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Client Alert

Supreme Court Holds That PTAB Time-Bar Rulings Are Non-Appealable

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In *Thryv, Inc. v. Click-to-Call Technologies, LP* the Supreme Court held, 7-2, that patent owners cannot appeal determinations by the Patent Trial and Appeal Board (PTAB) declining to apply the time-bar of 35 U.S.C. § 315(b). This means that patent owners who are contesting a PTAB decision to institute *inter partes* review (IPR) on grounds that the petitioner is time-barred will not be able to seek review of that determination on appeal before the Federal Circuit.

Thryv joins two prior Supreme Court decisions that address the breadth and applicability of the appeal bar of 35 U.S.C. 314(d), *Cuozzo Speed Technologies, LLC v. Lee* (2016) and *SAS Institute Inc. v. Iancu* (2018). In attempting to reconcile these prior rulings, *Thryv* crafts a fine distinction between challenges to “the manner in which the agency’s review ‘proceeds’ once instituted” and challenges to “whether the agency should have instituted review at all.” We expect this distinction to frame the battleground on similar questions that arise in the future.

While the holding in *Thryv* shifts power to the PTAB in terms of deciding what will trigger the § 315(b) time-bar and what will not, there is much guidance already in existence that should give parties an established framework for navigating § 315(b) challenges going forward.

The Question Presented

Section 315(b) of the statute governing IPRs provides that that the Director may not institute an IPR if the petition is filed “more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent.” The time-bar is not limited to the petitioner but can be triggered by complaints served on privies of the petitioner and real parties in interest to the IPR. Section 314(d), in turn, provides that “[t]he determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.”

The question presented in *Thryv* was whether the appeal bar of § 314(d) precludes a patent owner from appealing the PTAB’s determination that a petition is timely under § 315(b).

Justice Ginsburg’s Majority Opinion

Justice Ginsburg, writing for the seven-member majority, found that § 314(d) bars review of the PTAB’s § 315(b) determinations. The majority concluded that this result follows directly from the language of § 314(d), which “indicates that a party generally cannot contend on appeal that the agency should have refused ‘to institute an inter partes review.’” The majority also relied on the Court’s holding in *Cuozzo* that § 314(d) “bars review at least of matters ‘closely tied to the application and interpretation of statutes related to’ the institution decision.” The majority held that a determination that a petition is timely under § 315(b) “easily meets that measurement”

because it is “integral to, and indeed a condition on, institution.”

The majority rejected Click-to-Call’s reliance on the Court’s decision in *SAS Institute Inc. v. Iancu*, which had held that the PTAB’s application of § 318(a)—requiring the PTAB to decide the patentability “of any patent claim challenged by the petitioner”—was reviewable notwithstanding § 314(d). SAS’s reviewability holding was “inapplicable,” the majority held, because “Click-to-Call’s appeal challenges not the manner in which the agency’s review ‘proceeds’ once instituted, but whether the agency should have instituted review at all.”

Finally, the majority rejected Click-to-Call’s argument that the appeal bar of § 314(d) was inapplicable because “[t]he Board’s final written decision addressed the § 315(b) issue.” The majority explained that, “[b]ecause § 315(b)’s sole office is to govern institution . . . Click-to-Call’s contention remains, essentially, that the agency should have refused to institute inter partes review,” and, consequently, “§ 314(d) makes that contention unreviewable.”

In a portion of the opinion not joined by Justices Thomas and Alito, the majority stated that the “AIA’s purpose and design reinforce[d] [its] conclusion.” The majority reasoned that allowing appeals of time-bar determinations following a determination of unpatentability would “wast[e] the resources spent resolving patentability and leav[e] bad patents unenforceable.” The majority also noted that, because § 315(b) operates on a petitioner-by-petitioner basis, it does not bar IPR of a given patent outright. Rather, the agency is still free to institute IPR “at another petitioner’s request.” This, the majority concluded, indicates that the statutory scheme is designed to “elevat[e] resolution of patentability above a petitioner’s compliance with § 315(b).”

Justice Gorsuch’s Dissent

Justice Gorsuch, joined in part by Justice Sotomayor, dissented. Justice Gorsuch would have held that § 314(d) bars review *only* of a “determination discussed *within* § 314” because it refers to a decision “to institute an inter partes review *under this section*.” Any other conclusion, he reasoned, would render the “under this section” language of the statute superfluous. Moreover, he concluded, even if there were “some doubt about the reach of § 314(d),” it would not be sufficient to overcome the presumption in favor of judicial review of administrative action.

Justice Gorsuch also viewed his reading of § 314(d) as compelled by SAS, which—according to Justice Gorsuch—held that “§ 314(d) precludes judicial review *only* of the Director’s initial determination under § 314(a)” that the petitioner had shown a reasonable likelihood of prevailing with respect to at least one challenged claim. The majority concluded that this statement from SAS was an “incomplete” characterization of § 314(d)’s reach.

Finally, in a separate section not joined by Justice Sotomayor, Justice Gorsuch reiterated the position taken in his dissenting opinion in *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*, that the IPR system is unconstitutional because only a court—not an administrative agency—may invalidate an already-issued patent. Justice Gorsuch’s dissent suggests a measure of hostility toward the IPR regime; at various points in his opinion, he notes IPRs’ reputation as “a particularly efficient new way to ‘kill’ patents” and suggests that, post-AIA, “[a]n issued patent” is now “nothing more than a transfer slip from one agency to another.”

Implications and Open Questions

It is now clear that PTAB time-bar decisions are final and non-reviewable on appeal to the Federal Circuit which, since its en banc decision in *Wi-Fi One v. Broadcom*, had intervened on multiple occasions to reverse the agency on its interpretation and application of § 315(b).

Thryv also reaffirms *Cuozzo*’s holding that § 314(d) bars review not only of the determination that the petitioner is reasonably likely to prevail on the merits, but also of matters “closely tied to the application and interpretation of statutes related to” the institution decision. In doing so, *Thryv* rejects any suggestion that SAS modified or overruled this aspect of *Cuozzo*.

Questions remain, however. For example, the *Thryv* majority declined to foreclose mandamus jurisdiction “in an extraordinary case,” but made no suggestion as to what an “extraordinary” case might look like. *Thryv* leaves that question—and others like it—open.

The *Thryv* majority’s distinction of SAS—on the ground that Click-to-Call was not challenging “the manner in which the agency’s review ‘proceeds’ once instituted”—may also give rise to further questions. Many parties may ask: what is the difference between a challenge to the

“manner of proceeding” and a challenge to “whether the agency should have instituted review at all”? In this regard, PTAB practitioners should pay particular attention to the way in which the PTAB and the Federal Circuit begin to apply this distinction in the coming months.

We will be closely monitoring this going forward and will provide further updates.

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