



**November 2021**



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The PTAB Strategies and Insights newsletter provides timely updates and insights into how best to handle proceedings at the USPTO. It is designed to increase return on investment for all stakeholders looking at the entire patent life cycle in a global portfolio.

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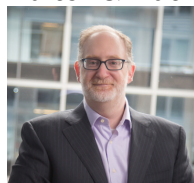
- Are Institution Decisions Set in Stone?
- USPTO Lowers Hurdle for LEAP Participation

We welcome feedback and suggestions about this newsletter to ensure we are meeting the needs and expectations of our readers. So if you have topics you wish to see explored within an issue of the newsletter, please reach out to me.

Best,

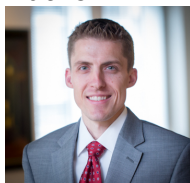
Jason D. Eisenberg

**Editor & Author:**



**Jason D. Eisenberg**  
Director  
[jasone@sternekessler.com](mailto:jasone@sternekessler.com)

**Author:**



**Graham C. Phero**  
Director  
[gphero@sternekessler.com](mailto:gphero@sternekessler.com)

**Author:**

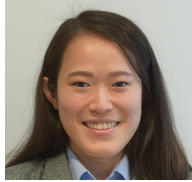
**Author:**

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**Chelsea X. Zhang**  
Law Clerk  
[cxzhang@sternekessler.com](mailto:cxzhang@sternekessler.com)



**Risa Rahman**  
Associate  
[rrahman@sternekessler.com](mailto:rrahman@sternekessler.com)

## ARE INSTITUTION DECISIONS SET IN STONE?

By: [Jason D. Eisenberg](#), [Chelsea X. Zhang](#), and [Risa Rahman](#)

The Leahy-Smith America Invents Act granted the Patent Office authority to issue “regulations . . . establishing and governing *inter partes* review.” 35 U.S.C § 316(a)(4). For the Patent Trial and Appeal Board (“Board”) to review claims of a challenged patent on its merits, the Board must first agree to institute *inter partes* review. 35 U.S.C. § 314(a). Once the Board deliberates on whether to institute review, the Board’s “determination [on] whether to institute an *inter partes* review ... [is] final and nonappealable.” 35 U.S.C. § 314(d).



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As we discussed in a [previous newsletter](#), the Legal Experience and Advancement Program ([LEAP](#)) is a tremendous success for the PTAB, practitioners, and clients alike. In a little over 18 months, less experienced advocates—those with three or fewer substantive oral arguments in a federal tribunal **and** seven or fewer years of experience as a licensed attorney or agent—completed over 83 LEAP arguments before PTAB judges. Our firm experienced this fantastic program first hand in ten arguments, with many more planned.

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## ARE INSTITUTION DECISIONS SET IN STONE?

By: [Jason D. Eisenberg](#), [Chelsea X. Zhang](#), and [Risa Rahman](#)

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Aggrieved parties who wish to challenge the Board’s decision on institution of review have sought recourse by appealing the institution decision through several avenues or suing the Patent Office in District Court. However, these efforts have remained largely unfruitful as seen in several recent District Court, Federal Circuit, and Supreme Court decisions, which all affirmed that the Board’s institution decision, under § 314(a), “is a matter committed to the Patent Office’s discretion.”<sup>1</sup>

### Avenue 1: Aggrieved parties argued issues on appeal related to an institution decision were outside the bounds of § 314(d)

In several Supreme Court cases, aggrieved parties attempted to appeal an institution decision by arguing a statute pertaining to the relevant issue falls outside the purview of § 314(d). However, the Supreme Court has remained steadfast in their position that any issue relevant to whether the Board *should or should not have* instituted review is unappealable. The Supreme Court further defined the bounds of appealability, stating: the bar on appealing an institution decision “applies where the grounds for attacking the decision to institute *inter partes* review consist of questions that are closely tied to the application and interpretation of statutes related to the Patent Office’s decision to initiate *inter partes* review.”<sup>2</sup>

