Polaris Innovations Ltd. v. Brent, 48 F.4th 1365 (Fed. Cir. 2022) (Prost, Chen, Stoll)

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NVIDIA petitioned for IPR of two patents owned by Polaris. The Board found the challenged claims unpatentable. Polaris appealed. While on appeal, the final written decisions in those IPRs were vacated and the proceedings were remanded to the Board, due to Appointments Clause issues stemming from the Federal Circuit's decision in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019) (*Arthrex I*).

While the proceedings were on remand, and while the final written decisions stood vacated, the parties filed a joint motion to terminate the proceedings. Before the Board decided the motions, the Supreme Court decided *United States v. Arthrex, Inc.*, 141 S. Ct. 1970 (2021) (*Arthrex II*). Based on this decision, the Supreme Court vacated the Federal Circuit decisions in these proceedings. Thus, the Board's final written decisions were reinstated. After *Arthrex II*, the Federal Circuit remanded the proceedings "for the limited purpose of allowing the parties to seek further action by the Director."

At the Board, Polaris advocated that the Board should grant the parties' pending motion to terminate. The Board issued an order, however, determining that, due to the Supreme Court's decision in *Arthrex II*, the "final written decision in each of these cases is not vacated, and it is not necessary for the Board to issue a new final written decision in either of these cases." Rather, the Board determined "the appropriate course of action on remand … [wa]s to authorize [Polaris] to request Director review." As the Federal Circuit observed, "[t]his order effectively denied the joint motions to terminate."

On appeal, Polaris argued that the Board erred by not granting the joint motions to terminate. For this issue, the Federal Circuit focused on 35 U.S.C. § 317, which governs settlement of IPRs at the Board. Section 317(a) states: "An inter partes review instituted under this chapter shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed.... If no petitioner remains in the inter partes review, the Office may terminate the review or proceed to a final written decision under section 318(a)."

It was not arbitrary for the Board to deny untimely motions to terminate, where "the Board had already decided the merits of the cases in final written decisions that were not vacated at the time the Board made its decision" to deny the motions.

The Federal Circuit determined that 35 U.S.C. § 317 requires the Board to terminate as to any petitioner upon joint request of the parties, so long as the request is timely, i.e., filed before "the Office has decided the merits of the proceeding." But the Federal Circuit also determined that the plain language of the statute grants discretion to the Board to proceed to a final written decision, even if no petitioner remains in the proceeding.

The Federal Circuit held, here, that the motions to terminate were untimely. At the time the motions were filed, the Board had already "decided the merits" of the proceedings by having issued final written decisions over a year earlier. "Although the final written decisions had been vacated for a time period …, that vacatur itself was vacated by the Supreme Court."

The Federal Circuit also held that it was not arbitrary for the Board to decline to terminate, and instead to continue the IPRs. The court was not persuaded by Polaris's argument that similar motions were granted in other proceedings before the Board. In those other proceedings, the Board considered the motions and terminated the proceedings while the original final written decisions were vacated. The court notes that Polaris did not point to any authority that the Board was required to act on the motions within any particular time frame. And, that the "disparity in timing" is not the sort of arbitrariness that the "arbitrary [and] capricious" standard of 5 U.S.C. § 706(2)(A) is designed to protect against.

The Federal Circuit, thus, affirmed the Board's determination that termination was inappropriate.