

No. _____

In the
Supreme Court of the United States

RPX CORPORATION,

Petitioner,

V.

APPLICATIONS IN INTERNET TIME, LLC,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether 35 U.S.C. § 314(d) bars judicial review of the Patent and Trademark Office's decision to institute inter partes review where a patent holder's challenge to that institution decision is grounded on a timeliness objection under § 315(b).

RULE 29.6 STATEMENT

The parent company of petitioner RPX Corporation is Riptide Parent, LLC, a Delaware limited liability company. No publicly held company owns 10 percent or more of RPX Corporation's stock.

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Petitioner RPX Corporation respectfully petitions this Court for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS AND ORDERS BELOW

The decisions of the Patent Trial and Appeal Board (App. 153a-294a) instituting inter partes review are not reported. The final decisions of the Patent Trial and Appeal Board (App. 60a-152a) are not reported but are available at 2016 WL 7991300 and 2016 WL 7985456. The Federal Circuit's opinion (App. 1a-59a) is reported at 897 F.3d 1336. The Federal Circuit's order denying rehearing (App. 295a-96a) is unreported but is available at 2018 WL 5295750.

JURISDICTION

The Federal Circuit issued its opinion on July 9, 2018. *Id.* at 1a. On October 23, 2018, the Federal Circuit denied RPX Corporation's timely petition for rehearing. *Id.* at 295a-96a. This Court has jurisdiction under 28 U.S.C. § 1254(1).

STATUTORY AND REGULATORY PROVISIONS INVOLVED

35 U.S.C. § 314(d) provides:

NO APPEAL.—The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.

35 U.S.C. § 315(b) provides, in relevant part:

PATENT OWNER'S ACTION.—An 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, real party in interest, or

privity of the petitioner is served with a complaint alleging infringement of the patent.

Other pertinent statutory and regulatory provisions are reproduced in the appendix to this petition. App. 297a-302a.

STATEMENT

This case presents a recurring question central to the “inter partes review” process established by Congress in the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, § 6, 125 Stat. 284, 299-305 (2011), to allow third parties to ask the Patent and Trademark Office (Patent Office) to review and cancel the claims in already-issued patents.

That question concerns the bar that Congress imposed in 35 U.S.C. § 314(d) on the judicial review of the Patent Office’s determination whether to institute inter partes review. In *Cuozzo Speed Technologies, LLC v. Lee*, this Court held that § 314(d) bars an appeal where a patent holder challenges the Patent Office’s determination to institute inter partes review under § 314(a) or “where a patent holder grounds its claim in a statute closely related to that decision to institute inter partes review.” 136 S. Ct. 2131, 2142 (2016). The Federal Circuit, however, has held that § 314(d)’s appeal bar does *not* apply where a patent holder’s challenge to the Patent Office’s determination to institute inter partes review is grounded on a timeliness objection under § 315(b). *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1365, 1374 (Fed. Cir. 2018) (en banc); App. 14a.

The Federal Circuit’s restriction on the scope of § 314(d)’s appeal bar as to the Patent Office’s institution decisions warrants this Court’s review. First, as the *Wi-Fi One* dissenters explained, the

Federal Circuit's rule contravenes the text of § 314(d), which "*calls out* a specific agency determination, and expressly *prohibits* courts from reviewing that decision." 878 F.3d at 1378 (Hughes, J., joined by Lourie, Bryson & Dyk, JJ., dissenting). Second, the Federal Circuit's rule conflicts with this Court's decision in *Cuozzo*, which held that § 314(d) bars review of "questions that are closely tied to the application and interpretation of statutes related to the Patent Office's decision to initiate inter partes review," as § 315(b) issues "plainly" are. *Id.* (quoting *Cuozzo*, 136 S. Ct. at 2141). Third, in *Wi-Fi One*, the Federal Circuit rejected the position of the Patent Office itself, as represented by the Department of Justice. And finally, this issue, as *Cuozzo* underscores, is unquestionably important.

The petition should be granted.

