

FEDERAL CIRCUIT APPEALS FROM THE PTAB

Summaries
of Key 2017
Decisions



Sterne, Kessler, Goldstein & Fox is an intellectual property law firm of 175+ professionals devoted to providing outstanding patent and trademark legal services, including representation in district courts, the US International Trade Commission (USITC), post grant proceedings at the USPTO's Patent Trial and Appeal Board (PTAB), and appeals to the Federal Circuit.

For nearly 40 years, we have helped companies build and enforce worldwide IP portfolios. Sterne Kessler has a proven track record at U.S. district courts, federal appeals courts, and the USITC, with worldwide oppositions, 600+ inter partes reviews, 50+ interferences, 400+ reexaminations, 50+ covered business method patent reviews, and several post grant review proceedings. Sterne Kessler is the leading firm at the PTAB representing patent owners.

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INTRODUCTION

In 2016, the US Court of Appeals for the Federal Circuit docketed more appeals from the US Patent and Trademark Office (PTO) than any other venue—a first in its over 30-year history. The post grant proceedings created by the America Invents Act (AIA) spurred this explosive growth. While the total number of Federal Circuit appeals from the Patent Office declined slightly in 2017 relative to the previous year, the PTO's Patent Trial and Appeal Board (PTAB) remains the primary contributor to the Federal Circuit's docket.

The Federal Circuit has accumulated numerous opportunities to weigh in on the PTAB's handling of post grant proceedings, with over 300 decisions and 150 opinions rendered through the end of 2017. This growing volume of case law has enhanced predictability, both at the Federal Circuit and at the PTAB. And increased predictability, in turn, seems likely to contribute to a stemming of the tide of decisions appealed from the PTAB.

One notable trend to emerge from the Federal Circuit's decisions in 2017 included panels' increasing reliance on short nonprecedential opinions to shed light on their reasoning. These concise opinions effectively replace a portion of the Rule 36 summary affirmances that had sometimes frustrated parties in the past. For a more complete summary of statistical trends, see the middle spread of this report.

In this year's review of important decisions, we focused on what we believe are the ten most significant precedential Federal Circuit cases coming from the PTAB, most of these cases arising from the PTAB's AIA trials. The most common theme in the Federal Circuit's decisions was the Board's failure to adhere to the requirements of the Administrative Procedure Act, either by failing to adequately explain its decision or by failing to provide adequate procedural safeguards to the parties. Another common theme was some push back on the Board's application of its "broadest reasonable interpretation" standard. Finally, we discuss two significant *en banc* determinations.

Developing summaries and statistics like those on the following pages is a collaborative process. We want to thank our co-authors—Byron Pickard, Deirdre Wells, Kristina Caggiano Kelly, Pauline Pelletier, and William Milliken.

Thank you for your interest. Please feel free to reach out to either of us if you have questions or want to discuss the current state and future of Federal Circuit appeals.

Best regards,



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AQUA PRODUCTS, INC. V. MATAL, 872 F.3D 1290 (FED. CIR. 2017) (EN BANC)

BY MICHAEL JOFFRE

Zodiac Pool Systems filed a petition for an IPR of Aqua's patent, and the Board instituted review. Aqua subsequently moved to amend several of its claims under review. The Board denied the amendment, concluding that Aqua had failed to prove that the substitute claims were patentable. In assigning the burden of proof to Aqua, the Board relied on the general provision in 37 C.F.R. § 42.20 that states that, for any motion, "[t]he moving party has the burden of proof to establish that it is entitled to the requested relief." A panel of the Federal Circuit upheld the Board's decision to place the burden of showing that the proposed amendment would be patentable on Aqua. Moreover, the panel rejected Aqua's objection to the Board's failure to consider the entirety of the record in assessing the patentability of the amended claims. The Court subsequently granted Aqua's petition for *en banc* rehearing.

A majority, consisting of seven of the eleven judges sitting *en banc*, reached the narrow consensus that the PTO has not adopted any rule entitled to *Chevron* deference concerning who bears the burden of proof regarding the patentability of amended claims. In the absence of any rule that might be entitled deference, the majority concluded that the burden should be placed on the petitioner to show that the amended claims are not patentable. The majority reasoned that 35 U.S.C. § 316(e) provides that "the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence," and, under the plain language of the statute, this would include the unpatentability of amended claims. The majority held that § 316(e)'s content in the statute and the legislative history supported that reading.

The majority also held that the Board must base its patentability determination with respect to amended claims on the entire record of the IPR. The majority based its decision on principles of administrative law that require an agency to explain its decision and must take account of all the evidence of record. *Aqua Products* thus reset the proper burdens for motions to amend patents in IPR proceedings, and reaffirmed the primacy of the entire record in administrative proceedings.

In the absence of any rule that might be entitled deference, ... the burden should be placed on the petitioner to show that the amended claims are not patentable.

