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PERSPECTIVE

High court to consider appealability issues in IPR proceedings

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In *Thryv, Inc., fka Dex Media, Inc. v. Click-To-Call Technologies, LP, et al.*, 18-916, the U.S. Supreme Court will consider appealability of timeliness determinations within inter partes review proceedings under 35 U.S.C. Section 314(d). Specifically, the court will determine whether 35 U.S.C. Section 314(d) permits the appeal of a finding that the one-year time bar of 35 U.S.C. Section 315(b) did not apply within an IPR institution decision. The potential outcome has wide ranging implications not only within patent law, regarding the timeliness of IPRs specifically, but also within the administrative law context considering the interplay between the agency interpretation, here the U.S. Patent and Trademark Office's Patent Trial and Appeal Board's, and judicial review.

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Background

In 2001, Inforocket filed and served a patent infringement suit on defendant Keen. Thereafter, Keen acquired Inforocket in 2003 and the parties stipulated to a voluntary dismissal "without prejudice." Click-to-Call later acquired the patent-in-suit, and, on May 29, 2012, asserted infringement

claims against multiple parties, including Keen (then renamed Ingenio). On May 28, 2013, Ingenio, along with other defendants, filed an IPR petition challenging the validity of the patent-in-suit.

Because Ingenio (as Keen) had previously been sued in 2001 for infringement of the same patent, Click-to-Call challenged the timeliness of its IPR petition under 35 U.S.C. Section 315(b). Section 315(b) requires that "[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 petitioner ... is served with a complaint alleging infringement of the patent.*" Thus, consistent with the stated rationale for creating the inter partes review procedure — that they would be more efficient vehicles for challenging patent validity than district court litigation — defendants are required to file IPR petitions relatively early in the litigation process.

The PTAB has made timeliness determinations with its overall decision to institute an IPR proceeding, and it has adopted a nuanced interpretation of the Section 315(b) one-year time bar that accounts for the realities of litigation practice. In a series of decisions, the PTAB interpreted the one-year time bar as not triggered by service of a complaint that

is later dismissed without prejudice. The PTAB reasoned that when a suit is voluntarily dismissed without prejudice, the effect is to leave the parties as though the action had never been brought. That interpretation was originally supported, at least implicitly, by the Federal Circuit in *Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652, 658-59 (Fed. Cir. 2015), as the court held that the PTAB's timeliness ruling was part of the decision to institute an IPR and therefore unreviewable on appeal under 35 U.S.C. Section 314(d). But three years later, the Federal Circuit, in an en banc decision, reversed course in *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1374 (Fed. Cir. 2018), holding that the timeliness decision was a preliminary ruling that did not fall within the PTAB's unreviewable decision to institute. Consequently, in *Wi-Fi One*, the Federal Circuit ruled that the PTAB's pragmatic interpretation of the time bar was contrary to the plain language of the statute and held that the one-year period should instead be strictly interpreted as beginning with the service of any complaint, regardless of a later dismissal.

The *Wi-Fi One* decision sidestepped the Supreme Court's previous decision in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131

(2016), which considered the express language of 35 U.S.C. Section 314(d) and held that the PTAB's institution decision and closely related determinations were unappealable.

The present appeal thus provides the Supreme Court an opportunity to clarify whether the timeliness determination falls within the PTAB's unreviewable decision to institute. However, the Supreme Court will limit its review to only the appealability question as the court declined to certify Click-to-Call's second question regarding interpretation of the Section 315(b) time bar. Nonetheless, the Supreme Court may, at least implicitly, signal whether the PTAB's pragmatic interpretation or the Federal Circuit's strict interpretation of Section 315(b) should apply.

Possible Outcomes

The Supreme Court could affirm the appealability of the PTAB's Section 315(b) time bar determination, although that outcome might seem less likely given the grant of certiorari so soon after the *Cuozzo* decision. Had the court felt the need to limit the scope of unappealability under *Cuozzo*, it could have waited for additional decisions from the Federal Circuit regarding various provisions surrounding IPR institutions so that it could more fully explain which

determinations were “closely related” to the decision to institute and thus unappealable. However, any insight that could be derived from the court’s remanding of *Click-to-Call*’s first petition in light of *Cuozzo*, is limited since the composition of the Supreme Court has changed with the confirmation of Justices Neil Gorsuch and Brett Kavanaugh.

The new composition of the Supreme Court increases the likelihood of a decision that PTAB’s timeliness interpretation is appealable. The Supreme Court has recently heard, and is intending to hear, several cases implicating *Chevron* or closely related *Auer* deference, and some of the newer members of the court have been vocal in their view that the doctrine should be reined in. This appeal may provide another opportunity for the court to address or simply bypass *Chevron*, as it did recently in *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1358 (2018). The opinion authored by Justice Gorsuch never reached the issue of *Chevron* deference, reasoning that “[the court] owe[s] an agency’s interpretation of the law no deference unless... we find ourselves unable to discern Congress’s meaning ... [a]nd after applying traditional tools of interpretation here, we are left with no uncertainty that could warrant deference.” The Supreme Court could just as easily find the Section 315(b)

language unambiguous and, therefore, accept the Federal Circuit’s strict interpretation of the one-year time bar as applying to even dismissed complaints – avoiding the *Chevron* question altogether.

Alternatively, if the Supreme Court applies *Cuozzo* broadly — ruling that the “unappealable” language of Section 314(d) is clear — and reverses the Federal Circuit on jurisdictional grounds only, the job of interpreting the time bar provision will fall back to the PTAB and its previous pragmatic interpretation would likely be reinstated.

Practice Implications

Under any scenario in which the Federal Circuit’s strict interpretation is affirmed, defendants looking to file IPR petitions must take great care to avoid running afoul of Section 315(b) and its time bar. But that vigilance could take many forms. In the scenario where a plaintiff seeks to dismiss its complaint without prejudice or a defendant moves to dismiss the complaint and a district court must decide whether to do so with or without prejudice, the defendants may point to the potential loss of its right

to file an IPR petition as a basis for dismissal with prejudice. Alternatively, in at least one precedential opinion since its *Click-to-Call* decision, the Federal Circuit has indicated that a plaintiff/patent owner’s timeliness defense to institution of an IPR is waivable. *Hamilton Beach Brands, Inc. v. f’real Foods, LLC*, 908 F.3d 1328 (Fed. Cir. 2018). Therefore, defendants or courts may require that a plaintiff stipulate to waiver of any timeliness defense as a condition of dismissal of a complaint without prejudice. ■

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