A. Statutory And Regulatory Background

To address growing concerns about the quality of patents and update the system for obtaining and challenging patents, Congress enacted the AIA. A crucial component of the AIA establishes a new administrative method for challenging the validity of patent claims, known as "inter partes review" or "IPR." See 35 U.S.C. § 311(a).

Any person may request an IPR of a patent by filing a petition that complies with the requirements in 35 U.S.C. § 312. Section 312 provides that a petition "may be considered only if" it "identifies all real parties in interest" and "identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim." *Id.* § 312(a).

Section 314, titled “Institution of inter partes review,” sets forth certain rules regarding institution. In particular, it provides that the Patent Office “may not authorize an inter partes review to be instituted unless [it] determines that the information presented in the petition . . . and any response . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” *Id.* § 314(a). It also provides that the Patent Office’s determination “whether to institute an inter partes review under this section shall be final and nonappealable.” *Id.* § 314(d). The Patent Office has delegated authority to institute IPR to the Patent Trial and Appeal Board (Board). *See* 37 C.F.R. §§ 42.4(a), 42.108.

Section 315 governs the relationship between IPRs and other proceedings involving the same patent claims and specifies circumstances in which an “inter partes review may not be instituted.” 35 U.S.C. § 315(a)(1), (b). In particular, § 315(b) provides 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, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.” *Id.* § 315(b). Thus, if a “real party in interest” to the IPR petitions has been sued for infringement of the same patent claims more than a year before the IPR petitions are filed, those petitions are time-barred and an IPR “may not be instituted.” *Id.*

If the Board institutes IPR and issues a final written decision with respect to the patentability of the challenged patent claims, a party “may appeal the [final written] decision” to the Federal Circuit. 35 U.S.C. § 319; *see also* 35 U.S.C. § 141(c).

B. Factual Background

RPX is a company dedicated to defensive patent rights acquisition, insurance, and patent intelligence. Its core service involves acquiring patent rights and licensing those rights to its members. RPX members pay an annual fee and gain a license to the patents in RPX's portfolio, allowing them to reduce the risk of suit by non-practicing entities (NPEs¹) for allegedly infringing the patents in RPX's portfolio. RPX itself has never filed a suit for patent infringement. RPX C.A. Br. at 10 (citing C.A. Appx1251).

In addition to licensing patent rights to its members, RPX acts to further its own interest in improving the quality of the patent system. In particular, because the existence of plainly invalid patents asserted by NPEs negatively impacts both the patent system and RPX's own business objectives, RPX seeks to eliminate dubious patents by filing IPR petitions challenging their validity. Such challenges prevent further assertions of meritless patents, provide leverage in negotiating reasonable prices for patent rights, and "provide significant reputational benefits to RPX." App. 11a (citation omitted); *see also id.* at 6a. In determining whether to file an IPR petition, RPX conducts its own independent evaluation of the quality of the patent and examines whether challenging the patent will further RPX's

¹ NPEs are entities that do not practice the patents they own, including entities that "simply buy patents from others for the purpose of asserting them for profit." U.S. Gov't Accountability Office, GAO-13-465, *Intellectual Property: Assessing Factors That Affect Patent Infringement Litigation Could Help Improve Patent Quality*, at 2 (Aug. 2013), <https://www.gao.gov/assets/660/657103.pdf>.

business goals. Accordingly, RPX has filed IPR petitions challenging patents asserted against RPX members and non-members alike. C.A. Appx1227.

Respondent Applications in Internet Time, LLC (AIT) is an NPE that describes itself as a “consulting company with patented technology that enables individuals to develop and deploy [various] business applications.” C.A. Appx17. In 2013, AIT filed a complaint against Salesforce.com, Inc. (Salesforce), a software company that designs “relationship management software,” in federal district court, alleging that Salesforce infringed the claims of two of the patents AIT owns—U.S. Patent Nos. 7,356,482 (the ‘482 patent) and 8,484,111 (the ‘111 patent). App. 1a-3a. While the federal court litigation was underway, Salesforce filed petitions with the Board for covered business method review of the claims, which the Board denied in February 2015. *Id.* at 3a.

