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AIA Time Bar Gives High Court Chance To Clarify Cuozzo

By **Matthew Bultman**

Law360 (June 25, 2019, 6:24 PM EDT) -- In its first America Invents Act case three years ago, the U.S. Supreme Court sketched out boundaries on the scope of appellate review for Patent Trial and Appeal Board institution decisions. Now the justices have a chance to sharpen those lines in a case involving the parent company of YellowPages.com.

The Supreme Court agreed Monday to hear a case brought by Dex Media Inc. after the Federal Circuit wiped out a PTAB decision that invalidated a Click-to-Call Technologies patent on an anonymous phone call system. The appeals court said Dex challenged the patent too late.

The cert grant comes almost three years to the day after the justices' decision in Cuozzo v. Lee, their first look at AIA patent reviews. The court in Cuozzo said PTAB decisions about whether to institute review cannot be appealed except when the board acts outside its authority or engages in other "shenanigans."

The boundaries of that exception have been somewhat difficult to decipher, attorneys say.

"Maybe this cert grant is a natural consequence of that," said Pauline Pelletier of Sterne Kessler Goldstein & Fox PLLC. "It wasn't clear where that line was drawn, so now we have the Supreme Court granting cert to clarify that yet again."

Dex's petition paints a target on the Federal Circuit's ruling last year in Wi-Fi One v. Broadcom, which opened the door for review of PTAB decisions that find a target of an infringement lawsuit didn't miss its one-year deadline under the AIA to ask for inter partes review after being sued.

While the appeals court said such decisions fit into Cuozzo's exception, Dex argues that the Federal Circuit is running "roughshod" over the AIA and has opened a "Pandora's box" of appellate litigation over "tangential issues decided at the institution stage."

"If [the justices] do reverse, the Federal Circuit will be less in the business of testing decisions to deny or to grant institution," said Kenneth Weatherwax of Lowenstein & Weatherwax LLP.

Dex and Click-to-Call's trip to the Supreme Court continues an odyssey that began in 2013, when YellowPages.com asked the PTAB to review Click-to-Call's patent. The board agreed, and it ultimately found numerous claims were invalid.

Dex's predecessor had been sued for infringement in 2001, but the case was voluntarily dismissed, so the PTAB treated the lawsuit as if it never existed for the purposes of the one-year time bar.

Originally, the Federal Circuit said time-bar decisions are insulated from appeal. The full court revisited that idea after Cuozzo and reversed course with its January 2018 ruling in Wi-Fi One. Applying that ruling, the court decided Dex was barred from requesting a review of the patent.

The Supreme Court's cert grant Monday was limited to the question of whether PTAB time-bar decisions can be appealed. The justices will not hear a second question in Dex's petition, which asked whether voluntarily dismissed lawsuit can trigger the time-bar.

"I read it as being a bit of a revisit of Cuozzo itself and how many ways you can read that decision, both in the black-and-white text of that decision but also between the lines," Pelletier said.

Wi-Fi One is an illustration of the apparent difficulties in parsing that language. During oral arguments in the case, a U.S. Department of Justice attorney remarked that "we are all here this morning trying to figure out what the Supreme Court meant by a couple sentences in this one section."

Ultimately, the majority in the Federal Circuit's 9-4 ruling cited the "strong presumption in favor of judicial review of agency actions," while saying the time bar is "not some minor statutory technicality." Rather, the court said, it is a limit on the PTAB's authority to review a patent.

The four dissenting judges said the majority had "sidestep[ped]" the Cuozzo ruling.

"The majority concludes that the appeal bar does not apply to 'limits on the director's statutory authority to institute,'" the judges wrote. "But this position was clearly rejected in Cuozzo."

Debates over the time bar are not uncommon in PTAB reviews and can lead to other issues. Within the context of the time-bar, the Federal Circuit after Wi-Fi One has reviewed, for example, questions about privity relationships and the PTAB's test for determining real parties-in-interest.

The court also relied on Wi-Fi One's reasoning to consider whether assignor estoppel applies in IPRs.

"It's fair to say the prediction that Wi-Fi One would open the door to [time-bar] challenges on appeal has been realized," Pelletier said. "It's also fair to say that if the Supreme Court were to undo Wi-Fi One, that would make [time-bar] challenges one of those insulated decisions that the board can make at the institution stage that will never see the light of day in court."

Some would argue that's a good thing. Superior Communications, for example, told the justices earlier this year it invested a good deal of time and money successfully challenging a Voltstar Technologies portable charger patent at the PTAB, only to see its win undone by a challenge to the institution decision.

Superior called this a "profound waste" of resources.

Others maintain the PTAB should not have the last word on certain issues. The Intellectual Property Owners Association told the Federal Circuit in the run-up to the Wi-Fi One ruling that without appellate review, the PTAB could ignore certain mandates set forth in the AIA.

Good or bad, Charles Steenburg of Wolf Greenfield & Sacks PC said that removing the court's ability to review time-bar determinations "would shift power back to the PTAB and mean that there's more at stake depending on the particular approach and policy preferences of the PTAB and the [U.S. Patent and Trademark Office] director."

The Supreme Court hasn't shied away from the AIA; Dex's appeal is the fifth PTAB case the justices have agreed to hear in recent years. But attorneys say the case is also part of a trend of the justices taking an interest in the relationship between federal agencies and the courts.

Weatherwax noted the court's announcement that it would hear Dex's appeal comes just days after the court ruled in an unrelated case that involved a question about the level of deference federal courts should give administrative agencies.

While the justices in PDR v. Carlton & Harris Chiropractic dodged the main issue, Justice Brett Kavanaugh wrote a separate opinion which appeared to suggest a favoring of broad review in agency cases. Three other conservative justices signed on to the opinion.

"I got the very strong sense from [PDR] that they think appeals are good," Weatherwax said. "That's why I'm surprised they took this case, when this case had a broad view of what's appealable."

"I'm not convinced they want to reverse," he added. "The only thing I can be sure of is that they are really getting interested in these topics."

--Editing by Brian Baresch and Alanna Weissman.