



Supreme Court to Address No-Appeal Provision for Patent Challenges

December 4, 2019

In 2011, Congress enacted major patent reform in the [Leahy-Smith America Invents Act](#) (AIA). The AIA, among other things, created [inter partes review](#) (IPR), an adversarial procedure during which the U.S. Patent & Trademark Office's (PTO's) Patent Trial & Appeal Board (PTAB) reviews the validity of issued patents. IPR allows any person, other than the patentee, to [petition](#) the PTAB for review. After receiving a petition, the PTAB may institute review if it [determines](#) that "there is a reasonable likelihood that the petitioner would prevail." Under [35 U.S.C. § 314\(d\)](#) (the so-called "no-appeal provision"), moreover, the PTAB's determination to institute IPR "under this section shall be final and nonappealable." In *Thryv, Inc. v. Click-To-Call Technologies, LP*, the Supreme Court is expected to [address](#) the breadth of the no-appeal provision; specifically, whether a party may appeal the PTAB's determination that an IPR is not time-barred. The decision in *Click-to-Call* may have considerable implications both for the scope of the PTAB's authority and the role of IPRs in invalidating incorrectly issued patents.

Legal Background

Inter Partes Review

Under [35 U.S.C. § 311](#), any person, other than the patentee, may [petition](#) the PTAB to review a patent's validity. The petitioner may assert, for example, that the patented invention would have been [obvious](#), and thus a patent should not have been issued. The patent owner may then [file](#) a preliminary response. The PTAB then [decides](#), based on the petition and preliminary response, whether "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the [patent] claims challenged in the petition." If the PTAB [determines](#) that there is a reasonable likelihood that the petitioner will prevail, it may formally institute IPR.

In addition to demonstrating a reasonable likelihood of success on the merits, the petition must also meet a number of [procedural requirements](#). For example, the petitioner [must](#) identify all real parties-in-interest; identify the challenged patent claims and the grounds for the challenge "with particularity"; and pay a fee set by the PTO. The petitioner also must [establish](#) that the petition is not time-barred under [35 U.S.C. § 315\(b\)](#), which provides that an IPR may not be instituted if the petition "is filed more than 1 year after

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LSB10374

the date on which the petitioner . . . is served with a complaint alleging infringement of the patent.” Under [section 314\(d\)](#), the PTAB’s “determination . . . whether to institute an inter partes review . . . [is] final and nonappealable.”

If the PTAB formally institutes IPR, the PTAB conducts a streamlined administrative proceeding to adjudicate the validity issues presented in the petition. During the IPR proceedings, the parties [file](#) further arguments, and the patent owner may [move](#) to amend the patent. The PTAB then [holds](#) a hearing and [issues](#) a final written decision explaining whether the challenged patent claims are valid.

Appeal of the Decision to Institute IPR Proceedings

Cuozzo Speed Technologies, LLC v. Lee

Parties have been [litigating](#) the scope of the no-appeal provision since IPR first became available. In fact, the first Supreme Court decision to address IPR, *Cuozzo Speed Technologies, LLC v. Lee*, [involved](#) the scope of the no-appeal provision. *Cuozzo*, a patent owner, [argued](#) that the PTAB had improperly instituted IPR because it eventually invalidated certain patent claims on bases only implicitly raised in the petition. Thus, *Cuozzo* argued, the petition had not identified the challenged claims or grounds “with particularity” as required by [35 U.S.C. § 312\(a\)\(3\)](#).

The Supreme Court [held](#) that the no-appeal provision rendered the PTAB’s decision to institute on those bases nonappealable. While the Supreme Court [recognized](#) a “‘strong presumption’ in favor of judicial review” that could only “be overcome by ‘clear and convincing’ indications” from Congress, it [held](#) that the language in [section 314\(d\)](#) met that standard. To hold otherwise, the Court [reasoned](#), would undercut the congressional objective of allowing the PTO to revisit patentability determinations. Specifically, the Court [doubted](#) that Congress would have given the PTO these review powers if it “thought that the agency’s final decision could be unwound under some minor statutory technicality related to its preliminary decision to institute [IPR].”