C. Patent Trial and Appeal Board Proceedings

In August 2015, RPX filed three IPR petitions with the Board challenging certain claims of the ‘482 patent and the ‘111 patent. *Id.* at 3a-4a. In its petitions, RPX identified itself as the “sole real party-in-interest” and certified that it was not estopped from requesting IPR as to any of the claims at issue. *Id.* at 4a. In response, AIT sought discovery into RPX’s relationship with Salesforce and then argued that the Board could not institute review of RPX’s petitions because they failed to identify all real parties in interest in the IPR petitions as required by § 312(a) and because they were time-barred under § 315(b). In particular, AIT argued that Salesforce’s membership relationship with RPX made *Salesforce* a

real party in interest, and that, because RPX filed its IPR petitions more than a year after AIT sued Salesforce for infringing the same patents, the petitions were time-barred. *Id.* at 4a, 9a.

To refute this contention, RPX submitted evidence showing that, although Salesforce was (and remains) a member of RPX, Salesforce had no involvement in RPX's decision to pursue IPR; Salesforce did not fund, direct, or control RPX's petitions; and RPX made the decision to seek IPR based on an independent evaluation of its own business interests. C.A. Appx1229. The evidence further showed that RPX has multiple, distinct lines of business. While RPX's core line of business involves licensing its patent rights to members, RPX also takes separate, non-member-facing steps to challenge low-quality patents through IPR petitions. C.A. Appx1225.

In three institution decisions, the Board rejected AIT's arguments against institution. Looking to the principles in the Patent Office's Trial Practice Guide governing who may qualify as a "real party in interest," the Board rejected AIT's argument that Salesforce was, in fact, a "real party in interest" in the IPR proceedings. Among other things, the Board found that the record belied AIT's contention that "RPX acts as a proxy for its clients." App. 163a; see *id.* at 162a-68a. In particular, the Board rejected AIT's argument that the few routine communications that did take place between RPX and Salesforce and membership payments made by Salesforce showed that RPX was doing "Salesforce's bidding" by filing the IPR petitions at issue. *Id.* at 167a-68a. Neither these interactions nor the fact that Salesforce is an "RPX client" converted Salesforce into a real party in

interest. *Id.* at 165a-66a. Accordingly, the Board determined that institution was appropriate.²

In its final decisions on the IPR petitions, the Board held that the challenged claims were unpatentable on the merits. *Id.* at 75a-99a, 120a-51a.

D. Federal Circuit Proceedings

AIT appealed, challenging both the Board's decision to institute an IPR over AIT's timeliness challenge under § 315(b), and its ultimate finding of unpatentability on the merits.³

In response, RPX argued, based on binding circuit precedent, that § 314(d)'s appeal bar precluded appeal of the Board's decision to institute the underlying IPRs. *See* RPX C.A. Br. 48 (citing *Achates Reference Publ'g, Inc. v. Apple Inc.*, 803 F.3d 652, 658-59 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 998 (2016)).

² The Board recognized that AIT's "real party in interest" objection against institution was premised on § 312(a) as well as § 315(b). App. 160a; *see id.* at 162a, 168a. The Board's determination that Salesforce was not a "real party in interest" resolved both objections to institution.

³ AIT also argued that RPX lacked standing even to defend the Board's decision on the ground that RPX lacked a sufficient interest in the patents at issue. AIT C.A. Opening Br. 4-10. In response, RPX explained that AIT's standing objection was misplaced, including because RPX was the appellee and not invoking jurisdiction. RPX C.A. Br. 4-8 & n.6; *see Personal Audio, LLC v. Electronic Frontier Found.*, 867 F.3d 1246, 1249-50 (Fed. Cir. 2017), *cert. denied*, 138 S. Ct. 1989 (2018). At oral argument, counsel for AIT conceded that its standing argument was foreclosed by *Personal Audio*, which was decided after briefing. Oral Argument at 1:27, *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336 (Fed. Cir. 2018) (Nos. 17-1698, 17-1699, 17-1701), http://www.ca9.uscourts.gov/oral-argument-recordings?title=RPx&field_case_number_value=&field_date_value2%5Bvalue%5D%5Bdate%5D=&=&Search.

