

No Judicial Review of Certain Patent Office Decisions, Supreme Court Holds

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In 2011, Congress enacted major patent reform in the [Leahy-Smith America Invents Act](#) (AIA). The AIA, among other things, created [inter partes review](#) (IPR), an adversarial procedure during which the U.S. Patent & Trademark Office's (PTO's) Patent Trial & Appeal Board (PTAB) reviews the validity of issued patents. In particular, IPR allows any person, other than the patentee, to [petition](#) the PTAB for review of a patent. After receiving a petition, the PTAB may institute an IPR if it [determines](#) that "there is a reasonable likelihood that the petitioner would prevail." However, [35 U.S.C. § 315\(b\)](#) (the so-called "time-bar") provides that the PTAB may not institute an IPR if the petition "is filed more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent." Under [35 U.S.C. § 314\(d\)](#) (the so-called "no-appeal provision"), moreover, the PTAB's determination to institute an IPR "under this section shall be final and nonappealable."

In *Thryv, Inc. v. Click-to-Call Technologies, LP*, decided on April 20, 2020, the Supreme Court [interpreted](#) the no-appeal provision broadly by holding that the PTAB's determination that an IPR is not time-barred falls within § 314(d) and therefore may not be appealed. (The case was previewed before argument in [this](#) CRS sidebar.) The decision in *Click-to-Call* may have considerable implications for the breadth of the PTAB's authority moving forward.

Legal Background

Inter Partes Review

Under [35 U.S.C. § 311](#), any person, other than the patentee, may [petition](#) the PTAB to review an issued patent's validity on certain grounds. The petitioner may assert, for example, that the patented invention would have been [obvious](#), and thus a patent should not have been issued. The patent owner may then [file](#) a preliminary response. The PTAB [decides](#), based on the petition and preliminary response, whether "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the [patent] claims challenged in the petition." If the PTAB [determines](#) that there is a reasonable likelihood that the petitioner will prevail, it may formally institute an IPR.

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In addition to demonstrating a reasonable likelihood of success on the merits, the petition must also meet a number of **procedural** requirements. For example, the petitioner **must** identify all real parties-in-interest; identify the challenged patent claims and the grounds for the challenge “with particularity”; and pay a fee set by the PTO. The petitioner also must **establish** that the petition is not time-barred under § 315(b), which provides that the PTAB may not institute an IPR if the petition “is filed more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent.” Under § 314(d), the PTAB’s “determination . . . whether to institute an inter partes review . . . [is] final and nonappealable.”

If the PTAB institutes an IPR, the PTAB conducts a streamlined administrative proceeding to adjudicate the validity issues presented in the petition. During the IPR proceedings, the parties **file** further arguments, and the patent owner may **move** to amend the patent. The PTAB then **holds** a hearing and **issues** a final written decision explaining whether the challenged patent claims are valid.

Prior Challenges to the PTAB’s Decision to Institute IPR Proceedings

Cuozzo Speed Technologies, LLC v. Lee

Parties have been **litigating** the scope of the no-appeal provision since IPR first became available. In fact, the first Supreme Court decision to address IPR, *Cuozzo Speed Technologies, LLC v. Lee*, **involved** the scope of the no-appeal provision. Cuozzo, a patent owner, **argued** that the PTAB had improperly instituted an IPR because it invalidated certain patent claims on bases only implicitly raised in the petition. Thus, Cuozzo argued, the petition had not identified the challenged claims or grounds “with particularity” as required by 35 U.S.C. § 312(a)(3).

The Supreme Court **held** that the no-appeal provision rendered the PTAB’s decision to institute on those bases nonappealable. While the Supreme Court **recognized** a “‘strong presumption’ in favor of judicial review” that could only “be overcome by ‘clear and convincing’ indications” from Congress, it **held** that the language in § 314(d) met that standard. To hold otherwise, the Court **reasoned**, would undercut the congressional objective of allowing the PTO to revisit patentability determinations. Specifically, the Court **doubted** that Congress would have given the PTO these review powers if it “thought that the agency’s final decision could be unwound under some minor statutory technicality related to its preliminary decision to institute [an IPR].”

Nevertheless, the Supreme Court **indicated** that § 314(d)’s scope is not boundless. In particular, the Court **cautioned** that the no-appeal provision “applies where the grounds for attacking the decision to institute [an IPR] consist of questions that are closely tied to the application and interpretation of statutes related to the” decision to institute. Thus, the Court **stated** that it was not deciding whether the no-appeal provision would apply to “appeals that implicate constitutional questions, that depend on less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond ‘this section.’” The Court also **indicated** that “shenanigans” where the PTAB acted beyond its statutory jurisdiction would be reviewable.

