

Client Alert: IPR Institution Decisions are not (Entirely) Immune from Appeal

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The U.S. Court of Appeals for the Federal Circuit recently opened the door to reviewing one aspect of decisions to institute Inter Partes Review (IPR) under the America Invest Act (AIA). In *Wi-Fi One, LLC v. Broadcom Corp.*, No. 15-1944 (Fed. Cir. Jan. 8, 2018), the Federal Circuit held *en banc* that the twelve-month time-bar determinations under 35 U.S.C. §315(b) are subject to judicial review in spite of the statement in 35 U.S.C. §314(d) that decisions to institute IPR are “final and nonappealable.”

In 2010, Wi-Fi One's predecessor sued multiple parties for patent infringement. Although not a defendant in that litigation, Broadcom filed multiple IPR petitions against the asserted patents in 2013. Wi-Fi One argued that Broadcom was in privity with the prior defendants, and that the §315(b) time bar prohibited the patent office from instituting review of any of the previously asserted patents. The patent office denied a request for discovery, instituted the review, and ultimately found the challenged claims unpatentable. The patent office also found that Wi-Fi One had not shown Broadcom was in privity with the prior defendants, and, therefore, the §315(b) time bar did not prohibit the review. A Federal Circuit panel upheld the patent office decision, and Wi-Fi One petitioned for an *en banc* rehearing.

Although §314(d) states that decisions to institute IPR are “final and nonappealable,” this prohibition is not absolute. In *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016), the United States Supreme Court analyzed this prohibition and determined that §314(d) applies to claims that are **closely related** to the patent office's decision to institute an IPR review. The Supreme Court began by recognizing the “‘strong presumption’ in favor of judicial review.” In *Cuozzo*, a patent owner challenged the sufficiency of the IPR petition, namely, whether the petition identified with particularity the challenged claims and the grounds and evidence for each challenged claim in compliance with §312(a)(3). The Supreme Court held this challenge was prohibited because the patent holder “merely challenges the patent office's ‘determin[ation] that the information presented in the petition ... shows that there is a reasonable likelihood’ of success....”

The Supreme Court, however, declined to decide the full bounds of which challenges are “closely related” to the institution decision. For example, the Supreme Court expressly did not “decide the precise effect of §314(d) on appeals that implicate constitutional questions, that depend on other less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond [Section 314].” The Supreme Court also noted that review may not be prohibited when the IPR “petition fails to give ‘sufficient notice’ such that there is a due process problem” or where the patent office “act[s] outside its statutory limits by, for example, canceling a patent claim for ‘indefiniteness under §112’ in inter partes review.”

In *Wi-Fi One*, the Federal Circuit seemingly took up the Supreme Court’s invitation and found that the §315(b) time-bar determination was not closely related to the institution decision and is, therefore, reviewable. The Federal Circuit examined the IPR statutory scheme and found no “clear and convincing” indication of Congressional intent to prohibit judicial review of the time-bar determination. Applying *Cuozzo*, the Federal Circuit noted the importance of the discretion afforded to the patent office in connection with institution decisions. The Federal Circuit stated that “§315 controls the Director’s authority to institute IPR that is unrelated to the Director’s preliminary patentability assessment or the Director’s discretion not to initiate an IPR even if the threshold ‘reasonable likelihood’ is present.” “The [Supreme] Court’s statement of its holding thus strongly points towards unreviewability being limited to the Director’s determinations closely related to the preliminary patentability determination or the exercise of discretion not to institute.”

The Federal Circuit contrasted the time-bar determination of §315(b) with the §312(a)(3) petition requirement at issue in *Cuozzo*. Whereas §312(a)(3) addresses the sufficiency of the content of the petition and directly relates to the patent office’s preliminary assessment of patentability, the time-bar determination is a statutory limit on the patent office’s authority: “The time bar is not merely about preliminary procedural requirements that may be corrected if they fail to reflect real-world facts, but about real-world facts that limit the agency’s authority to act under the IPR scheme.”

Based upon these differences, the Federal Circuit concluded that the §315(b) time-bar determination is reviewable. Notably, *Wi-Fi One* is not the first case in which the Federal Circuit chipped away at the prohibition on review of AIA institution decisions. In *Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1049-51 (Fed. Cir. 2017) the Federal Circuit held that a similar nonappealability provision with respect to post-grant review, 35 U.S.C. §324(e), does not preclude review of an estoppel determination under 35 U.S.C. §325(e)(1)).

PRACTICE NOTE

The *Wi-Fi One* decision provides patent owners the option to challenge time-bar determinations made as part of an IPR institution decision. More broadly, however, *Wi-Fi One* highlights the continual refinement of the review procedures introduced by the America Invents Act more than five years ago. As the courts wrestle with which challenges to an AIA review institution decision are “closely related” enough to the preliminary patentability determination to be barred from review, neither petitioners nor patent owners should take for granted that an AIA review institution decision is final and nonappealable.