The first case in which the Supreme Court addressed the appealability of issues related to institution decisions was in *Cuozzo*. Here, the Court held judicial review is improper for substantive issues relevant to an institution decision.<sup>3</sup> In *Cuozzo*, the petition originally challenged claim 17, but the Board also instituted review on claims 10 and 14 of the challenged patent.<sup>4</sup> On appeal, the aggrieved party contended that the Board should have refused to institute *inter partes* review because the petition failed to identify the challenged claims with particularity, as required by § 312(a)(3).<sup>5</sup>

However, the Court held that the aggrieved party’s “contention that the Patent Office

unlawfully initiated its agency review is not appealable, [for] that is what § 314(d) says.”<sup>6</sup> The Court further emphasized its position on § 314(d), stating § 314(d) “preclud[es] review of the Patent Office’s institution decisions [with sufficient clarity to overcome the] ‘strong presumption’ in favor of judicial review.”<sup>7</sup> Therefore, the Supreme Court found that the aggrieved party may not appeal substantive issues related to § 312(a)(3) because it raises questions as to whether the Board *should or should not have* instituted review.

After *Cuozzo*, the Court held judicial review is also improper for procedural issues relevant to an institution decision. In *Thryv*, the Petitioner filed an *inter partes* review petition and the aggrieved party countered that the petition was untimely under § 315(b), which states that an *inter partes* review petition cannot be filed more than one year after being served with a complaint for infringement.<sup>8</sup> The aggrieved party argued that § 315(b) barred institution of *inter partes* review because the Petitioner filed its petition too late.<sup>9</sup> The Board disagreed and instituted review. The aggrieved party then appealed the Board’s § 315(b) determination.<sup>10</sup>

The Court held that the patent owner cannot appeal the Board’s institution decision. The Court further reasoned that “Section 315(b)’s time limitation is integral to, indeed a condition on institution. After all, § 315(b) sets forth a circumstance in which ‘an *inter partes* review may not be instituted.’”<sup>11</sup> Applying this statute to the bounds of appealability defined by the Court, the Court concluded, “[a] challenge to a petition’s timeliness under § 315(b) ... raises ‘an ordinary dispute about the application of’ an institution-related statute.”<sup>12</sup> Therefore, “a contention that a petition fails under § 315(b) is a contention that the agency *should have* refused ‘to institute an *inter partes* review’” even if the statute is procedural in nature.<sup>13</sup>

**Takeaway:** Therefore, regardless of whether the issue is procedural or substantive, the Court held any issue that questions whether the Board *should or should not have* instituted review is unappealable.

## **Avenue 2: Aggrieved parties argued the Director’s action of making Board decisions binding precedent for subsequent cases violates APA**

The Administrative Procedure Act (“APA”) governs federal agencies in developing and issuing new regulations and how they conduct agency proceedings. The Act includes requirements that agencies must provide a notice and comment period for each new proposed rule, so that the public may comment or object. Aggrieved parties have attempted to directly litigate APA violations or appeal the Board’s institution decision by leveraging the APA. By default, the Board’s decisions in *inter partes* proceedings “have no precedential force in future cases.”<sup>14</sup> Based on this default standard, aggrieved parties argued that the Director’s actions of making prior Board decisions on institution decisions “binding precedent” for subsequent matters with similar facts constituted “unlawful rulemaking without the formal notice and comment required under the Administrative Procedures Act.”<sup>15</sup>

This argument has been largely unsuccessful, both in the District Courts and the Federal Circuit. The courts have consistently dismissed these cases for lack of subject matter jurisdiction.

For example, in *Apple Inc. v. Iancu*, the aggrieved party challenged the Director’s authority to reject petitions for *inter partes* review using the NHK-Fintiv rule without providing a notice and comment period as violating the APA.<sup>16</sup> The District Court of the Northern District of California found that although the aggrieved party sufficiently established standing, the case was nevertheless dismissed for lack of subject matter jurisdiction.<sup>17</sup> The Court reasoning that “in order to inquire into the lawfulness of the NHK-Fintiv rule, the Court would have to analyze ‘questions that are closely tied to the application and interpretation of statutes related to the [Director’s] decision to initiate *inter partes* review,’” which is forbidden by *Cuozzo*.<sup>18</sup>

