U.S. Supreme Court Holds That Court Cannot Review PTAB Timeliness Decisions In Inter Partes Review

by William M. Jay

The United States Supreme Court yesterday narrowed the scope of judicial review of proceedings before the Patent Trial and Appeal Board (PTAB). In a 7-2 decision in *Thryv, Inc. v. Click-to-Call Technologies, LP*, the Court disagreed with the Federal Circuit and held that the PTAB's decision on whether a petition for inter partes review is timely is not judicially reviewable. The decision may cause the Federal Circuit to rethink whether it can review other threshold decisions in PTAB proceedings.

The PTAB conducts several types of contested proceedings to review issued patents: inter partes review (IPR), post-grant review (PGR), and covered business method review (CBM). When a petitioner seeks to challenge a patent in one of those proceedings, the Director of the Patent and Trademark Office makes an initial decision about whether to institute a proceeding. The Director has delegated that institution power to the PTAB.

The institution decision includes consideration of the merits of the petition — for example, an IPR may not be instituted unless "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." The institution decision also typically includes consideration of procedural issues, such as timeliness. For example, a defendant who is sued for patent infringement may not challenge the patents-in-suit in an IPR more than one year after service of the complaint.

Although the PTAB's final decision to cancel or uphold a patent is appealable to the Federal Circuit, *institution* decisions are shielded from judicial review by statute: Congress has provided that "[t]he determination by the Director whether to institute [one of these proceedings] shall be final and nonappealable." The issue before the Supreme Court was how broadly that statute applies: does it only bar review of the question whether the petitioner is likely to prevail? Or does it also bar review of the timeliness decision?

In a previous en banc decision, *Wi-Fi One, LLC v. Broadcom Corp.*, the Federal Circuit had concluded that timeliness decisions are not shielded from judicial review.

Thryv petitioned the PTAB to institute an IPR of Click-to-Call's patent. Thryv's predecessor had been sued on that patent more than one year before filing the petition, but that decision was resolved and dismissed without prejudice. The PTAB concluded that complaints dismissed without prejudice do not count for purposes of the time bar. The federal government now admits that legal interpretation was wrong, as the Federal Circuit held. Therefore, if the timeliness ruling were judicially reviewable, Click-to-Call would prevail.

In an opinion by Justice Ruth Bader Ginsburg, the Supreme Court held that timeliness decisions fall within the bar on judicial review of an institution decision. The "time limitation is integral to, indeed a condition on, institution," the Court held. Indeed, the relevant statute "expressly governs institution and nothing more." Therefore, the Court concluded that a contention that the IPR petition was untimely "is a contention that the agency should have refused 'to institute an inter partes review,'" and such a contention is not reviewable on appeal. That is so, the Court added, even if the PTAB also discusses the timeliness question in its eventual final written decision: "even labeled as an appeal from the final written decision, [an] attempt to overturn the [timeliness] ruling is still barred."

Click-to-Call had argued that only the "reasonable likelihood" decision is shielded from review. The Supreme Court rejected that argument, noting that it had previously applied the appeal bar to another threshold issue — one that, like timeliness, is "closely related" to the institution decision, but that goes beyond just "reasonable likelihood."

The Court firmly rejected any policy rationale for allowing judicial review of these decisions. Because an error in instituting an IPR will matter only if the PTAB cancels the patent on the merits, the Court observed, making this issue appealable "would operate to save bad patent claims."

Justice Neil Gorsuch, joined by Justice Sonia Sotomayor, dissented. He noted that the provision barring judicial review applies to determinations "whether to institute an inter partes review under this section"; he would therefore have held that the bar applies only to determinations applying that statutory section. The time bar appears in another section. He criticized the Court's interpretation because, in his view, it deprives the phrase "under this section" of all meaning.

On its face, the Court's holding is specific to time-bar decisions, because it relies expressly on the wording connecting the time bar to institution: "an [IPR] may not be instituted" after the one-year time limit has run. But because the Court held in *Thryv* that *any* institution decision is a decision "under this section," even if it rests on a different part of the Patent Act, successful IPR petitioners can be expected to argue that the Supreme Court's decision applies more broadly to forbid appeals.

For example, the Federal Circuit has previously held that it may review a challenge to the institution decision "if it relates to the Board's *ultimate authority to invalidate a particular patent*." *Husky Injection Molding v. Athena Automation Ltd.*, 838 F.3d 1236, 1243 (Fed. Cir. 2016). Thus, in several cases the Federal Circuit has examined whether the patent challenged and invalidated in a "covered business method" review actually qualifies as a "covered business method" patent. *See, e.g.*, *Versata Development Group, Inc. v. SAP America, Inc.*, 793 F.3d 1306, 1314-23 (Fed. Cir. 2015). The challengers had argued that the eligibility question was not reviewable, and asked the Supreme Court to overturn that line of cases, but it had consistently declined to review any of them. *See, e.g., Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376 (Fed. Cir. 2016), *cert. denied*, 138 S. Ct. 1693 (2018). Indeed, just last Term, the Court reviewed the threshold question whether the Postal Service was a proper petitioner in a CBM review without addressing jurisdiction, even though the Federal Circuit had examined the jurisdictional question in that same case. *Return Mail, Inc. v. USPS*, 139 S. Ct. 1853 (2019).

The lopsided decision in *Thryv* may encourage litigants to urge the Federal Circuit to reconsider its previous precedents allowing for judicial review of the PTAB's compliance with various statutory requirements.

CONTACTS:

William M. Jay
Partner
+1 202 346 4190
wjay@goodwinlaw.com
