

CLIENT ALERT

U.S. Supreme Court Rules that Time-Bar Decisions Are Not Appealable in Patent Office *Inter Partes* Review Proceedings

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In *Thryv, Inc. v. Click-to-Call Technologies, LP*, No. 18-916 (Apr. 20, 2020), the Supreme Court ruled that Patent Trial and Appeal Board (“PTAB” or the “Board”) determinations of whether the one-year time bar of 35 U.S.C. § 315(b) applies to block a petition for *inter partes* review (“IPR”) are not appealable.

In a 7 to 2 decision written by Justice Ginsburg, the Court held that § 314(d)’s bar on judicial review of PTAB institution decisions precludes this appeal. The Court concluded that the PTAB’s application of § 315(b)’s time limit is “closely related” to its decision to institute IPR proceedings under § 314(a) and is therefore rendered nonappealable by § 314(d), which states that institution decisions are “final and nonappealable.” Below is our summary of the case and a discussion of the possible implications of this decision on PTAB practice going forward.

Case Background

The facts of this case extend back to 2001, when the patent-at-issue (the “836 patent”) was first asserted against Keen, Inc. in an infringement suit filed by Inforocket.com. Keen then merged with Inforocket in 2003, becoming Ingenio, Inc., and voluntarily dismissed the case without prejudice. In 2011, Click-to-Call Technologies, L.P. acquired the ’836 patent and asserted it against various defendants the following year; including, Ingenio, which is now Thryv, Inc.

In 2013, Thryv filed an IPR petition against the ’836 patent, and Click-to-Call challenged the petition under § 315(b), arguing that it was time-barred because Keen, Thryv’s predecessor, had been served with a complaint “alleging

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infringement of the patent” more than one year before the petition was filed. The PTAB rejected Click-to-Call’s time-bar argument and permitted Thryv to challenge the ’836 patent, ultimately finding all challenged claims unpatentable in an October 2014 final written decision.

On appeal, the Federal Circuit disagreed, however, holding that the 2001 infringement suit filed against Keen *did* trigger the one-year limitations period set by § 315(b) in view of its previous decision in *Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015), *cert. dismissed*, 136 S. Ct. 998 (2016).

The appeal first reached the Supreme Court in June 2016, when it was remanded for further proceedings consistent with the Court’s decision in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016). Later that year, the Federal Circuit dismissed the case for a second time on the same grounds in light of its decision in *Wi-Fi One, LLC v. Broadcom Corp.*, 837 F.3d 1329 (Fed. Cir. 2016), which held that *Cuozzo* did not overrule *Achates*. After Click-to-Call requested *en banc* review, but before issuing a decision, the Federal Circuit reversed course on its position in *Wi-Fi One* and expressly overruled *Achates* *en banc*, concluding that “§ 315(b) 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 [required under § 314(a)] is present.” *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1373 (Fed. Cir. 2018) (*en banc*) (internal quotations omitted). In that case, a concurring opinion written by Judge O’Malley touted a simpler explanation: that § 314(d) shields from review only the agency’s assessment of a petition’s “substantive adequacy,” not questions about the agency’s “authority to act.” *Id.* at 1376.

In light of its *en banc* decision in *Wi-Fi One*, the Court of Appeals treated the PTAB’s application of the time bar under § 315(b) as subject to judicial review and held that the Board erred by instituting IPR proceedings. *Click-to-Call Technologies, L.P. v. Ingenio, Inc.*, 899 F.3d 1321 (Fed. Cir. 2018). In the Federal Circuit’s view, Thryv’s IPR petition was untimely because the 2001 infringement complaint filed against its predecessor-in-interest triggered the one-year limitations period under § 315(b), despite the parties having stipulated to voluntary dismissal without prejudice. The Federal Circuit therefore vacated the Board’s final written decision, which had invalidated all of the challenged claims, and remanded with instructions to dismiss.

U.S. Supreme Court Decision

Thryv thereafter appealed to the U.S. Supreme Court, arguing that § 315(b) time-bar determinations are not sufficiently detached from the institution decision itself to properly allow for Federal Circuit review on appeal, and that the Leahy-Smith America Invents Act clearly expresses congressional intent to that end. On the other hand, Click-to-Call maintained that Thryv’s position was “extraordinary” and would tip the balance-of-powers scale too heavily in favor of the executive branch, stripping the judiciary of any appellate oversight of PTAB time-bar determinations—an important issue with constitutional implications as it involves a determination by PTAB, an executive agency, on the limits and proper

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application of its own executive power in regards to the institution of IPR proceedings that could result in (and indeed are aimed at) the withdrawal of a patent grant.

The Court vacated the Federal Circuit's judgment and remanded with instructions to dismiss for lack of appellate jurisdiction. The Court held that time-bar determinations "easily" fall within the "measurement" expressed in *Cuozzo* for assessing the proper scope of § 314(d)'s appeal bar, that judicial review is improper for matters that are "closely tied" to the Director's congressionally authorized discretion in determining whether to institute IPR proceedings because § 315(b) "expressly governs institution and nothing more." *Thryv*, No. 18-916, slip op. at 7–8. The Court thereby reaffirmed its holding in *Cuozzo*, emphasizing that the appeal bar is not limited to the agency's application of § 314(a). A portion of the majority opinion that was joined by only five Justices further emphasized that IPR proceedings were created to "weed out bad patent claims efficiently," and concluded that allowing appeals of PTAB time-bar decisions "would tug against that objective, wasting the resources spent resolving patentability and leaving bad patents enforceable." *Id.* at 8–9. Also, it is worth noting that the Court did not review the Federal Circuit's conclusion that a complaint voluntarily dismissed without prejudice can trigger § 315(b)'s time bar; that determination, under Monday's ruling, is reserved for the PTAB to make.

Possible Implications

This decision could have specific effects in a relatively narrow range of cases in which the time-bar issue is hotly contested, such as when there was prior litigation involving related parties and the relevant patents. The most notable short-term effect of the decision will likely be more PTAB precedential and informative decisions on § 315(b) and the related time-bar issues.

As a policy matter, the facts of the present case provide an illustrative representation of the competing considerations implicated by the decision. After instituting IPR proceedings, which should not have occurred in the Federal Circuit's view, the PTAB invalidated all of the challenged claims.

On the one hand, some petitioners would contend that allowing for appellate review of every issue related to an IPR proceeding is wasteful and fails to realize the efficiency gains made possible by post-grant administrative review. Moreover, some petitioners may contend that allowing invalidated claims to continue to confer market exclusivity because the IPR petition was found to be untimely on appeal has fundamental fairness issues. On the other hand, some patent owners may believe that this decision eliminates an important "check" on the PTAB's exercise of executive authority.

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