After briefing, but before the panel had issued a decision in this case, the Federal Circuit, by a 9-4 vote, overruled its prior decision in *Achates* and held that time-bar determinations under § 315(b) are not subject to § 314(d)'s appeal bar. *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1365, 1367 (Fed. Cir. 2018) (en banc). Because that binding precedent foreclosed RPX's reviewability argument, the panel proceeded to review AIT's argument that the Board had erred in instituting IPR because the petitions were time-barred under § 315(b).

The panel vacated the Board's decisions, concluding that the Board had applied an "impermissibly narrow" understanding of who qualifies as a "real party in interest." App. 40a. The panel then remanded for the Board to reconsider its institution decision, and in particular, whether Salesforce qualifies as a "real party in interest" in light of the panel's new test. *Id.* at 43a-44a. Those proceedings are now pending before the Board.⁴

⁴ RPX filed a petition for rehearing challenging the panel's new "real party in interest" test and contending that the test contravenes the limits on nonparty preclusion set forth by this Court in *Taylor v. Sturgell*, 553 U.S. 880 (2008). The Federal Circuit denied that petition. Although RPX disagrees with the panel's decision to remand in this case, it is seeking to prove in the remand proceedings that Salesforce does not qualify as a "real party in interest" even under the principles adopted by the panel in this case, especially given the limits on nonparty preclusion expressed by this Court itself in *Taylor*. See, e.g., Decision at 12-13, *Google LLC v. Seven Networks, LLC*, IPR2018-01051 (P.T.A.B. Nov. 19, 2018), Paper 21 (analyzing both the panel decision and *Taylor* in making real-party-in-interest and privity determinations); Decision at 15-16, *Unified Patents, Inc. v. Realtime Adaptive Streaming, LLC*, IPR2018-00883 (P.T.A.B. Oct. 11, 2018), Paper 29 (same). It remains to be seen how the

REASONS FOR GRANTING THE WRIT

In *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1365, 1374 (Fed. Cir. 2018) (en banc), a split Federal Circuit held that the Patent Office’s determination to institute inter partes review over a timeliness objection is appealable. That decision contradicts the plain language of the statute, flouts this Court’s decision in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016), undercuts the statutory goals of the AIA, and is at odds with the government’s interpretation of the statute. Certiorari is warranted.

I. THE FEDERAL CIRCUIT’S *WI-FI ONE* RULE IS WRONG AND CONFLICTS WITH THE PLAIN LANGUAGE OF § 314(d)

The Federal Circuit’s decision in *Wi-Fi One* conflicts with the plain language of the statute. Section 314(d) provides: “NO APPEAL.—The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.” As this Court has already recognized, that language unequivocally bars an appeal of the Board’s determination whether to institute an IPR, and thus rebuts the presumption in favor of judicial review. *See Cuozzo*, 136 S. Ct. at 2139 (“Cuozzo’s contention that the Patent Office

Board will apply the Federal Circuit’s test, and how the Federal Circuit will respond to the Board’s ruling in any subsequent appeal. In addition, if this Court grants certiorari and reverses the decision below on the question presented, then the Federal Circuit’s ruling on “real party in interest” must be vacated. In any event, RPX will evaluate whether further review is warranted in this Court on the “real party in interest” issue after the remand proceedings and any appeal are complete.

unlawfully initiated its agency review is not appealable” because “that is what § 314(d) says.”).

There can be no question that § 315(b) governs the decision “whether to institute an inter partes review.” It begins by explicitly stating that “[a]n inter partes review may not be instituted if” 35 U.S.C. § 315(b). As a result, a challenge to a timeliness determination made under § 315(b) is necessarily a challenge to the Board’s decision to institute an IPR. If a petition is not timely, “[a]n inter partes review may not be instituted.” *Id.* Thus, under the plain language of the statute, § 315(b) determinations are unreviewable because they are directly, and explicitly, related to the Board’s institution decision.

