

# ‘Appealing’ a PTAB decision on institution of a post-grant review

Many of the PTAB’s decisions have been hotly contested. **Kenneth Adamo, Eugene Goryunov, Jon Carter** and **Aaron Resetarits** examine the lengths parties have gone to appeal PTAB’s institution decisions

**The America Invents Act (AIA) has significantly changed the patent litigation landscape in the US.** It created the Patent Trial and Appeal Board (PTAB) and three new primary mechanisms for post-grant review: post-grant review (PGR), *inter partes* review (IPR) and covered business method review (CBMR), collectively known as PTAB trials. The PTAB’s decisions have been hotly contested and parties have tried a number of creative approaches to obtain review of those decisions. These have included appealing a decision on institution, petitioning for a writ of *mandamus* for immediate review of a decision on institution, appealing a decision on institution from a final written decision, challenging the PTAB under the Administrative Procedures Act (APA) and seeking injunctive relief against petitioners in the US district court. This article explores these various approaches.

## No appeal of a decision on institution

The AIA provides that an appeal is only appropriate from the PTAB’s final written decision. Conversely, appeals of the PTAB’s initial determination of whether to institute a PTAB trial are not permitted. Unsuccessful petitioners have, nevertheless, tested the bounds of this statutory limitation.

In *St Jude Medical Cardiology Division v Volcano Corporation*, for example, the Court of Appeals for the Federal Circuit (CAFC) held that it lacks jurisdiction to hear an appeal of a PTAB institution decision.<sup>1</sup> In

that case, the PTAB had declined to institute an IPR trial on St Jude’s petition. St Jude appealed to the CAFC and the patent owner and the patent office both moved to dismiss the appeal. Relying on the express language of 35 USC § 314(d), which states that “determination by the director whether to institute an *inter partes* review under this section shall be final and nonappealable”, the court concluded that a “final written decision is the *only* decision that the statute authorises a dissatisfied party to appeal to this court”. A non-institution decision “is not a ‘final written decision’ of the board under section 318(a), and the statutory provisions addressing *inter partes* review contain no authorisation to appeal a non-institution decision to [the Federal Circuit]”. The appellate bar of Section 314(d) thus “bars an appeal of the non-institution decision”.<sup>2</sup> The court dismissed St Jude’s appeal.

## Writ of mandamus may not challenge decision on institution

A party to a PTAB trial may petition the Federal Circuit for a writ of *mandamus* that instructs the PTAB to take a specific action. But a writ of *mandamus* is only available in “extraordinary situations to correct clear abuse of discretion or usurpation of judicial power”. Three conditions must be met before a writ of *mandamus* issues: the movant must not have another adequate means of obtaining the relief requested; the movant must demonstrate it has a “clear and indisputable” right to

relief; and the court is satisfied, “in the exercise of its discretion”, that the writ is appropriate under the circumstances.<sup>3</sup>

The Federal Circuit has held in *In re Dominion Dealer Solutions* that a writ of *mandamus* is not an appropriate mechanism to force the PTAB to institute an IPR trial.<sup>4</sup> There, the petitioner filed multiple IPR petitions that the PTAB denied as deficient and the petitioner sought *mandamus*. Relying on its decision in *St Jude*, the Federal Circuit concluded that the AIA barred appellate review of the PTAB’s institution decision, even under the guise of *mandamus*. The statutory language broadly declares that PTAB decisions on whether to institute IPRs “shall be final and nonappealable”, so the petitioner could not establish a “clear and indisputable” right to challenge a non-institution decision.<sup>5</sup>

## “The AIA has proven to be a strong limit on what review may be requested of the PTAB’s institution decisions.”

The CAFC has similarly held in *In re Procter & Gamble Co* that a writ of *mandamus* is not an appropriate mechanism to force the PTAB to deny an instituted PTAB trial.<sup>6</sup> The PTAB instituted IPR trials on numerous petitions and the patent owner sought *mandamus* directing the PTAB to withdraw the institution decisions. The Federal Circuit, relying on *In re Dominion*, held that *mandamus* requests regarding PTAB institution decisions are not allowed under the AIA. The patent owner had no “clear and indisputable right to this court’s immediate review of a decision to institute an *inter partes* review, as would be needed for *mandamus* relief”. Failure to grant the requested writ in this case would merely force the patent owner to go through the PTAB trial. This, the court observed, “is not one of the rare situations in which irreparable interim harm can justify *mandamus*”.<sup>7</sup>