Nevertheless, the Supreme Court [indicated](#) that [section 314\(d\)](#)’s scope is not boundless. In particular, the Court [cautioned](#) that the no-appeal provision “applies where the grounds for attacking the decision to institute [IPR] consist of questions that are closely tied to the application and interpretation of statutes related to the” decision to institute. Thus, the Court [stated](#) that it was not deciding whether the no-appeal provision would apply to “appeals that implicate constitutional questions, that depend on less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond ‘this section.’” The Court also [indicated](#) that “shenanigans” where the PTAB acted beyond its statutory jurisdiction would be reviewable.

Wi-Fi One, LLC v. Broadcom Corp.

In its en banc decision in *Wi-Fi One, LLC v. Broadcom Corp.*, decided after *Cuozzo*, the U.S. Court of Appeals for the Federal Circuit (Federal Circuit) held that, despite the no-appeal provision, parties may challenge a PTAB’s decision that a petition was not time-barred. Specifically, the Federal Circuit [determined](#) that there was no clear and convincing indication in [section 314\(d\)](#), the statutory structure of the AIA, or its legislative history that demonstrated congressional intent to insulate the time-bar from appeal. In the Federal Circuit’s view, *Cuozzo*’s limitation of the no-appeal provision to “closely related” statutes meant statutes closely related to the threshold [determination](#) whether the petitioner had a reasonable likelihood of prevailing. The court [reasoned](#) that unlike other statutory provisions detailing procedural requirements (including [section 312\(a\)\(3\)](#), which was held to be unreviewable in *Cuozzo*), the time-bar did not relate to that threshold determination. Instead, the Federal Circuit [concluded](#) that the time-bar limited the PTAB’s authority to review a patent, and thus was “precisely the type of issue that courts have historically reviewed.”

Judge Todd Hughes, joined by three other judges, [dissented](#) on the basis that the majority’s reading of the no-appeal provision was too narrow and was contradicted by *Cuozzo*. In the minority’s [view](#), section 314(d)’s statement that “[t]he determination . . . whether to institute” IPR is “final and nonappealable” meant that all aspects of the institution decision, including the time-bar, could not be appealed. The dissent further [contended](#) that the time-bar is “closely related” to the decision to institute because it is part of that decision. The minority also [argued](#) that appeal of the time-bar could implicate and allow the review of other issues that were not separately appealable, such as section 312(a)(2)’s [requirement](#) that a petitioner identify the real party-in-interest. Finally, the dissent [asserted](#) that allowing review of the time-bar would allow a patent owner to unwind the PTAB’s invalidation of a patent on a “minor statutory technicality related to its preliminary decision to institute,” in contravention of *Cuozzo*.

Thryv, Inc. v. Click-To-Call Technologies, LP

Click-To-Call raised the issue whether the [filing](#) of a complaint that was later dismissed voluntarily without prejudice started the time-bar period. The PTAB [held](#) that such a complaint did not implicate the time-bar, and invalidated the challenged patent claims. The Federal Circuit disagreed, [holding](#) that a voluntarily dismissed complaint begins the time-bar period. The court therefore [set aside](#) the PTAB’s decision invalidating the patent claims and ordered the PTAB to dismiss the IPR.

The petitioner [sought](#) Supreme Court review of: (1) whether the no-appeal provision permits appeal of the PTAB’s application of the time-bar; and (2) whether a dismissal without prejudice started the section 315(b) clock. The Supreme Court [granted](#) certiorari, limited to the first question, on June 24, 2019.

Arguments Before the Supreme Court

The arguments raised in the briefing filed with the Supreme Court largely track the arguments between the majority and dissent in *Wi-Fi One*. Echoing Judge Hughes’s dissent, Thryv [contends](#) that section 315(b) “specifies when an IPR ‘may not be instituted,’” and the no-appeal provision specifically bars review of the decision to institute. Thus, because section 315(b) states a condition for institution, Thryv [argues](#), the no-appeal provision bars appellate review. Moreover, Thryv [continues](#), a similar no-appeal provision in a [statute](#) governing another PTO review procedure explicitly limits the appealability bar to a particular section; this shows that Congress knows how to write more limited no-appeal provisions when it intends to do so. That Congress instead enacted a broad no-appeal provision for IPR, Thryv [argues](#), indicates that the Federal Circuit’s narrow reading is incorrect.

