

Supreme Court: Parties Cannot Appeal PTAB Decision To Institute *Inter Partes* Review of Allegedly Time-Barred Claims

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On April 20, 2020, the U.S. Supreme Court issued a 7-2 decision in *Thryv, Inc. v. Click-To-Call Technologies, LP*, ruling Section 314(d) of the America Invents Act (AIA) precludes the appeal of a decision by the Patent Trial and Appeal Board (PTAB) stating an *inter partes* review (IPR) proceeding is not time-barred.

Background

Section 315(b) of the AIA provides that an alleged infringer served with a complaint has one year from the date of service to file for an *inter partes* review of the patents-in-suit. The AIA further provides in Section 314(d) that the PTAB's decision to institute an IPR is "final and unappealable."

In 2013, a digital marketing company called Thryv filed a petition for *inter partes* review of several claims in a patent owned by Click-to-Call Technologies. Click-to-Call argued that the 2013 petition was time-barred because the challenged patent had been the subject of an infringement suit filed in 2001 against a predecessor of Thryv's which was thereafter dismissed voluntarily without prejudice. The PTAB rejected Click-to-Call's argument, finding that the 2001 suit did not trigger the time-bar provisions of Section 315(b). The PTAB then reviewed the claims on the merits and cancelled 13 of Click-to-Call's patent claims.

On appeal, the U.S. Court of Appeals for the Federal Circuit vacated the PTAB's decision, holding that the application of Section 315(b) was judicially reviewable and that the PTAB had erred. The Federal Circuit concluded that the 2001 infringement complaint, despite having been voluntarily dismissed with prejudice, nonetheless started the clock under Section 315(b) and therefore Thryv's petition was time-barred.

The Supreme Court granted *certiorari* to address the threshold question of whether 35 U.S.C. § 314(d) permits appeal of the PTAB's decision to institute *inter partes* review upon finding that the time bar of 35 U.S.C. § 315(b) did not apply.

The Supreme Court's Ruling

In a 7-2 decision authored by Justice Ruth Bader Ginsburg, the Supreme Court vacated the judgment of the Federal Circuit, holding that Section 314(d), which precludes judicial review of the PTAB's decision to institute *inter partes* review, also precludes judicial review of the PTAB's application of Section 315(b).

The Court relied primarily on its recent decision in *Cuozzo Speed Technologies, LLC v. Lee*, 579 U.S., at ___-___ (slip op., at 7-8), in which it determined that Section 314(d) bars review of matters "closely tied to the application and interpretation of statutes related to" IPR institution. The Court concluded that "Section 315(b)'s time limitation is integral to, indeed a condition on, institution," and thus was unappealable according to the *Cuozzo* standard. The Court's opinion also stated that because Section 315(b) relates only to the institution of *inter partes* review, the question of whether the PTAB wrongly instituted IPR because of an incorrect time-bar analysis is essentially a question of whether "the agency should have refused 'to institute an *inter partes* review.'"

The ruling further stated that the very purpose of the AIA reinforces this conclusion because when Congress provided for IPR, it was "concerned about overpatenting and its diminishment of competition." The Court noted that a patent owner would only need to appeal under Section 315(b) for untimeliness if they could not prevail on the merits of patentability and, therefore, "§315(b) appeals would operate to save bad patent claims."

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In this case, the PTAB cancelled Click-to-Call's patent claims as obvious and lacking novelty, and Click-to-Call did not challenge those conclusions on the merits.

Additionally, the Court rejected Click-to-Call's narrow reading of Section 314(d) — that the bar on judicial review only applies to the Section 314(a) determination of “whether the petitioner has a reasonable likelihood of prevailing.” The Court further stated that the language of Section 314(d), which refers to determinations “under this section,” encompasses more than just the “likelihood of prevailing.” Because Section 314 governs the institution of IPR, all decisions regarding whether to institute such review fall “under” Section 314(b).

Finally, the Court rejected Click-to-Call's argument that the PTAB's ruling is appealable under Section 319, which makes final written decisions appealable, because the PTAB's final written decision addressed this issue. The Court stated that regardless of whether the appeal is “labeled as an appeal from the final written decision,” Click-to-Call was appealing the PTAB's decision to institute IPR, an action which is barred under Section 314(b).

Justice Neil Gorsuch authored a dissenting opinion, which Justice Sonia Sotomayor joined in part. Justice Gorsuch interpreted the portion of Section 314(d) that referred to “under this section” to mean “determinations discussed *within* §314,” meaning only determinations regarding “whether the parties' initial pleadings suggest ‘a reasonable likelihood’ the petitioner will prevail in defeating at least some aspect of the challenged

patent.” Justice Gorsuch characterized Section 315(b) as a “limit on the agency's authority” and compared it to a statute of limitations defense, which survives throughout the life of litigation. The dissent argued that any doubt about the applicability of Section 314(d) did not present “clear and convincing evidence” that would overcome the “well-settled presumption favoring interpretations of statutes that allow judicial review of administrative action.” Justice Gorsuch further argued that the majority's reliance on *Cuozzo* was misplaced, as its “discussion about the reviewability of decisions outside §314(a)” was mere dicta.

Looking Ahead

This decision confirms Section 314(d)'s applicability to any PTAB decisions that “are closely tied to the application and interpretation” of whether to institute IPR. Absent an amendment to the AIA, patentees will likely only be able to argue the question of whether a petition for IPR is time-barred a single time — at the PTAB. While this decision removes an argumentative arrow for patentees to use when facing IPRs, it should have no effect on the ability of a patentee to contest IPR on the merits. This case also suggests that the PTAB is likely to view a complaint that is voluntarily dismissed without prejudice as failing to start the Section 314(d) clock. That said, for an entity facing a possible threat of infringement liability, the best practice — even in the case of voluntary dismissal — would still be to file an IPR petition within one year of the date of the a complaint against it, lest a different PTAB panel conclude that the time-bar provision does apply.