The Federal Circuit’s primary textual hook for its contrary reading of the statute was the reference in § 314(d) to “inter partes review *under this section.*” *Wi-Fi One*, 878 F.3d at 1368. In particular, the Federal Circuit read “under this section” as applying *only* to the Board’s determinations to institute pursuant to the determination of a reasonable likelihood of success on the merits under § 314(a). Thus, in the Federal Circuit’s view, the portions of the Board’s institution decisions that involve findings outside of the “reasonable likelihood of success” determination under § 314(a) *are* reviewable. *See id.* at 1372-73 (citations omitted).

That is incorrect. As the *Wi-Fi One* dissenters explained, the “under this section” language simply reflects the fact that—while several provisions impose requirements that must be met for institution (e.g., § 312 (content of petition), § 314(a) (likelihood of success), and § 315 (timeliness))—in every case the Board’s ultimate decision whether to institute is made pursuant to § 314, titled “Institution of inter

partes review.” See *Wi-Fi One*, 878 F.3d at 1380 (Hughes, J., dissenting) (“[T]he phrase ‘under this section’ simply refers to the fact that inter partes review is instituted under § 314.”); see also *Achates Reference Publ’g, Inc. v. Apple Inc.*, 803 F.3d 652, 658 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 998 (2016) (“The words ‘under this section’ in § 314 modify the word ‘institute’ and proscribe review of the institution determination for whatever reason.”).

Other provisions of the Act confirm this interpretation. For example, for reexamination requests, § 303(a) provides the Director must determine whether the request raises “a substantial new question of patentability affecting any claim of the patent,” and § 303(c) then states that “[a] determination by the Director pursuant to subsection (a) of this section that no substantial new question of patentability has been raised will be final and nonappealable.” 35 U.S.C. § 303(a), (c). By contrast, § 314(d) refers only to “the determination . . . whether to institute an inter partes review under this section.” *Id.* § 314(d); see also *id.* § 324(e) (barring review of the determination “whether to institute a post-grant review”). In other words, § 303(c) bars review of “the Director’s determination of a specific issue,” while § 314(d) bars review of “a specific action by the Director.” *Wi-Fi One*, 878 F.3d at 1381 (Hughes, J., dissenting); see also *Cuozzo*, 136 S. Ct. at 2137-38 (comparing § 314(d) with § 303(c)).

Notably, the Patent Office, represented by the Department of Justice, itself forcefully advanced this construction of the statute before the Federal Circuit. See USPTO En Banc Br. at 13-17, *Wi-Fi One, LLC v. Broadcom Corp.*, Nos. 2015-1944-1946 (Fed. Cir. Mar. 22, 2017) (“USPTO *Wi-Fi One* Br.”). That

interpretation, by the agency charged with implementing the Act, is entitled to deference, especially given its persuasive force.

II. THE FEDERAL CIRCUIT'S *WI-FI ONE* RULE CONTRAVENES THIS COURT'S CONSTRUCTION OF § 314(d) IN *CUOZZO*

The Federal Circuit's decision in *Wi-Fi One* also contravenes this Court's decision in *Cuozzo*. As discussed, in *Cuozzo*, the Court held that § 314(d) barred a patent holder from challenging the Board's institution decision based on the alleged failure of the IPR petition to satisfy the requirements of § 312. 136 S. Ct. at 2139. The Court emphasized that § 314(d)'s appeal bar applies not only to institution determinations based on § 314(a), but also "where a patent holder grounds its claim in a statute *closely related* to that decision to institute inter partes review." *Id.* at 2142 (emphasis added). At a minimum, the Court recognized, that includes a decision that a petition does not comply with § 312, which sets forth various requirements. *Id.*

Questions of timeliness under § 315(b) *are* "closely related" to the "decision to institute inter partes review." *See Cuozzo*, 136 S. Ct. at 2142. Indeed, as noted, the timeliness requirement in § 315(b) is explicitly framed in terms of when "[a]n inter partes review may not be instituted." 35 U.S.C. § 315(b). Thus, § 315(b) relates directly, and *only*, to the Patent Office's decision to initiate IPR. Such determinations fall squarely within the Court's holding in *Cuozzo*.

