

Full Federal Circuit Holds IPR Time-Bar Determinations Appealable

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On Monday the Federal Circuit Court of Appeals issued an *en banc* decision on an important issue: If a party files a petition for *Inter Partes* Review (an "IPR") before the Patent Trial and Appeal Board, and the Board decides the petition is or is not time-barred, can either party seek review of that determination? The Federal Circuit now says yes.

In *Wi-Fi One v. Broadcom Corp.*, No. 15-1944 (Fed. Cir. Jan. 08, 2018), the *en banc* Court overturned a prior panel decision^[1] that such determinations are final and nonappealable under 35 U.S.C. § 314(d). Monday's decision impacts parties considering filing IPRs and those whose patents have been challenged in IPR proceedings. Where previously the institution or non-institution of an IPR proceeding by the Board was likely to be the only point in time at which the time-bar issue was considered, it may now be brought to the Federal Circuit on appellate review.

IPRs are a route to administratively challenge the validity of a patent. Created in 2011, the proceedings are the subject of a great deal of interest to parties that rely on patent protection or face patent enforcement actions. The ability to bring an IPR is subject to a one-year time-bar if there is litigation pending between the parties. Specifically, "[a]n inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the [party] is served with a complaint alleging infringement of the patent." 35 U.S.C. §315. Litigants have disputed when the one year clock runs, including what constitutes service and under what circumstances the expiration of the one year period against one defendant can bar another.

Correctly predicting the outcome of a dispute over the time-bar might take on increased importance given the "no appeal" rule of the Section 314(d). That section says that "[t]he determination by the Director [of the United States Patent and Trademark Office] whether to institute an inter partes review under this section shall be final and nonappealable."

A panel of the Federal Circuit first addressed the interplay between these two provisions in 2015. In that case, the patent owner argued that the Board acted outside of its statutory authority when it canceled certain patent claims through IPR because the petition for IPR was time-barred under § 315(b). *Achates*, 803 F.3d at 653. The court rejected that argument, holding that § 314(d) prohibits the Federal Circuit from

reviewing time-bar decisions under § 315(b). The following year, the Supreme Court addressed a challenge to the no appeal rule on an issue other than the time-bar. In *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016) the Supreme Court found the issue in that case—whether the Board properly instituted an IPR having considered arguments not directly presented in the original petition—was not appealable, but some issues related to institution might be. To the majority in *Wi-Fi One*, the Supreme Court's decision in *Cuozzo* as to what might be appealable meant that time-bar determinations could be appealed.

In Monday's case, Broadcom had filed three separate petitions for IPR in 2013 related to patents transferred to Wi-Fi One, LLC (Wi-Fi One) by Telefonaktiebolaget LM Ericsson (Ericsson). Well before this, in 2010, Ericsson had filed a complaint for infringement against multiple defendants, none of which was Broadcom. That case progressed to a jury trial in the United States District Court for the Eastern District of Texas, where the jury ultimately found that the defendants liable for infringement. Based on this prior litigation, Wi-Fi One challenged Broadcom's petition for IPR, arguing that Broadcom was in privity with defendants in the 2010 litigation. Wi-Fi One contended that the petition for IPR was time-barred because the patent's previous owner had asserted infringement against defendants that were in privity with the petitioner more than one year prior to filing the petition. The Board found that Broadcom was not in privity with the defendants to the 2010 action, so the petition was not time-barred and it instituted IPR on the challenged claims. Ultimately, the Board issued a final written decision finding the challenged claims unpatentable. Wi-Fi One appealed the final written decision to a panel of the Federal Circuit Court, which rejected the time-barred argument, holding that challenge to be unreviewable under *Achates*. *Wi-Fi One, LLC v. Broadcom Corp.*, 837 F.3d 1329, 1333 (Fed. Cir. 2016).

In reversing this decision *en banc*, the full court focused on the "strong presumption" favoring judicial review of administrative actions. See *e.g. Cuozzo*, 136 S. Ct. at 2140. The majority cited prior Supreme Court decisions indicating "if a statute is 'reasonably susceptible' to an interpretation allowing judicial review, we must adopt such an interpretation." It found no clear and convincing evidence demonstrating that Congress intended to prohibit such review. Most importantly, the majority read the language in § 314(d) to mean that its application extended only to determinations "under this section;" in other words, under § 314 exclusively. The majority went on to draw distinctions between the time-bar determination in § 315(b) and the merits determinations in the other subsections of § 314, finding that the former is not "closely related" to the later under the approach outlined in *Cuozzo*. It interpreted *Cuozzo* to hold that unreviewability is limited to the Board's determinations that are closely related to those defined in § 314. Therefore, the time-bar in § 315 is not subject to § 314(d)'s bar on judicial review. The majority also went on to say that enforcing statutory limits on an agency's authority to act has historically been a role of the courts, and the Board's ability to institute IPR should be no exception.



Judge O'Malley filed a concurrence to the decision noting that the non-appealability provision of § 314(d) applies to "the Director's assessment of the substantive adequacy of a timely filed petition," which is not implicated by the time-bar. Judge Hughes, joined by Judges Lourie, Bryson and Dyk issued a strong dissent arguing that the majority view is inconsistent with both *Cuozzo* and the plain meaning of the statute because § 314(d)'s bar on appeals is "clear and unmistakable."

The Board's approach to the time-bar issue may change in light of Monday's decision: Where before the Board did not typically reverse its time-bar determination from the institution phase in its final written decision phase, it may be more inclined to do so now that those decisions are subject to Federal Circuit review. Availability of appellate review may also foster a more consistent approach to time-bar issues like what constitutes service and parties affected by the time-bar.

If you have any questions regarding this alert, please contact your Lathrop Gage attorney or the attorneys listed above.

[1] *Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652, 658 (Fed. Cir. 2015).