EMERACHEM HOLDINGS, LLC V. VOLKSWAGEN GROUP OF AM., INC.,
859 F.3D 1341 (FED. CIR. 2017)

BY KRISTINA CAGGIANO KELLY

EmeraChem holds patents on regenerating a spent nitrate oxidizer for absorbing pollutants in combustion engines. Volkswagen challenged one of those patents in an IPR under § 103, citing multiple references against multiple challenged claims. EmeraChem challenged the obviousness finding on two grounds, arguing that (1) some of the cited references did not qualify as prior art, and (2) some of the prior art combinations were not adequately identified. The Federal Circuit rejected EmeraChem's first argument, but accepted the second one, thus affirming-in-part and vacating-in-part and remanding the Board's decision.

With respect to the qualification of prior art, one of the references that formed the basis for the obviousness holding named inventors common to the challenged patent. EmeraChem argued that the reference did not qualify as prior art under § 102(e) because it does not constitute a patent filed "by another" before the critical date. In support, EmeraChem submitted an inventor declaration asserting a "common inventive entity" between the challenged patent and the cited prior art.

The Federal Circuit found that it was not sufficient to merely establish a common inventor between two references in general. Rather, the essential inquiry is whether the particular portions of the prior art relied upon share a common inventive entity with the subject matter of the particular challenged claims. For that proposition, the Federal Circuit found the submitted declaration lacking in specificity and corroboration.

With respect to the sufficiency of the asserted prior art combinations, Volkswagen's petition and the Board's institution decision identified certain prior art combinations with specificity through claim charts and line citations. Both documents also added what had become a common boilerplate statement in IPR proceedings: that all challenged claims may be obvious over any combination of all listed prior art. The Board's final written decision ultimately held certain claims obvious over a combination of references that was not specifically identified in the petition or institution decision, relying only on the boilerplate assertion for raising the issue.

The Federal Circuit held that the general statement listing all challenged claims and all asserted prior art fails to timely inform the patent owner of the matters of fact and law asserted in accordance with EmeraChem's procedural rights. *EmeraChem* confirms the high burden on IPR petitioners to rigorously set forth each ground of unpatentability in the petition, and that common boilerplate will not save the day.

Boilerplate statements common in IPR proceedings that all challenged claims may be obvious over any combination of all listed prior art are not procedurally sufficient to provide notice of any particular combination not identified in claim charts or specific articulations.

HOMELAND HOUSEWARES, LLC V. WHIRLPOOL CORP., 865 F.3D 1372 (FED. CIR. 2017)

BY WILLIAM MILLIKEN

Homeland petitioned the PTAB for review of Whirlpool's '688 patent, which claims an automatic blender operation cycle designed to blend items "quickly and reliably" by repeatedly dropping to a "settling speed" that was slow enough to allow the blender contents to settle around the blender blades, and then accelerating back to an operating speed that was suitable for processing the contents. Homeland asked the Board to construe the term "settling speed" and argued that, under the proper construction of that term, the '688 patent was anticipated by a prior-art patent called Wulf. The Board declined to construe "settling speed" and held that Homeland had not shown anticipation by Wulf.

The Federal Circuit reversed. The Court held that the Board erred in refusing to construe the term "settling speed," because the Board, like federal district courts, must resolve all "actual dispute[s]" regarding the proper scope of claims." The Federal Circuit then rejected both parties' proposed constructions of "settling speed" as inconsistent with the specification and held that the broadest reasonable construction of the term was "a speed that is slower than the operating speed and permits settling of the blender contents."

Based on that construction of "settling speed," the Court concluded that Wulf anticipated the '688 patent. Wulf disclosed an "automated blender routine" for powdered drinks in which the blender "ramp[ed] down" to "low" speeds in between periods of processing at a "high" speed. And Wulf further disclosed that the slower speeds "tend[ed] to allow items to settle." Thus, Wulf disclosed "a settling speed consistent with [the Court's] construction, as well as the other elements of the pulsing cycle in claim 1" of the '688 patent.

The Court also held that the Board had erred in relying on the testimony of Whirlpool's expert Faerber as to anticipation. That expert testimony, the Court stated, was entitled to no weight because it was "plainly inconsistent with the record" and "based on an incorrect understanding of the claims." Faerber had argued, for example, that Wulf's "low" speed could not be the settling speed because it was maintained for five seconds and "there is no reason to maintain a settling speed for so long." But the Court disregarded this testimony because "[t]he '688 patent claims do not contain any limitations with respect to how long the settling speed needs to be maintained." *Homeland* confirms the primacy of claim construction to the resolution of *inter partes* cases before the USPTO.

The PTAB, like federal district courts, must resolve all "actual dispute[s]" regarding the proper scope of claims."