Notably, the Federal Circuit has stated that in the right situation, a petition for a writ of *mandamus* may be appropriate to review a decision on institution. However, the court has to date provided no such further guidance.<sup>8</sup>

### (Likely) no appeal of a decision on institution, even in an appeal from a final written decision (except for CBMRs)

The Supreme Court of the US recently confirmed in *Cuozzo Speed Technologies v Lee* that the AIA precludes appellate review of the merits of the PTAB’s decision on institution, finding that the ‘no appeal’ language of § 314(d) makes PTAB institution decisions unappealable.<sup>9</sup> Writing for a majority of the court, Justice Breyer noted that a contrary holding would limit the scope of the no appeal provision to interlocutory appeals prior to final written decisions, effectively rendering the provision superfluous. The court concluded that the § 314(d) bar attaches to PTAB decisions on institution.<sup>10</sup>

The Federal Circuit has established one limited exception to this bar: the PTAB may only institute CBMR trials on CBM-eligible patents. In *Versata Development Group v SAP America*, the Federal Circuit stated that, while an institution decision is unreviewable, “institution

and invalidation are two distinct actions by the PTAB”. The former is unreviewable, but the latter is reviewable.<sup>11</sup> Consequently, an appeal from a CBMR final written decision may address whether the PTAB “has violated a limit on its invalidation authority”. In other words, whether the challenged patent is CBM-eligible, even though resolved at institution.<sup>12</sup>

The true limit on appellate review, however, is far from settled. The Supreme Court in *Cuozzo* noted, but declined to decide, that some issues – those that implicate constitutional questions or where the PTAB acted outside its statutory limits – may, in fact, warrant appellate review.<sup>13</sup> As an example, shortly after its *Cuozzo* decision, the court in *Click-to-Call Technologies v Oracle Corporation* granted *certiorari*, vacated the CAFC’s decision and remanded the case to the Federal Circuit for consideration of whether the PTAB’s interpretation of the IPR one-year bar was subject to appellate review.<sup>14</sup>

### APA does not permit appeal of a decision on institution

Patent owners have challenged PTAB institution decisions in the US district court, claiming that institution violated the Administrative Procedure Act (APA). The Federal Circuit has held, however, that the AIA precludes court review of PTAB institution decisions pursuant to the APA.

In *Versata Development Group v Rea*, the patent owner sued the petitioner for infringement and the petitioner filed CBMR petitions challenging the asserted patents as unpatentable.<sup>15</sup> After the PTAB instituted CBMR trials, the patent owner sued the US Patent and Trademark Office (PTO) in the US District Court for the Eastern District of Virginia, to set aside the institution decision under the APA. The patent owner argued that § 314(d) of the AIA was not intended by Congress to preclude all forms of judicial review, such as review by a US district court. Instead, the patent owner said, it was merely intended to prevent the appeal of institution decisions to the Federal Circuit.<sup>16</sup> The petitioner intervened and sought to dismiss the suit for lack of jurisdiction and for failure to state a claim.

The court granted the petitioner’s motion and dismissed the suit, holding that the AIA precluded judicial review of the PTAB’s institution decision, even under the APA, because “the AIA’s express language, detailed structure and scheme for administrative and judicial review, legislative purpose, and nature of the administrative action evince Congress’ clear intent to preclude subject matter jurisdiction over the PTAB’s decision to institute patent reexamination proceedings.” The court also lacked jurisdiction to review the PTAB’s institution decision because the decision was not a “final agency action” reviewable under § 704 of the APA. Rather, the decision was preliminary in nature and not an action resulting in the “determination of legal rights or obligations from which legal consequences flow”. The patent owner had an adequate, alternative remedy under the AIA in an appeal of the PTAB’s final written decision.<sup>17</sup>

The Federal Circuit affirmed, holding that the AIA bars judicial review of PTAB institution decisions. Section 314(d) strikes the appropriate balance between Congress’ desire for prompt and efficient post-grant review and the availability of judicial review for agency action.<sup>18</sup>

### No injunction to participants in PTAB trials

Finally, patent owners have sought to enjoin defendants in parallel US district court litigation from proceeding with PTAB trials. While precedent is sparse, courts have been unwilling to grant such relief due to the speculative nature of irreparable harm.

