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Just in Time: Federal Court of Appeals Reconsiders Prior Decision on Availability of Judicial Review of IPRs

SUMMARY

The Court of Appeals for the Federal Circuit reconsiders its previous decision on the availability of judicial review of IPRs.

The statutes, namely 35 U.S.C. §§ 314(d) and 315(b), governing institution of *inter partes* review (IPR), state:

> § 314(d) – No Appeal.
>
> The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.
>
> § 315(b) – Patent Owner's Action.
>
> An *inter partes* review may not be instituted if the petition requesting the proceeding is filed more than one 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).

Wi-Fi One LLC ("Wi-Fi One") was granted a patent to on-line messaging. Broadcom Corp. ("Broadcom") filed a petition before the Patent Trial and Appeal Board ("PTAB") for IPR seeking to invalidate Wi-Fi One's patent. The PTAB determined that (1) Broadcom's petition was timely filed under 35 U.S.C. § 315(b) and (2) Wi-Fi One's patent was invalid.

Wi-Fi One appealed to the Federal Circuit on the basis that the PTAB's determination to institute the IPR was erroneous because Broadcom had not timely filed its petition. Broadcom, relying on 35 U.S.C. § 314(d) and the Federal Circuit's earlier decision in *Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015) (*"Achates"*), interpreting 35 U.S.C. § 314(d), countered that the PTAB's decision to institute the IPR was not appealable.

In *Achates*, the Federal Circuit held that "35 U.S.C. § 314(d) prohibits the court from reviewing the Board's determination to initiate IPR proceedings based on the time bar of § 315(b), even if such assessment is reconsidered

during the merits phase of proceedings and restated as part of the final written decision." This precedent would likely be controlling but the Supreme Court's decision the following year in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016). Sections (*"Cuozzo"*), while not explicitly overruling *Achates*, provided reason to question the further applicability of *Achates*.

In *Cuozzo,* the Supreme Court addressed whether § 314(d) bars judicial review of determinations regarding compliance with § 312(a)(3) (whether the petition identified with sufficient 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). The Supreme Court recognized the "strong presumption" in favor of judicial review, which can only be overcome with clear and convincing evidence drawn from specific language, specific legislative history or inferences of intent drawn from the statutory scheme as a whole. Although the Supreme Court held that this presumption was overcome regarding an ordinary dispute over the Director's institution decision, it limited its holding to the institution decision of the PTAB under § 314(a), based on finding a reasonable likelihood of finding at least one claim unpatentable, and closely related disputes.

Wi-Fi One argued to the Federal Circuit that Cuozzo has thrown the holding of *Achates* into question.

In an *en banc* decision (*Wi-Fi One, LLC. v. Broadcom Corp.*, No. 2015-1944 (Fed. Cir., January 8, 2018)), the Federal Circuit held that determinations of the PTAB made pursuant to 35 U.S.C. § 315(b) are subject to judicial review, effectively overruling its holding in *Achates*.

The Federal Circuit's analysis began with the presumption in favor of judicial review recognized and applied by the Supreme Court in *Cuozzo*. With that presumption in mind, the Federal Circuit searched for clear and convincing evidence that Congress intended to foreclose judicial review of the § 315(b) time bar but found none. The court also examined the text and structure of § 314 and § 315 and stated that in view of the phrase under this section in § 314(d), the "natural reading of the statute limits the reach of § 314(d) to the determination by the Director to institute an IPR as set forth in § 314," meaning the determination whether or not to institute an IPR based on the merits. Provisions such as § 315(b) that are not closely related to this determination are subject to judicial review in accordance with the presumption.

After the holding in *Wi-Fi One*, the rules governing reviewability of IPRs are more favorable for patent-holders. Now, patent-holders may seek judicial review of pre-institution issues that do not go to the merits of the reasonable likelihood standard. Of course, patent-holders may still appeal a final, unfavorable IPR decision to the Federal Circuit but petitioners, in the absence of a showing of injury, likely lack the Article III standing necessary to appeal at all. *See Phigenix v. Immunogen*, 845 F.3d 1168 (Fed. Cir. 2017). Careful consideration of which PTAB decisions may be appealed as early in the IPR process as possible is advised.

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