ICON HEALTH & FITNESS, INC. V. STRAVA, INC., 849 F.3D 1034 (FED. CIR. 2017)

BY KRISTINA CAGGIANO KELLY

Strava holds a patent directed to systems and methods for accessing content from an exercise device using a USB-compatible portable remote control. Icon petitioned for *inter partes* reexamination—the predecessor to *inter partes* review under the AIA—challenging the patentability of Strava’s claims. During the reexamination, Strava amended the patent to add 62 new claims, all of which the examiner rejected as obvious over the prior art. Strava appealed the rejection to the PTAB, which affirmed. Strava appealed again to the Federal Circuit.

The Federal Circuit divided the challenged claims into different groups representing different issues. The panel majority affirmed-in-part, vacated-in-part and remanded the PTAB decision. In doing so, the majority opinion provides detailed analysis touching on the difference between the Board’s roles as a reviewing body and a fact-finder, the equitable analysis behind waiver, the limitations on incorporating arguments by reference without identifying substantial evidence, and the proper remedy when the Board fails to carry its burden of showing unpatentability.

With respect to one group of claims, the court discussed Strava’s waiver of an argument challenging the propriety of Icon’s expert declaration on obviousness. The Court explained the five-part balancing test for reviewing an issue that was admittedly not raised before the Board. The Court then found that the propriety of the expert opinion had been fully briefed, the record was complete, there was no prejudice to any party by considering the issue, and no purpose would be served by remand. It was thus proper to consider and decide Icon’s newly raised arguments. On the merits, the court found that the Board properly relied on factual assertions in the expert declaration.

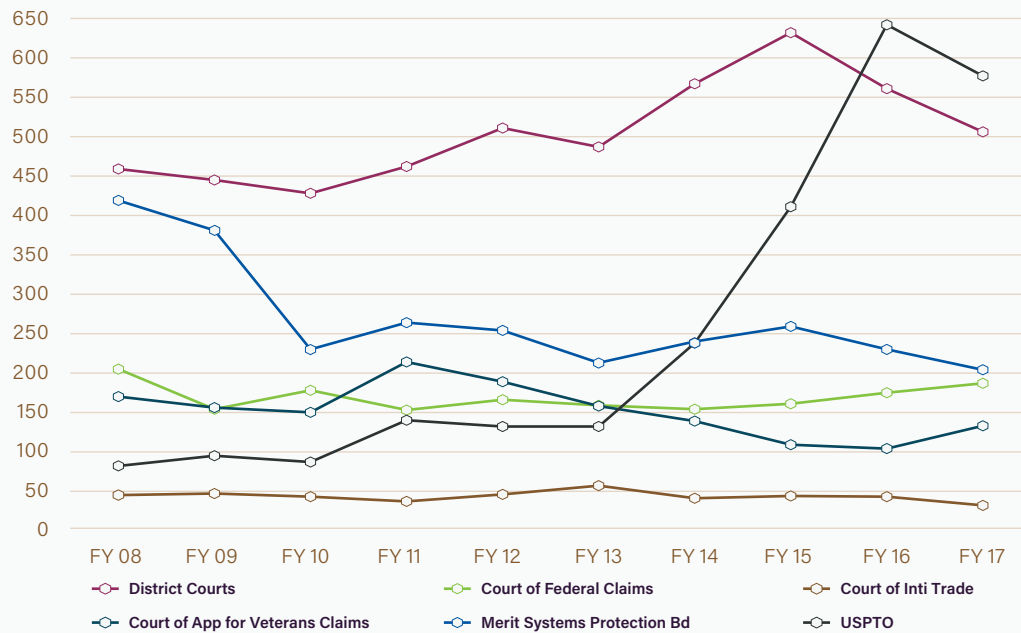
For another group of claims, the Court found the Board’s decision to lack substantial evidence. Specifically, the Board rejected some of the patentee’s arguments as being the same as those “discussed above,” but the Board’s opinion provided no earlier discussion. In several places where the Board relied on the examiner’s findings and incorporated them by reference, the examiner had merely incorporated-by-reference the challenger’s arguments without independent analysis or conclusions. The Federal Circuit held that these incorporations fell short of the Board’s requirement to support findings of obviousness with reasoned analysis. For claims where the Board incorporated portions of the examiner’s conclusions by reference, and the examiner *had* made the requisite findings of fact based on adequate evidence, the Board’s findings were affirmed.

Judge O’Malley dissented. She argued that it was improper to remand the issues for which the Board failed to carry its burden of showing unpatentability by substantial evidence. Because the statute provides that the applicant is “entitled” to a patent barring the PTO carrying its burden, the proper remedy is a full reversal and allowance of the claims. This dissent reflects the second judge to promote this argument (Judge O’Malley echoing Judge Newman), suggesting a growing split in the court on this issue.