Supreme Court Decision in *Click-to-Call*

On April 20, 2020, the Supreme Court issued its decision in *Thryv, Inc. v. Click-to-Call Technologies, LP*. Justice Ginsberg’s opinion for seven justices **held** that the no-appeal provision in § 314(d) bars judicial review of PTAB determinations regarding § 315(b)’s time-bar. The Court **reasoned** that the time bar is part of the institution decision, and therefore barred from review under § 314(d). The Court also **determined** that the “purpose and design” of the statute creating IPR reinforces the conclusion that the no-appeal provision applies to the time-bar because IPR “sought to weed out bad patent claims,” and

allowing review of the time bar would permit the continued enforcement of patents held to be invalid. (Justices Thomas and Alito did [not join](#) the portion of the opinion addressing the purpose and design of the statute.)

The Court [rejected](#) Click-to-Call's arguments that § 314(d) does not apply to time-bar determinations, including its attempt to read § 314(d) as limited to the initial merits determination. The Court found this argument foreclosed by *Cuozzo* and inconsistent with related no-appeal provisions that Congress drew more narrowly. If Congress had intended § 314(d)'s scope to be narrower, the Court [reasoned](#), it would have used narrower language. Accordingly, the Court [vacated and remanded](#) the U.S. Court of Appeals for the Federal Circuit's judgment, with instructions to dismiss the appeal for lack of jurisdiction.

Justice Gorsuch [dissented](#), with Justice Sotomayor joining much of that dissent. Justice Gorsuch [argued](#) that § 314(d)'s text indicates that the no-appeal provision only applies to the PTAB's initial determination on the merits whether to institute IPR, and not to other determinations. Justice Gorsuch [contended](#) that *Cuozzo*'s statement to the contrary was not binding and should not control the present case. Moreover, Justice Gorsuch argued that the [presumption](#) of judicial review indicates that the no-appeal provision should be read narrowly to reach only the initial merits determination. Justice Gorsuch also opined that the Court's precedents interpreting the IPR statutes [shifted](#) too much power to the PTO at the expense of the courts, particularly considering that the [Director](#) of the PTO is a political appointee. Finally, Justice Gorsuch [criticized](#) the Court's previous decision upholding the IPR's constitutionality as part of a trend of "handing over judicial powers involving the disposition of individual rights to executive agency officials."

Implications for Congress

The central question in *Click-to-Call* is one of congressional intent: whether Congress intended for § 314(d) to bar appeals of the PTAB's determination that § 315(b)'s time-bar applies. Accordingly, the decision raises questions regarding whether the Court is interpreting the law as Congress intended. Should Congress disagree with the outcome of *Click-to-Call*, it could abrogate the decision statutorily by clearly indicating that the time-bar is appealable. For example, the [STRONGER Patents Act of 2019](#), a bill introduced in the 116th Congress, would [narrow](#) § 314(d) to apply only to the merits determination of the institution decision, and not procedural determinations like the time-bar. Patent owners [contend](#) that reviewing time-bar determinations provides an important check on the PTAB's power, and the PTO more broadly. Not having that check, some [argue](#), allows the PTAB to determine the scope of its own authority without review by an Article III court.

If Congress chose to reverse the result in *Click-to-Call*, judicial review of time-bar determinations may result in IPR dismissals after patent claims are invalidated by PTAB. Supporters of appellate review [contend](#) that, because those IPRs are time-barred, they should not have been instituted in the first place. Under this view, appealability may [uphold](#) the balance Congress created in the AIA and help to protect the significant investment needed to receive a patent in the first place.

Allowing judicial review of time-bar determinations, however, may [raise](#) the possibility that the PTAB's patent invalidation will be set aside because courts disagree with the PTAB's time-bar conclusion. This may expose petitioners who successfully invalidated a patent at the PTAB to infringement liability when a merits determination is undone based on procedural defect. For example, one amicus in *Click-to-Call* potentially [faced](#) "a new patent damages trial with more than \$100 million at stake" after the Federal Circuit, without disturbing the PTAB's decision on the merits, set aside the PTAB's invalidation of a patent based on time-bar issues. Moreover, parties [expend](#) significant resources litigating IPRs. Patent challengers contend that those resources would be wasted if the IPR could be later dismissed on appeal due to time-bar issues, thereby [arguably](#) frustrating the congressional purpose of IPR: providing a faster, more affordable alternative to district court litigation.

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