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PTAB Time-Bar Fights Will Ramp Up After High Court Ruling

By **Ryan Davis**

Law360 (April 20, 2020, 10:52 PM EDT) -- The U.S. Supreme Court's decision Monday barring appeals of decisions related to the time limit for filing inter partes review petitions has increased the Patent Trial and Appeal Board's power and will force time-bar issues to be litigated more fiercely early in cases, attorneys say.

In a 7-2 decision, the justices held that the America Invents Act's statement that PTAB decisions instituting reviews are "final and non-appealable" prohibits appellate arguments that a petition challenging a patent was filed too late.

The high court overturned the Federal Circuit's 2018 ruling allowing such appeals, which held that it was not clear Congress intended to bar them. That decision led patent holders to mount time-bar arguments on appeal in an effort to undo PTAB decisions invalidating patents, but that strategy is no longer available.

"If you're a patent owner who thinks there might be a time-bar issue, you have to go all in at the institution stage now [and] really unload all of the possible arguments and evidence that you can muster," Will Milliken of Sterne Kessler Goldstein & Fox PLLC said. "Because now you only get one shot, and once it's instituted, that issue is effectively dead."

The decision means that even if the Federal Circuit believes the PTAB wrongly instituted review of a petition that was filed too late, it is powerless to do anything, Dustin Weeks of Troutman Sanders LLP said.

"One thing that's clear is this decision certainly gives the PTAB a lot more authority," he said, noting that the only way to restore appellate review of the PTAB's decisions on the time-bar issue would be for Congress to amend the law.

For patent holders, the dismaying reality is that even if the PTAB were to exceed its authority and institute review on a petition that was time-barred, there's little they can do, Irena Royzman of Kramer Levin Naftalis & Frankel LLP said.

"IPR challenges to patents that should have never gone forward will proceed without any recourse to patent owners on appeal," she said.

The AIA requires that petitions challenging patents be filed within a year of the date the petitioner or an interested party is served with an infringement complaint. The issue before the high court was whether patent holders can argue on appeal that the board wrongly agreed to hear a petition that was time-barred.

While the Federal Circuit held that the "strong presumption in favor of judicial review of agency actions" means that issue can be raised on appeal despite the "final and non-appealable" language, the Supreme Court disagreed.

The majority opinion by Justice Ruth Bader Ginsburg pointed to a statement in a 2016 high court decision that issues "closely tied" to the board's decision to institute review are insulated from appellate review. A time-bar challenge "easily meets that measurement" because the time limit "expressly governs institution and nothing more," the majority held.

The immediate impact of the decision is that patent holders are not going to be able to argue on appeal that the challenge to the patent shouldn't have been initiated in the first place, Pauline Pelletier of Sterne Kessler said.

"It also means that the agency is going to be the last word on whether the time bar has been triggered, and that absent some extraordinary circumstances, that determination is not going to see the light of day in the Federal Circuit," she said.

As a result, it's no longer realistic for patent holders to try to craft a record during an IPR proceeding aimed at persuading the appeals court that the petition was time-barred, in the event the board finds the patent invalid. They will instead have to do everything they can to prevent the board from instituting review at all.

"Patent owners should put a priority on identifying grounds for challenging IPR petitions based on the one-year bar and presenting their best case to the PTAB on this issue in the first instance," Clint Conner of Dorsey & Whitney LLP said.

The decision does not exactly mean that a PTAB decision at the institution stage that a petition was timely is the last word, but the few remaining options for patent holders have daunting odds.

One would be to try to persuade the board during the review, in a motion for reconsideration or to terminate the proceeding, that the institution decision was wrong, by citing new evidence that the petition was time-barred. The board has granted such motions in the past, but it's a heavy lift and may become more so with the high court's decision, attorneys say.

"If it were a situation where I think the board got it wrong and instituted anyway, I would still continue to argue," Weeks said. "Understanding that it's usually difficult to get any person to change their mind, especially a panel of judges, it doesn't mean I wouldn't try."

But once the board has instituted review and made a decision on the time-bar that cannot be appealed, it may not be interested in looking at the issue again, Kevin Rodkey of Finnegan Henderson Farabow Garrett & Dunner LLP said.

"I think there is incentive for the board to not expend resources on a challenge where a patent owner

might try to raise [the time bar] post-institution," he said. "The board might already be looking at the merits."

The other potential option for patent holders is even more of a long shot. The Supreme Court said in a footnote that it was not deciding whether petitions for a writ of mandamus to the Federal Circuit should be available on the time bar issue in an "extraordinary case."

So while that is still a theoretical possibility, and patent holders who are particularly aggrieved by a PTAB time-bar decision might pursue it, the bar for mandamus is so high that attorneys said it's difficult to envision a scenario in which the Federal Circuit would grant such a petition.

"I think that's very unlikely. If mandamus relief were ever to be available, I think it would have to be a case that was so egregious that no reasonable person could disagree that the proceeding should never have been instituted in the first place," Milliken said.

Even then, he added, there's no guarantee the Federal Circuit would find the situation rises to the very high level needed to grant a mandamus petition.

Anyone considering that route would probably have to argue that the board's decision violated due process or another part of the U.S. Constitution, Weeks said.

"The statute is going to bar you from getting a court to overturn [the decision], so you have to go to some authority that is supreme to the statute, and that would be some kind of constitutional challenge," he said.

Except in those circumstances, the upshot of the high court's ruling is that patent holders have one less tool they can use to try to overturn a PTAB decision.

"The PTAB is going to be much more confident when making its time-bar determinations that they aren't going to be policed by the Federal Circuit, and that once they make a determination on that, it's essentially insulated from review," Pelletier said.

The case is Thryv Inc. v. Click-To-Call Technologies LP, case number 18-916, in the Supreme Court of the United States.

--Editing by Breda Lund and Brian Baresch.

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