Similarly, in *U.S. Inventor Inc. v. Hirshfeld*, the District Court of the Eastern District of Texas dismissed the aggrieved party’s challenge asserting that the Board’s institution decision constituted unlawful agency inaction for withholding notice and comment rulemaking.<sup>19</sup> The Court held that the aggrieved party lacked standing because no legally cognizable injury in fact was established, reasoning that “[i]n the case of a discretionary denial, there is no harm to patentees because the proceeding ends and the patent rights are unaffected; the status quo is maintained. [...] Plaintiffs cannot claim some concrete right or interest in having the PTAB panels exercise their discretion in Plaintiffs’ desired manner. Such would run contrary to the very notion of discretion.”<sup>20</sup> As such, the court granted the Patent Office’s motion to



dismiss based on lack of subject matter jurisdiction.<sup>21</sup>

The Federal Circuit has affirmed other District Courts' decisions to dismiss similar challenges to the Board's institution decisions for lack of subject matter jurisdiction. In *Security People v. Lancu*, the patent owner filed suit against the Patent Office, alleging that the application of the *inter partes* review violated the patent owner's constitutional right to due process.<sup>22</sup> The District Court dismissed the case for lack of subject matter jurisdiction, stating that District Courts cannot institute judicial review of *inter partes* review decisions, stating "the America Invents Act (AIA) [...] allows for review [of the Board's final written decisions] 'only' in the Federal Circuit," and "Congress discernibly intended to preclude District Court review of Board decisions under the APA."<sup>23</sup>

The patent owner appealed the District Court's decision to dismiss. On appeal, the Federal Circuit affirmed the District Court decision to dismiss based on lack of subject matter jurisdiction and further clarified that "[...] the final written decision of an IPR is reviewable by statute, but [only] in the Federal Circuit, not in an APA-based collateral attack in a District Court."<sup>24</sup>

**Takeaway:** The District Courts have consistently relied on lack of subject matter jurisdiction in dismissing the aggrieved parties' challenges to the Board's institution decisions as violating the APA, and the Federal Circuit has affirmed the District Court's decision to dismiss.

### **Avenue 3: Aggrieved parties requested mandamus relief for reviewing institution decisions**

Finally, aggrieved parties attempted to challenge institution decisions by arguing for mandamus relief, such as in *In re Cisco*. Mandamus relief is an order from a superior court to another entity (e.g., a lower court, a business, etc.) to perform a specific act that the entity is obliged under law to perform. The high standard for mandamus relief requires an aggrieved party to show (1) there was no other adequate means for relief, (2) the aggrieved party has a "clear and indisputable" right to the writ, and (3) the issuing court determines the writ is appropriate under the circumstances.

In *In re Cisco*, Cisco filed petitions for *inter partes* review and the Board denied Cisco's petitions, citing its discretion under § 314(a) not to institute review, regardless of whether Cisco has met the threshold limitation of showing a reasonable likelihood of success on the merits.<sup>25</sup> Cisco sought a writ of mandamus from the Federal Circuit to review the Board's decision.<sup>26</sup> The Federal Circuit held that Cisco failed to meet the high standard for mandamus relief.<sup>27</sup>

Based on the high standard for mandamus relief, the Court found Cisco failed to prove a violation of "a 'clear and indisputable right that precludes' the Board's exercise of discretion to decline review [] including its reliance on Board precedent establishing a non-exclusive set of factors relevant to deciding whether it would be a proper use of resources to conduct such review when there is a parallel District Court proceeding."<sup>28</sup> Additionally, the Court reasoned that Cisco pursued alternative channels to raise its substantive and procedural issues in parallel proceedings concerning the validity of its patents.<sup>29</sup> Therefore, the Court concluded, even if "Cisco prefers to raise those arguments before the Board, it has no clear and indisputable right to do so."<sup>30</sup>

As § 314(d) cedes discretion to the Board for instituting review and aggrieved parties can generally pursue alternative channels to raise issues in parallel District Court and ITC proceedings, aggrieved parties will likely face difficulties in satisfying the high standard for mandamus relief.