Thryv further [contends](#) that under *Cuozzo*, the time-bar is not reviewable and does not fall within any of *Cuozzo*’s exceptions. Accordingly, to Thryv, *Wi-Fi One*’s narrow reading of the no-appeal provision is inconsistent with *Cuozzo*. Finally, Thryv [argues](#) that allowing review of the time-bar is inconsistent with IPR’s overall purpose of providing a quick, efficient process to adjudicate patent validity because it would allow a conclusion of patent invalidity to be set aside for a procedural defect after more than two years of litigation, while allowing continued enforcement of an invalid patent. The U.S. government intervened when the case was before the Federal Circuit, and [filed](#) a brief in the Supreme Court agreeing that the Federal Circuit’s decision should be reversed for essentially the same reasons Thryv advances. The government also [emphasizes](#) that the no-appeal provision is broader than no-appeal provisions that Congress enacted in governing past PTO administrative reviews.

Click-To-Call [responds](#) that barring review of the time-bar effectively gives the PTAB unreviewable power to define the scope of its own jurisdiction, and that the language of section 314(d) does not overcome the strong [presumption](#) of judicial review. Click-To-Call [contends](#) that the no-appeal provision is limited to determinations “under this section”—that is, determinations under section 314. (Click-To-Call [argues](#) that the section 312(a)(3) determination held nonappealable in *Cuozzo* was in essence a challenge to the PTAB’s section 314 determination.) As such, because the time-bar falls under section

315, Click-To-Call [argues](#) that the no-appeal provision cannot apply. If Congress intended for the no-appeal provision to apply to the time-bar, Click-To-Call [continues](#), Congress would have used the language “under this *chapter*,” as it did in other sections of the IPR statute.

Click-To-Call further [contends](#) that while the no-appeal provision forecloses review of the PTO’s discretion, the section 315(b) time-bar is mandatory, not discretionary. While the PTO has expertise in making the kind of patent validity determinations that fall within the decision to institute, Click-To-Call [argues](#) that the PTO does not have the same level of expertise in the kinds of issues that underlie the time-bar determination. Finally, Click-To-Call [argues](#) that, even if a PTAB final decision invalidating a patent is set aside due to the time-bar, the decision will still have persuasive force in other proceedings.

Implications for Congress

The central question in *Click-To-Call* is one of congressional intent: whether Congress intended for section 314(d) to bar appeals of the PTAB’s determination whether section 315(b)’s time-bar applies. Accordingly, the decision may raise questions regarding whether the law is being enforced as Congress intended. Should Congress disagree with the outcome in *Click-To-Call*, it could choose to abrogate the decision statutorily by clearly indicating whether the time-bar is appealable. For example, the [STRONGER Patents Act of 2019](#), a bill introduced in the 116th Congress, would [amend](#) the IPR statute so that the no-appeal provision would explicitly apply only to the threshold determination whether it is reasonably likely that the petitioner will prevail.

A holding that the time-bar determination is appealable could have considerable implications for IPR. Allowing appeal of the time-bar may [raise](#) the possibility that the PTAB’s patent invalidation will be set aside because the Federal Circuit disagrees with the PTAB’s time-bar conclusion. One amicus, for example, is [facing](#) “a new patent damages trial with more than \$100 million at stake” after the Federal Circuit set aside the PTAB’s invalidation of a patent based on time-bar issues. Moreover, parties [expend](#) significant resources litigating IPRs. Patent challengers contend that those resources would be wasted if the IPR could be later dismissed on appeal due to time-bar issues, thereby [arguably](#) frustrating the congressional purpose of IPR: providing a faster, more affordable alternative to district court litigation.

Patent owners, however, [contend](#) that reviewing time-bar determinations provides an important check on the PTAB’s power, and the PTO more generally. To the extent that application of the time-bar results in IPR dismissals where patent claims were invalidated, supporters of appellate review [contend](#) that, because those IPRs were time-barred, they should not have been instituted in the first place. Under this view, appealability may [uphold](#) the balance Congress created in the AIA and help to protect the significant investment needed to receive a patent in the first place.

Click-To-Call is set for argument before the Supreme Court on December 9, 2019.

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