That is particularly apparent for timeliness determinations, such as the one at issue here, based on whether an entity is a "real party in interest." Section 312 contains a parallel provision requiring a

petitioner to identify “all real parties in interest” in its IPR petition. 35 U.S.C. § 312(a)(2). In fact, here, AIT challenged institution under *both* § 312(a)(2) and § 315(b) based on its position that Salesforce was a real party in interest. *See supra* at 6. *Cuozzo* held that a pleading challenge under § 312 *is* subject to § 314(d)’s appeal bar. 136 S. Ct. at 2139. It would make no sense to say that the virtually identical objection (based on whether an entity qualifies as a “real party in interest”) is *not* subject to the appeal bar when it arises under § 315(b). That is especially true given that § 315(b) is explicitly tied to the decision whether to institute an IPR and § 312—while obviously also a limit on institution under § 314—does not explicitly mention the decision to institute.⁵

The Federal Circuit’s contrary reading of *Cuozzo* is unpersuasive. In reading *Cuozzo* to support its conclusion that § 314(d) does not bar review of timeliness determinations, the *Wi-Fi One* majority simply cherry-picked certain language in the opinion. For example, the panel made much of the Court’s statement that “‘§ 314(d) bars judicial review’ both when ‘a patent holder merely challenged the Patent Office’s “determin[ation] that the information presented in the petition . . . shows that there is a reasonable likelihood” of success,’” and when “a patent holder grounds its claim in a statute closely related to *that* decision to institute inter partes

⁵ On appeal, AIT shifted gears and framed its “real party in interest” objection solely in terms of § 315(b). But it cannot be that an institution decision based on a “real party in interest” finding is reviewable if a party objects to institution under § 315(b), but that the identical “real party in interest” finding is *unreviewable* if the objection comes under § 312(a)(2).

review.” *Wi-Fi One*, 878 F.3d at 1373 (alterations in original) (quoting *Cuozzo*, 136 S. Ct. at 2142). But the majority failed to account for the broader terms that the Court repeatedly used in its decision. *See, e.g.*, 136 S. Ct. at 2136 (Section 314(d) bars review of “mine-run claim[s] . . . involving the Patent Office’s decision to institute inter partes review.”); *id.* at 2139 (“*Cuozzo*’s contention that the Patent Office unlawfully initiated its agency review is not appealable.”); *id.* (“[T]he ‘No Appeal’ provision’s language must, at least, forbid an appeal that attacks a ‘determination . . . whether to institute’ review by raising” a basic “legal question and little more.” (alteration in original) (quoting § 314(d))).

Cuozzo’s discussion of the outer bounds of § 314(d) further confirms that, at a minimum, § 314’s appeal bar extends to the statutory provisions of the Patent Act that speak directly to whether IPR may or “may not be instituted,” 35 U.S.C. § 315(b). In discussing § 314(d)’s reach, the Court reserved the question of “the precise effect of § 314(d) on appeals that implicate constitutional questions, that depend on other less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond ‘this section.’” *Cuozzo*, 136 S. Ct. at 2141. The Court then cited cases in which it had held that bars on judicial review did not preclude review of constitutional challenges or claims under entirely different federal statutes. *Id.* (citing *Johnson v. Robison*, 415 U.S. 361, 367 (1974), and *Traynor v. Turnage*, 485 U.S. 535, 544-45 (1988)). The Court further pointed out that the existence of similar provisions in this, and related, patent statutes reinforced its holding, including § 319 which limits

appellate review to the Board’s “final written decision.” *Id.* at 2140.