The Court has now clarified the equitable standard governing waiver, and demonstrated the requirements for incorporating arguments by reference. But it is signaling potential uncertainty regarding the proper remedy for the patent owner when the Board fails to carry its burden of showing unpatentability.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

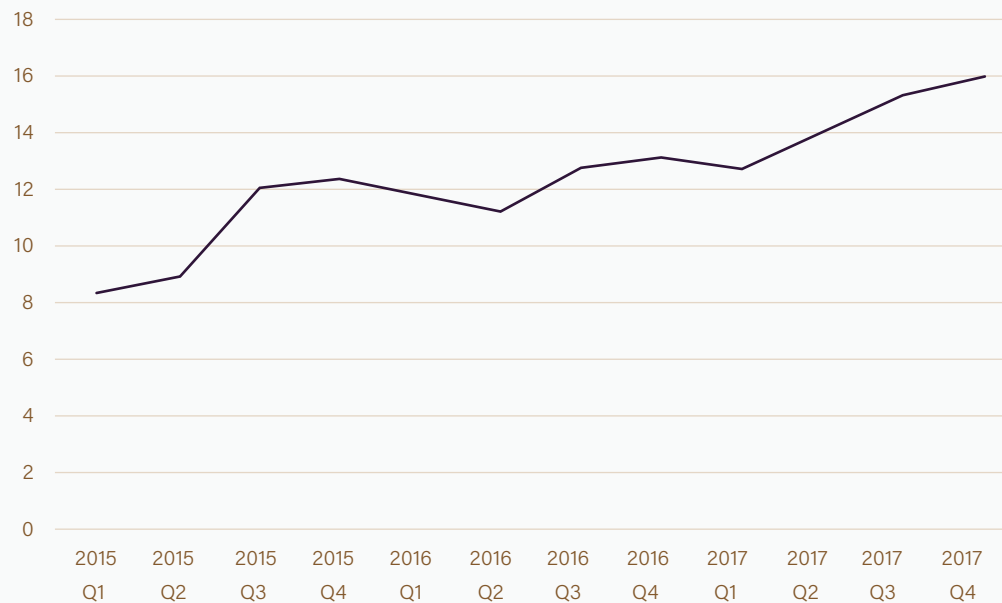
Origin of Appeals Filed



Notes: Includes reinstated, cross- and consolidated appeals

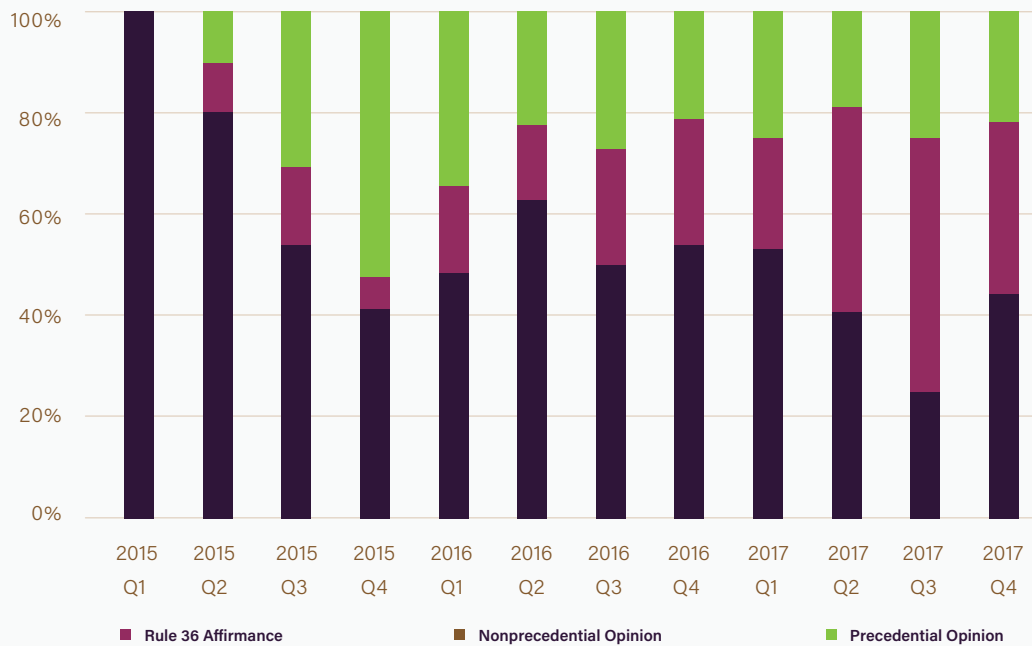
Appeals from the USPTO were once again the most common source of Federal Circuit cases in FY2017, but the number declined from its FY2016 peak.

