the writ is appropriate under the circumstances.”¹⁹ On the facts of the case, the court denied mandamus “both because PI has not shown a clear and indisputable right to issuance of the writ and because relief by way of mandamus would not be appropriate here.”²⁰

The Federal Circuit reached a similar result in *In re Dominion Dealer Sols., LLC*.²¹ The court held under the facts in that case that “Dominion has no ‘clear and indisputable’ right to challenge a non-institution decision directly in this court, including by way of mandamus.”²²

But as with direct appeals, the Supreme Court declined to rule out mandamus in all circumstances. In *Thyrv*, the Supreme Court reserved in a footnote the issue of “whether mandamus would be available in an extraordinary case.”²³ Time will tell how the Supreme Court and Federal Circuit resolve this issue.

III. Conclusion

Although there are several decisions explaining what *cannot* be challenged, the Supreme Court has been careful not to completely close the courthouse to statutory overreach by the Patent Office. As IPRs continue to be a popular choice for challenging patentability, parties may continue to explore the boundaries of § 314(d).

1. The authors are attorneys at the intellectual property firm of Finnegan, Henderson, Farabow, Garrett & Dunner LLP. This article is for informational purposes, is not intended to constitute legal advice, and may be considered advertising under applicable state laws. This article is only the opinion of the authors and is not attributable to Finnegan, Henderson, Farabow, Garrett & Dunner LLP, or the firm’s clients.
2. *Trial Statistics IPR, PGR, CBM*, United States Patent and Trademark Office (Dec. 2019).
3. See 35 U. S. C. § 314 (2012).
4. § 314(d).
5. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142 (2016).
6. *Id.* at 2140 (citation omitted).
7. See *id.* at 2141–50.
8. 140 S. Ct. 1367, 1375 (2020).
9. 35 U. S. C. § 315(b) (2012).
10. *Thyrv*, 140 S. Ct. at 1373 (quoting § 314(d)).

11. 958 F.3d 1378, 1386 (Fed. Cir. 2020).
12. *Id.* (citations and quotation marks omitted).
13. 136 S. Ct. at 2141.
14. 35 U. S. C. § 318(a) (2012).
15. 138 S. Ct. 1348 (2018).
16. *Id.* at 1355.
17. *Id.* (citing *Cuozzo* 136 S. Ct. at 2141).
18. 899 F.3d 1316, 1319 (Fed. Cir. 2018).
19. *Id.* (citing *Cheney v. U.S. Dist. Court for the Dist. of Columbia*, 542 U.S. 367, 380–81 (2004)).
20. *Id.* (“We have held that the statutory prohibition on appeals from decisions not to institute inter partes review cannot be sidestepped simply by styling the request for review as a petition for mandamus”).
21. 749 F.3d 1379, 1380 (Fed. Cir. 2014).
22. *Id.* at 1381.
23. 140 S. Ct. at 1374 n.4.

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