

High Court Turns Down Intel's Challenge To PTAB's Fintiv Rule

By Britain Eakin

Law360 (March 21, 2022, 5:36 PM EDT) -- The U.S. Supreme Court on Monday denied Intel Corp.'s bid to strike down the Patent Trial and Appeal Board's controversial practice of denying patent challenges due to looming trials in district court, dealing another blow to the chorus of tech companies that have tried to kill the policy.

Intel's petition for certiorari was among those the justices said that they were denying in an order Monday morning. Intel sought Supreme Court review of a May ruling by the Federal Circuit that it lacked jurisdiction over the chipmaker's appeals of PTAB decisions denying inter partes reviews of VLSI Technology patents under the so-called NHK-Fintiv rule. The rule lets PTAB judges deny patent reviews at their discretion if co-pending litigation is at an advanced stage.

Intel's petition is the latest in a series of rejections the Supreme Court has handed down to those challenging the rule.

In January, the justices shot down similar bids from Mylan Laboratories and Apple Inc. Mylan's August petition came in a suit in which it had hoped to challenge a Janssen Pharmaceutica NV patent on a schizophrenia drug at the PTAB. Apple's July petition was to challenge an Optis Cellular Technology patent that the tech giant has been found liable for infringing, leading to a \$506 million jury verdict.

Intel followed in December with its petition, arguing that the NHK-Fintiv rule "has sharply undermined access to IPR." Intel had sought to kill two VLSI patents a jury found in March 2021 it had infringed to the tune of \$2.18 billion, the second-largest patent verdict ever.

"By treating such decisions as if they are immune from judicial review, the Federal Circuit's position endangers a tool that Congress determined to be essential to the integrity of the patent system," Intel's petition had argued.

Counsel for Intel and VLSI did not immediately respond to a request for comment. The U.S. Department of Justice, which represented the U.S. Patent and Trademark Office, declined to comment.

The Supreme Court's denial of Intel's petition doesn't necessarily signal that the issue has been resolved since the justices are "fond of saying" denials don't imply any particular view on an issue, according to William H. Milliken, a director in the trial and appellate practice at Sterne Kessler Goldstein & Fox PLLC who is not involved in the case. But that doesn't mean the denial is set in stone.

"There remain pending cases in the Federal Circuit that contest the legality of the Fintiv regime, so there may be future petitions that raise this issue. And it's not uncommon for the Court to grant cert on an issue that it has previously declined to review," Milliken said, noting that the Supreme Court's Arthrex decision that administrative patent judges were unconstitutionally appointed wasn't the first case a party had asked the justices to review the matter. "That said, this may well be one of those issues that ends up getting resolved outside the courts — at the agency level via new regulations, perhaps, or by Congress via legislation."

On the latter point, Milliken added that it will be interesting to see how the new U.S. Patent and Trademark Office director, once confirmed, will approach the issue.

Intel, along with Mylan and Apple, had argued that the rule exceeds the USPTO's authority. They claimed it violates the America Invents Act, which places only one limit on patent reviews conducted in tandem with parallel litigation: They must be filed within one year of a petitioner's being sued for infringement. The companies also argued that the rule violates the Administrative Procedure Act because it was implemented without formal rulemaking.

While the Supreme Court has repeatedly held that PTAB institution decisions are not appealable — which doomed these cases at the Federal Circuit — Intel, as well as Mylan and Apple, had argued they should be allowed to challenge what they deemed is an unlawful rule about when to institute patent reviews.

Former USPTO Director Andrei Iancu implemented the rule when the board declared two cases called NHK and Fintiv precedential. The cases lay out how PTAB judges should evaluate whether the timing of related litigation, such as at district courts or at the U.S. International Trade Commission, makes it unnecessary for the PTAB to review the patent.

Intel had argued that the Federal Circuit was wrongly turning down challenges to the rule. But in its May decision, the Federal Circuit held — as it did in the Mylan and Apple cases — that the America Invents Act bars appeals of PTAB decisions on whether to grant patent reviews.

The government had filed briefs urging the Supreme Court to turn away the cases, arguing that, as the Federal Circuit had found, appeals of the board's institution decisions aren't available under the America Invents Act.

VLSI, a unit of the New York hedge fund Fortress Investment Group LLC, declined the opportunity to respond to Intel's petition at the high court. While Intel did not succeed in getting the PTAB to legally examine the hedge fund's patents, a different company, Patent Quality Assurance LLC, persuaded the board in January to review one of the patents that Intel was found to infringe.

Lawyers for the hedge fund have called that challenge a form of harassment, saying that Patent Quality Assurance was formed with the sole purpose of trying to invalidate one of the patents that drew the enormous jury verdict against Intel.

The NHK-Fintiv rule has been incredibly divisive. More than 800 comments streamed in when the USPTO asked for feedback about discretionary denials. The rule has led to congressional lobbying on both sides, a bill in the Senate that would make these types of discretionary denials illegal and multiple unsuccessful appeals from denied PTAB petitions. Google, Apple, Cisco, Intel and Edwards Lifesciences Corp. have also failed in their Administrative Procedure Act suit challenging the policy in California

federal court.

Intel is represented by Catherine M.A. Carroll, Seth P. Waxman, Gregory H. Lantier, David M. Lehn, Louis W. Tompros, Mark D. Selwyn, Benjamin S. Fernandez and Alyson Zureick of WilmerHale.

VLSI is represented by Nathan Lowenstein of Lowenstein & Weatherwax LLP.

The U.S. Solicitor General's Office is represented by Elizabeth Prelogar, Brian M. Boynton, Scott McIntosh and Weili Shaw of the U.S. Department of Justice.

The case is Intel Corp. v. VLSI Technology LLC, case number 21-888, in the U.S. Supreme Court.

--Additional reporting by Adam Lidgett, Dani Kass, Tiffany Hu, Lauren Berg and Ryan Davis. Editing by Robert Rudinger.