In *IGT v Aristocrat Technologies*, for example, the patent owner sued the defendant for alleged patent infringement and later requested the court to enjoin the defendant from initiating a PTAB trial.<sup>19</sup> The

patent owner argued that it would be irreparably harmed without the injunction because it would be unable to raise an assignor estoppel defence in a PTAB trial and that irreparable harm would befall the patent owner if the defendant ultimately succeeded in having one or more claims cancelled.<sup>20</sup>

The US district court denied the patent owner injunctive relief, concluding that the patent owner's claims of irreparable harm were too speculative. "Multiple contingencies must occur before injuries would ripen into concrete harms," it said. The court highlighted several of the contingencies as follows: the defendant had merely "implied its intention" to request a PTAB trial but had not yet done so; even if the defendant petitioned for a PTAB trial, the PTAB may not institute; and even if the PTAB instituted, it may ultimately find the claims patentable. Such uncertainties presented a mere possibility and not a likelihood of harm that was too "contingent to satisfy the likelihood of irreparable harm standard". The district court further recognised the absence of any precedent enjoining defendants from pursuing PTAB trials.<sup>21</sup>

**"This area of law will continue to develop and practitioners can expect further clarification, but they should not expect clear guidance on when appellate review of the PTAB's institution decisions is appropriate."**

In yet another example, the patent owner in *Senju Pharmaceutical v Metrics* sued multiple defendants for infringement, alleging that the defendants' submission of an Abbreviated New Drug Application (ANDA) together with a Paragraph IV certification was an act of infringement.<sup>22</sup> One of the defendants filed IPR petitions challenging the asserted patents, which the PTAB granted. The patent owner moved to enjoin the defendant from participating in the IPR trials because the filing of an ANDA constitutes a civil action that prohibits a party from later petitioning for an IPR under § 315(a)(1). The patent owner further contended that the first-filed rule required the US district court to decide infringement before any decision on validity, so as to avoid the duplicative efforts and the possibility of conflicting judgments.<sup>23</sup>

The court rejected the patent owner's demand, holding that § 315(a)(1) did *not* bar the defendant from participating in the IPR trials. It found that filing an ANDA was not a civil action, it was merely an administrative application to the FDA in no way associated with a judicial proceeding as the term civil action has traditionally been understood.<sup>24</sup> The court found it instructive that different PTAB panels had already rejected the patent owner's ANDA argument in a number of IPR trials. The court also rejected the patent owner's first-filed argument. The concern over duplication is not implicated where the court and the PTAB apply different standards of proof.<sup>25</sup>

## Discussion

The AIA has proven to be a strong limit on what review may be requested of the PTAB's institution decisions. Though APA challenges have proven unsuccessful to date, the APA may permit judicial review under the right circumstances. The Federal Circuit has also declined to review the PTAB's

institution decisions, including associated issues such as application of the statutory time bar. The Supreme Court, however, has indicated that the Federal Circuit may have to, again under the right circumstances, consider appeals of issues decided in the PTAB's institution decisions. This area of law will continue to develop and practitioners can expect further clarification, but they should not expect clear guidance on when appellate review of the PTAB's institution decisions is appropriate.

## Footnotes

1. 749 F3d 1373 (Fed Cir 2014).
2. *Id* at 1374-1376.
3. *Cheney v US Dist Court for the Dist of Columbia*, 542 US 367, 380-81 (2004).
4. 749 F3d 1379 (Fed Cir 2014).
5. *Id* at 1381.
6. *Id* at 1378.
7. *Id* at 1379.
8. *In re Cuozzo Speed Techs, LLC*, 793 F3d 1268, 1275 (Fed Cir 2015) ("We need not decide whether mandamus to review institution of IPR after a final decision is available in other circumstances.")
9. 2016 US LEXIS 3927, at \*16, 2016 WL 3369425 (20 June 2016).
10. *Id* at \*24.
11. 793 F3d 1306, 1319 (Fed Cir 2015).
12. *Id* at 1320-21.
13. 2016 US LEXIS 3927, at \*23.
14. 2016 US LEXIS 4074, 2016 WL 541648 (27 June 2016); see also 622 Fed Appx 907 (Fed Cir 2015).
15. 959 F Supp 2d 912, 915-16 (ED Va 2013).
16. *Id* at 917, 920.
17. *Id* at 914, 926.
18. *Versata Dev Grp, Inc v Lee*, 793 F3d 1354, 1354-55 (Fed Cir 2015).
19. 2015 WL 5554135, \*1 (D Nev 18 Sept 2015).
20. *Id* at \*4-5.
21. *Id*.at \*4.
22. 96 F Supp 3d 428, 431 (D NJ 2015).
23. *Id* at 434-44.
24. *Id* at 434-45.
25. *Id* at 446.

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