TOTAL AIA APPEAL PENDENCY IN MONTHS



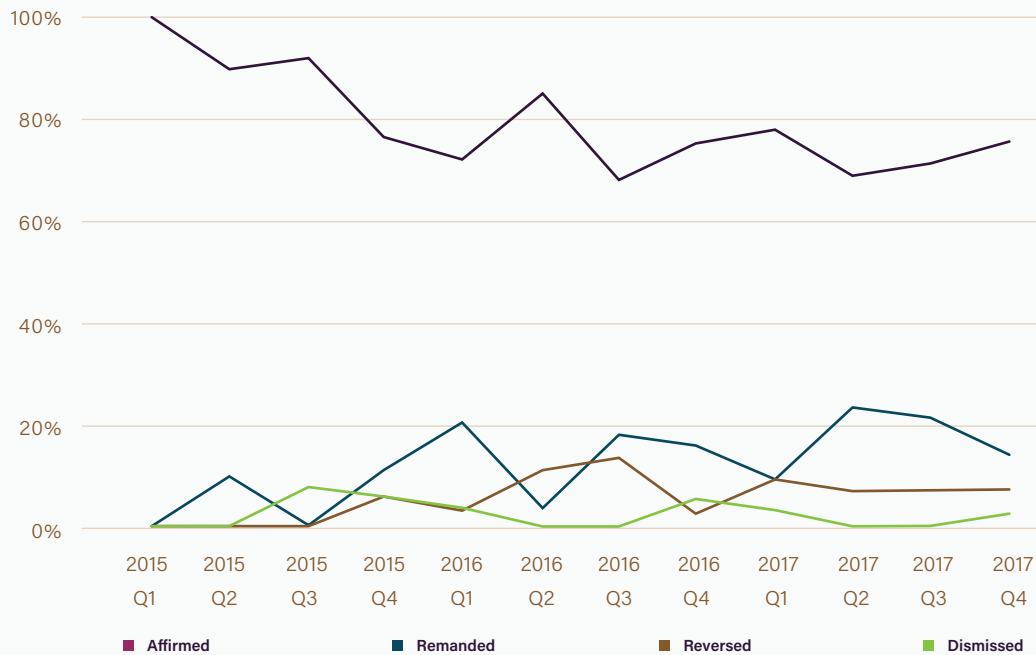
Average pendency for cases receiving decisions reached a new high in the last quarter of 2017 – 16 months, twice the wait that the average case had just under three years ago, when the first AIA trial appeals were decided.

AIA APPEAL DISPOSITION TYPE



In deciding appeals from the PTAB, the Federal Circuit has decreased its reliance on Rule 36 summary affirmances, and has increasingly tended to issue short nonprecedential opinions to dispose of cases.

OUTCOMES OF AIA APPEALS



Overall in 2017, 73% of PTAB decisions were affirmed, 17% were remanded, 8% were reversed, and 1% were dismissed. The affirmance rate was slightly lower than in 2016, when it was 76%. Reversals remain rare!

IDEMITSU KOSAN CO., LTD. V. SFC CO. LTD., 870 F.3D 1376 (FED. CIR. 2017)

BY PAULINE PELLETIER

Idemitsu confirms that petitions need not preemptively address issues that are properly addressed in a petitioner reply and that the ordinary "back-and-forth" between petitioners and patent owners is not itself a procedural violation.

SFC petitioned the PTAB for IPR of Idemitsu's patents directed to a device containing a particular organic medium layered between an anode and cathode. In the challenged claims, when a voltage is applied through the electrodes, the organic medium emits light. The PTAB instituted review on a single ground of unpatentability; namely, whether certain claims were obvious over a single prior art reference ("Arakane"). In its final decision, the PTAB found that all of the instituted claims were obvious in light of Arakane. Idemitsu appealed the PTAB's final decision.

On appeal at the Federal Circuit, Idemitsu did not challenge the PTAB's factual findings with respect to the correspondence between the claimed components and the compounds disclosed by Arakane. Rather, Idemitsu argued that the PTAB erred in finding that Arakane taught combining those compounds for the purpose of creating a light emitting layer in an electroluminescent device.

Idemitsu also argued that, as a procedural matter, the Board's finding that the combination produced a light emitting layer was improper because the contention was "raised too late." Idemitsu argued that that contention "[did] not appear in SFC's petition or the [PTAB]'s institution decision."

Judge O'Malley, joined by Chief Judge Prost and Judge Chen, rejected Idemitsu's procedural challenge, explaining that its objection rested on a misinterpretation of the "chain of arguments and counterarguments" that typically occur during the course of the IPR. Namely, SFC put forth a case of obviousness in its petition, resulting in institution. Idemitsu countered by arguing that Arakane taught away. And, in response, SFC "simply countered, as it was entitled to do."

In affirming the PTAB's determination and rejecting Idemitsu's procedural challenge the Court held: "This back-and-forth shows that what Idemitsu characterizes as an argument raised 'too late' is simply the by-product of one party necessarily getting the last word To the extent Idemitsu suggests that the Board could not reach a counterargument because it was not preemptively addressed by the petition or institution decision, Idemitsu is plainly mistaken."