**Takeaway:** Aggrieved parties faced difficulties meeting the high standard for mandamus relief when seeking review of the Board's institution decision.

### **Conclusion**

So far, aggrieved parties seeking to appeal the Board's institution decisions have been largely unsuccessful in the District Court, the Federal Circuit, and the Supreme Court. The patent bar has contemplated that perhaps a new Director at the Patent Office may provide relief by establishing a notice and comment period for institution decisions or by removing the

precedential nature of the *NHK* and *Fintiv* decisions.

In addition, the patent bar has been following Senator Leahy's recently introduced new bill titled "Restoring the America Invents Act" that proposes to preclude discretionary denials under the *Fintiv* factors. If the bill passes into law, the Board would only have the right to deny institution of *inter partes* review under 35 U.S.C. § 325(d), which allows discretionary denial if the same or substantially the same prior art or arguments were previously presented to the Patent Office. The bill – introduced on September 29, 2021 – is still in its infancy stages, and passage of the bill does not appear imminent.

For now, only time will tell if aggrieved parties will have more avenues to seek relief from the Board's institution decision in the future.

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[1] *Apple Inc. v. Fintiv, Inc.*, No. IPR2020-00019 (P.T.A.B. Mar. 20, 2020); *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016).

[2] *Thryv, Inc. v. Click-to-Call Techs., LP*, 140 S. Ct. 1367, 1368 (2020) (citing *Cuozzo*, 136 S. Ct. at 2141).

[3] *Cuozzo*, 136 S. Ct. at 2142.

[4] *Id.*, at 2134.

[5] *Id.*

[6] *Id.*, at 2139.

[7] *Id.*, at 2141.

[8] *Thryv*, 140 S. Ct. at 1368.

[9] *Id.*, at 1371.

[10] *Id.*, at 1368.

[11] *Id.*, at 1373.

[12] *Id.*

[13] *Id.*

[14] *Apple Inc. v. Iancu*, No. 5:20-CV-06128-EJD, at \*2 (N.D. Cal. Nov. 10, 2021).

[15] *US Inventor Inc. v. Hirshfeld*, No. 2:21-CV-00047-JRG, at \*2 (E.D. Tex. Jul. 13, 2021).

[16] *Apple Inc.*, at \*2 (N.D. Cal.).

[17] *Id.*, at \*1.

[18] *Id.*, at \*6.

[19] *US Inventor Inc. v. Hirshfeld*, at \*2 (E.D. Tex. Jul. 13, 2021).

[20] *Id.*, at \*4.

[21] *Id.*, at \*6.

[22] *Sec. People, Inc. v. Iancu*, No. 18-CV-06180-HSG, at \*1 (N.D. Cal. June 10, 2019).

[23] *Id.*, at \*2.

[24] *Sec. People, Inc. v. Iancu*, 971 F.3d 1355, 1363 (Fed. Cir. 2020)

[25] *In re Cisco Systems Inc.*, No. 20-148, at \*2 (Fed. Cir. 2020).

[26] *Id.*, at \*3.

[27] *Id.*, at \*5.

[28] *Id.*

[29] *Id.*

[30] *Id.*

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In what will be a celebrated change, the PTAB expanded LEAP eligibility on November 18, 2021 to remove the years of experience requirement. Now the only criteria for LEAP eligibility is whether the practitioner has completed three or fewer oral arguments in a federal tribunal. This change widely expands the program for attorneys and agents, especially those following non-standard career paths, possibly due to career transitions, family/personal leave, etc. LEAP utilization will certainly increase, thus furthering the PTAB's goal of developing and training the next generation of practitioners.

As a reminder, LEAP provides up to 15 minutes of extra argument time during an oral hearing for the LEAP practitioner in a PTAB trial or *ex parte* appeal. This extra time is for the arguing party and can be allocated at counsel's discretion, so long as the LEAP practitioner has a substantive role in the argument. LEAP also encourages multiple practitioners to argue separate issues, further creating argument opportunities for LEAP practitioners. If needed, a more senior practitioner can assist the LEAP practitioner during argument and/or clarify the record.

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