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In *Click-to-Call*, Supreme Court Re-Affirms PTO Director Institution Discretion and Holds PTAB Time-Bar Decisions Unreviewable

Attorneys
Scott A. McKeown
Matthew J. Rizzolo

On April 20, 2020, the Supreme Court decided whether parties may challenge the outcome of Patent Trial & Appeal Board ("PTAB" or "Board") patentability decisions on the ground that the post-grant proceedings were instituted in violation of the America Invents Act's one year time-bar in 35 U.S.C. § 315(b). In *Thryv, Inc. v. Click-To-Call Technologies, LP* (decision here), the Court held that the AIA's bar on judicial review of the PTO Director's decision to institute inter partes review (IPR) precludes review of the PTAB's time-bar determinations.

Background

In 2013, Thryv sought inter partes review of a Click-to-Call patent. Click-to-Call argued to the PTAB that the petition was time-barred under 35 U.S.C. § 315(b), which states that IPR may not be instituted if the petition is filed more than one year after the petitioner has been served with a patent infringement complaint. Since Click-to-Call filed an infringement suit in 2001 against Thryv's predecessor-in-interest, which ended in a voluntary dismissal without prejudice, Click-to-Call claimed that the Board could not institute Thryv's petition. But the Board disagreed with Click-to-Call, finding that § 315(b) did not bar institution because a complaint dismissed without prejudice does not trigger § 315(b)'s one-year limit. The Board thus instituted IPR and issued a final written decision invalidating 13 of the patent's claims.

Click-to-Call appealed, challenging only the Board's determination under § 315(b). The Federal Circuit first dismissed the appeal for lack of jurisdiction, citing § 314(d)'s statement that "[t]he determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable," as well as the Supreme Court's decision in *Cuozzo Speed Technologies v. Lee.* 136 S. Ct. 2131 (2016). However, soon after the panel's decision, the Federal Circuit issued its en banc ruling in *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364 (Fed. Cir. 2018), where it held that § 315(b)'s time bar "is not 'closely related' to the institution decision addressed in § 314(a)" and therefore was subject to judicial review.

In light of *Wi-Fi One*, the Federal Circuit granted Click-to-Call a rehearing, and found that the PTAB erred by instituting review and that the IPR petition was untimely because the original infringement complaint, though dismissed without prejudice, started the one-year clock under § 315(b). The Federal Circuit therefore vacated the Board's final written decision and remanded with instructions to dismiss. Thryv filed a petition for certiorari, which the Supreme Court granted.

The Supreme Court Decision

In a 7-2 majority opinion by Justice Ginsburg, the Supreme Court reversed the Federal Circuit, holding that § 314(d) precludes judicial review of the agency's application of § 315(b)'s time-bar. Re-affirming its decision in *Cuozzo*, the Court explained that § 314(d) bars review of matters "closely tied to the application and interpretation of statutes related to" the institution decision. The Court found that "[b]ecause § 315(b) expressly governs institution and nothing more, a contention that a petition fails under § 315(b) is a contention that the agency should have refused 'to institute an inter partes review.'" Moreover, because a challenge to a petition's timeliness under § 315(b) raises "an ordinary dispute about the application of" an institution-related statute, § 314(d) therefore overcomes the presumption favoring judicial review. In reaching this conclusion, the Court also emphasized the "AIA's purpose and design," wherein § 315(b) functions to

"minimize burdensome overlap between inter partes review and patent-infringement litigation." Allowing review of institution decisions would thus frustrate Congress's intent.

Click-to-Call argued that § 314(d) applies only to the agency's determination of whether the petitioner has a reasonable likelihood of prevailing on the merits, not ancillary issues such as the time-bar. The majority rejected this argument, finding *Cuozzo* "fatal" to Click-to-Call's argument—given that the Court in *Cuozzo* expressly held that § 314(d)'s review bar extends to challenges grounded in "statutes related to" the institution decision. The Court found that in light of the AIA's purpose in weeding out so-called "bad patents," it made no sense to allow review of a procedural matter where Congress had expressly insulated the Director's institution decision from judicial review.

Justice Gorsuch, joined by Justice Sotomayor, penned a 22-page dissent, opining that the majority's interpretation took too much power from the courts and invested it into "a politically guided agency." He argued that the Court's decision "carries us another step down the road of ceding core judicial powers to agency officials and leaving the disposition of private rights and liberties to bureaucratic mercy."

Implications for PTAB Litigants

The upshot of this decision is that the PTO Director has obtained even more control over PTAB proceedings. The Director will now exclusively interpret § 315(b) and other institution-related issues without the possibility of judicial review—which in turn increases the importance of the PTAB's Precedential Opinion Panel's rulings, as these will now guide future institution decisions.

While the full fall-out from this decision remains to be seen, the Supreme Court's holding in *Click-to-Call* may also foreclose judicial review of several other oft-disputed issues decided at institution, including real party-in-interest and privity disputes, and eligibility for covered business method review, among others. Going forward, the Director will have more control over post-grant proceeding institution without oversight from the courts. Notably, however, the Supreme Court's decision here is not likely to shield constitutional issues from review, such as the Appointments Clause challenge recently addressed in *Arthrex, Inc. v. Smith & Nephew, Inc.*

We will continue to monitor further developments regarding the impact of this decision, and will discuss it on an upcoming episode of the IP(DC) Podcast. If you have any questions about this Alert, please contact Scott McKeown or Matthew Rizzolo.