Idemitsu thus confirms that petitions need not preemptively address issues that are properly addressed in a petitioner reply, and that the ordinary "back-and-forth" between petitioners and patent owners is not itself a procedural violation.

ROVALMA, S.A. V. BÖHLER-EDELSTAHL GMBH, 856 F.3D. 1019 (FED. CIR. 2017)

BY DEIRDRE WELLS

Böhler-Edelstahl petitioned the PTAB to institute an IPR of Rovalma's '056 patent. Böhler's Petition construed the claims and argued that, under that construction, a person of ordinary skill would have found the claims obvious. The Board instituted the IPR based on Böhler's construction of the claims. In its Patent Owner's Response, Rovalma disagreed with Böhler's construction of the claims and argued the claims should be construed differently. In its Petitioner's Reply, Böhler did not submit arguments or evidence for unpatentability based on Rovalma's claim construction.

In its final written decision, the Board rejected Böhler's construction and adopted Rovalma's construction. Although Böhler had not argued obviousness based on Rovalma's construction, the Board held the claims obvious, because it determined that Rovalma's own submissions demonstrated that the claims, construed as Rovalma urged, would have been obvious.

On appeal to the Federal Circuit, Rovalma argued (1) that substantial evidence does not support the Board's obviousness determination, and (2) that the Board violated the Administrative Procedure Act (APA) by relying on Rovalma's submissions to find the claims would have been obvious.

The Federal Circuit vacated the Board's decision and remanded for further proceedings. Turning first to Rovalma's substantial-evidence argument, the Federal Circuit found that remand was necessary because "[t]he Board did not sufficiently explain the basis for its obviousness determinations to permit [the Court] to resolve the substantial-evidence issues raised by Rovalma." While the Court "noted that the amount of explanation needed varies from case to case, depending on the complexity of the matter and the issues raised in the record," the Court found that the Board's opinion here—which failed to cite any evidence showing a person of ordinary skill in the art would have been motivated to alter the prior art or would have had a reasonable expectation of success in modifying the prior art—was inadequate.

Turning next to Rovalma's procedural-error argument, the Federal Circuit rejected Rovalma's argument that the Board is prohibited from relying on Rovalma's submissions in determining that the claims would have been obvious. Nonetheless, the Court found that "because [it] cannot sufficiently determine how the Board reached the conclusion that the challenged claims would have been obvious, [it] also cannot conclusively determine whether the Board's actions complied with the APA's procedural requirements." The APA requires that the Board provide adequate notice of, and an adequate opportunity to address, the arguments on which it intends to rely. The Court thus concluded that "[t]he Board's procedural obligations are not satisfied merely because a particular fact might be found somewhere amidst the evidence submitted by the parties, without attention being called to it so as to provide adequate notice and an adequate opportunity to be heard." *Rovalma* confirms that the APA remains a significant hurdle for administrative patent judges who want to see their decision upheld.

The Board's procedural obligations are not satisfied merely because a particular fact might be found somewhere amidst the evidence submitted by the parties, without attention being called to it so as to provide adequate notice and an adequate opportunity to be heard.

IN RE SMITH INTERNATIONAL, 871 F.3D 1375 (FED. CIR. 2017)

BY WILLIAM MILLIKEN

"The correct inquiry in giving a claim term its broadest reasonable interpretation in light of the specification," the Court explained, "is not whether the specification proscribes or precludes some broad reading of the claim term adopted by the examiner. And it is not simply an interpretation that is not inconsistent with the specification. It is an interpretation that corresponds with what and how the inventor describes his invention in the specification, i.e., an interpretation that is consistent with the specification."

The PTO granted a request for *ex parte* reexamination of certain claims of the '817 patent. That patent is directed to a downhole drilling tool for oil and gas operations that consists of a "generally cylindrical tool body" and other components such as tool arms and a mandrel. The examiner found—and the Board agreed—that the term "body" in the '817 patent was "a broad term that may encompass other components such as 'mandrel' and 'cam sleeve,' reasoning that only the term 'body' is recited in the claims without further limiting features and that the specification neither defines the term 'body' nor prohibits the examiner's broad reading of it." Based on this broad construction of "body," the examiner rejected several of the claims as anticipated by or obvious over a published patent application called Eddison. The Board affirmed. Smith International appealed to the Federal Circuit.

The Federal Circuit held that the Board's construction of "body" was unreasonably broad. The Court explained that the '817 patent "consistently describes and refers to the body as a component distinct from others, such as the mandrel, piston, and drive ring," thus indicating that "body" is not a broad, generic term that encompasses other components such as the mandrel and cam sleeve. "The correct inquiry in giving a claim term its broadest reasonable interpretation in light of the specification," the Court explained, "is not whether the specification proscribes or precludes some broad reading of the claim term adopted by the examiner. And it is not simply an interpretation that is not inconsistent with the specification. It is an interpretation that corresponds with what and how the inventor describes his invention in the specification, i.e., an interpretation that is consistent with the specification." The Court noted that, under the Board's logic, "any description short of any express definition or disclaimer in the specification would result in an adoption of a broadest *possible* interpretation of a claim term, irrespective of repeated and consistent descriptions in the specification that indicate otherwise. That is not properly giving the claim term its broadest reasonable interpretation *in light* of the specification."

Because the Board's findings of anticipation and obviousness were based on its unreasonably broad construction of the term "body," the Court held that the Board's conclusions were not supported by substantial evidence. The Court accordingly reversed the decision of the Board. In *re Smith* is one of the few cases pushing back against the Board's "broadest reasonable interpretation" standard.

ULTRATEC, INC. V. CAPTIONCALL, LLC, 872 F.3D 1267 (FED. CIR. 2017)

BY PAULINE PELLETIER

Ultratec owns a series of patents directed to systems for assisting deaf or hard-of-hearing users to make phone calls. CaptionCall challenged the patents in an IPR at the PTAB. The parties were concurrently litigating invalidity in a related district court infringement action. CaptionCall retained the same invalidity expert in the litigation and the IPRs. The expert provided testimony on common issues in both proceedings. Ultratec sought to introduce the expert's litigation testimony in the IPR, alleging that it conflicted with his IPR declarations.

As it was required to do, Ultratec requested authorization to move to supplement the record with the testimony. The PTAB held a conference call to consider Ultratec's request. The conference call was not recorded or transcribed. The PTAB did not review or consider the offered litigation testimony and denied Ultratec's request during the call, indicating that a written order would follow. But the PTAB never issued the promised order. Rather, after the oral hearing, the PTAB issued final decisions holding all of the challenged claims unpatentable. The final decisions relied extensively on the PTAB's assessment that CaptionCall's expert was a credible witness.

Ultratec requested rehearing on grounds that the PTAB's failed to consider the inconsistent testimony of CaptionCall's expert and explain its decision not to admit it. The PTAB denied Ultratec's rehearing request, asserting that it was not required to issue an order explaining its denial of the request for authorization, and that its current decision on rehearing was otherwise sufficient for that purpose. Ultratec appealed to the Federal Circuit.

Judge Moore, joined by Judges Linn and Newman, vacated and remanded the PTAB's decisions. The Court held that the PTAB's failure to review the testimony at issue and explain its decision violated the Administrative Procedures Act (APA), explaining: "If the APA requires the Board to explain a denial of a motion then it likewise requires the Board to explain the denial of a request to make a motion. To the extent the Board views the two-step process it created to file motions as insulating it from its APA obligations, this is incorrect."

UltraTec is a significant case illustrating the Federal Circuit's rigorous enforcement of the APA and related administrative doctrines in PTAB proceedings. Since *UltraTec*, the PTAB seems to have adopted an internal practice of transcribing all conference calls.

UltraTec is one of a growing number of precedential appellate decisions illustrating that the Federal Circuit is rigorously enforcing the requirements of the Administrative Procedure Act (APA) and related administrative doctrines in PTAB proceedings.

IN RE VAN OS, 844 F.3D 1359 (FED. CIR. 2017)

BY DEIRDRE WELLS

Van Os *et al.* filed the '470 application with the US Patent and Trademark Office (PTO) seeking to have a patent issue. The examiner rejected the claims as obvious, and Van Os appealed to the PTAB. On appeal, the Board reversed the examiner's rejection of 29 of the pending claims but affirmed the rejection of four claims as obvious over the prior art of record. The Board found that combining the prior art to arrive at the invention in the four claims would have been "intuitive." Although the Board's obviousness finding hinges on its finding that a person of ordinary skill in the art would have been motivated to modify the prior art, the Board did not provide any reasoning or analysis to support finding a motivation to combine other than simply stating that it would have been an "intuitive way" to practice the prior art.

Van Os appealed to the Federal Circuit. The Court remanded the Board's obviousness finding, because the Board failed to adequately explain the basis for its assertion that one of ordinary skill in the art would have been motivated to combine the prior art references to arrive at the invention. The Court asserted that the Board's conclusory assertion that the prior art combination would have been "intuitive" is no different than merely stating the combination "would have been obvious." "Such a conclusory assertion with no explanation is inadequate to support a finding that there would have been a motivation to combine." Although *KSR* permits the Board to have the person of ordinary skill apply common sense or intuition, "the flexibility afforded by *KSR* did not extinguish the factfinder's obligation to provide reasoned analysis."

In re Van Os is one of a growing number of cases that confirm the primacy to an obviousness determination of establishing a credible, well-supported motivation to combine the prior-art reference. The lessons here are equally applicable to IPR petitioners.

A conclusory assertion with no explanation is inadequate to support a finding that there would have been a motivation to combine.

WI-FI ONE, LLC V. BROADCOM CORP., NO. 15-1944 (FED. CIR. 2018) (EN BANC)

BY BYRON PICKARD

In 2010, Ericsson sued multiple defendants alleging infringement of three patents. The case went to a jury trial and was reviewed on appeal by the Federal Circuit. Broadcom was not a party to that litigation. In 2013, Broadcom petitioned for IPRs against the same three patents, which were subsequently assigned to Wi-Fi One. Wi-Fi One argued to the PTAB that Broadcom was in privity with the defendants in the Ericsson suit and was therefore time barred under 35 U.S.C. § 315(b). The PTAB denied Wi-Fi One's motion seeking to discover evidence substantiating Wi-Fi One's privity argument. The Board instituted trial and issued Final Written Decisions that the challenged claims were unpatentable.

On appeal, Wi-Fi One raised the time-bar issue. The original Federal Circuit panel followed the court's earlier decision in *Achates Reference Publ., Inc. v. Apple Inc.*, 803 F.3d 652, 658 (Fed. Cir. 2015) and held that the time-bar issue under Section 315(b) was not appealable and affirmed the PTAB's decisions. The Federal Circuit later granted a petition for *en banc* rehearing on the question whether *Achates* should be overruled and that judicial review be available for a patent owner to challenge on appeal the timeliness of a petition under Section 315(b).

Under 35 U.S.C. Section 315(b), a party may not petition for an *inter partes* review if more than one year has passed since that party, its privy, or the real party in interest have been served with a complaint charging patent infringement. At the same time, Section 314(d) provides that "[t]he determination by the Director whether to institute an *inter partes* review under this section shall be final and nonappealable." In the *en banc* review, the Federal Circuit considered whether 35 U.S.C. Section 314(d) bars appellate review of whether an IPR was instituted inconsistent with the one-year bar of Section 315(b). Overturning an earlier Federal Circuit decision in *Achates*, the *en banc Wi-Fi One* Court held that Section 314(d) did not bar such appellate review and that a party could raise on appeal whether an IPR institution decision was time barred under 315(b).

The *Wi-Fi One* Court addressed the question by first applying a "strong presumption" in favor of judicial review of an administrative action, which could only be overcome by a "clear and convincing" Congressional indication that appellate review was prohibited. The Court found that there was no "clear and convincing indication in the America Invents Act or the statutory scheme as a whole that Congress intended to prohibit judicial review of time-bar questions under Section 315(b)."

The Court reasoned that Section 314(d)'s effect was limited to the provisions of Section 314(d) itself,

citing the language: "[t]he determination by the Director whether to institute an *inter partes* review under this section shall be final and nonappealable." (emphasis added). The Court observed that Section 314 sets forth the threshold requirement for instituting IPR on a showing of "reasonable likelihood," while the one-year time bar is set forth under Section 315(b). The *Wi-Fi One* Court further reasoned that this result was consistent with *Cuozzo Speed Technologies, LLC v. Lee*, 135 S. Ct. 2131 (2016), where the US Supreme Court held that a decision under Section 314 whether to institute were "akin to decisions which, in other contexts, we have held to be unreviewable." Meanwhile, Section 315 controls the Director's authority to institute IPR in manner distinct from the preliminary patentability assessment to institute an IPR on a showing of "reasonable likelihood of success." That is, in the *Wi-Fi One* Court's view, Section 315 has nothing to do with the patentability merits or discretion not to institute. The court vacated and remanded the case to the PTAB.

As a result of *Wi-Fi One*, patent owners may now seek judicial review of PTAB decisions under Section 315(b).

The Federal Circuit may review PTAB institution decisions for questions of timeliness.

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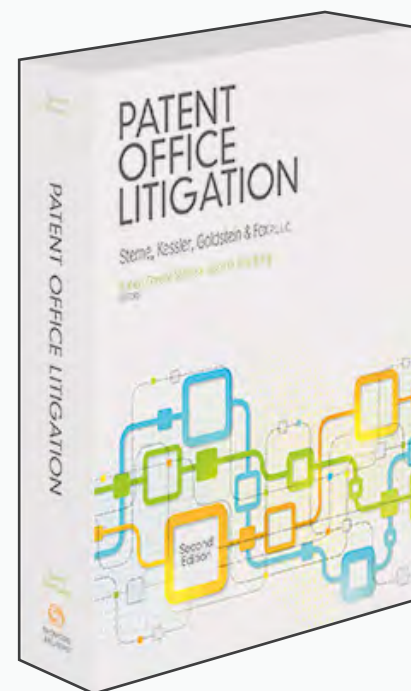
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