The Federal Circuit also misinterpreted *Cuozzo*’s discussion of the “preliminary” nature of the patentability determination in § 314(a). *Wi-Fi One*, 878 F.3d at 1372. The majority found it meaningful that the time-bar determination “is not akin to either the non-initiation or preliminary-only merits determinations for which unreviewability is common in the law.” *Id.* at 1373. But, as the dissenters explained, it was precisely because of the preliminary nature of the § 314(a) determination that the Court determined in *Cuozzo* that § 314(d) must do more than simply bar an interlocutory appeal of that determination. *Id.* at 1379 (Hughes, J., dissenting). Indeed, “read as limited to such preliminary and discretionary decisions, the ‘No Appeal’ provision would seem superfluous.” *Cuozzo*, 136 S. Ct. at 2140.

The fact that the Federal Circuit’s *Wi-Fi One* decision is “contrary to,” 878 F.3d at 1377 (Hughes, J., dissenting), this Court’s own construction of § 314(d) in *Cuozzo* heightens the need for this Court’s review.⁶

⁶ In *SAS Institute, Inc. v. Iancu*, this Court held that § 314(d) did not bar judicial review of an argument that the Board erred in failing to address every patent claim that had been challenged in the IPR petition in its final decision. 138 S. Ct. 1348, 1353, 1359 (2018). As the Court explained, the Board’s practice of addressing only some of the claims at issue in its final decision contravened the express terms of § 318(a), which governs the “final written decision” of the Board. *Id.* at 1352-53. Far from supporting the argument that an institution decision based on § 315(b) is appealable, *SAS Institute* simply rejects the notion that § 314(d) forecloses “judicial review of *any* legal question bearing on the institution of inter partes review.” *Id.* at 1359 (emphasis added). Moreover, in *SAS Institute*, the Court concluded that the Board’s practice of only deciding certain

III. THE APPLICABILITY OF § 314(d)'S APPEAL BAR TO TIMELINESS DETERMINATIONS IS IMPORTANT AND WARRANTS REVIEW

As the Court's decision to hear *Cuozzo* itself underscores, the scope of § 314(d)'s appeal bar is unquestionably important. The AIA sought to improve the means of challenging patents, while also creating an efficient process for doing so. The appeal bar in § 314(d) is an important component of that scheme and is also consistent with Congress's decision to give the Patent Office the primary if not ultimate say on institution decisions. *See Cuozzo*, 136 S. Ct. at 2139-40. As the Patent Office explained in *Wi-Fi One*, review of the Board's institution decisions based on threshold determinations like timeliness undermines Congress's desire to focus "on the question at the heart of every inter partes review: whether the Board's patentability decision was correct." USPTO *Wi-Fi One* Br. at 16.

The Federal Circuit's decision permits alleged errors in the Board's timeliness determinations to eliminate the Board's merits determinations regarding patentability. This reallocation of resources towards threshold assessments and away from patentability determinations upsets the statutory balance. *See Wi-Fi One*, 878 F.3d at 1382 (Hughes, J., dissenting) ("Vacating the Board's invalidity decisions on the basis of threshold questions like timeliness or real parties in interest

claims in a final decision amounted to "shenanigans." *Id.* No such claim can be made about the Board's timeliness decisions under § 315(b).

will squander the time and resources spent adjudicating the actual merits of the petition.”).

Eroding the appeal bar frustrates the statutory goal of creating “a more efficient and streamlined patent system” and “limit[ing] unnecessary and counterproductive litigation costs.” H.R. Rep. No. 112-98, pt. 1, at 40 (2011), *as reprinted in* 2011 U.S.C.C.A.N. 67, 69. Because efficiency is a key objective of the IPR process, the statute requires the Board to make its institution decisions “within 3 months after” the parties’ briefs are filed, 35 U.S.C. § 314(b), and to issue a final determination “not later than 1 year after” institution, 35 U.S.C. § 316(a)(11). Those deadlines, coupled with the bar against challenging institution decisions on appeal, ensure that the Board’s patentability decisions will be processed by both the Board and courts in a timely fashion and that case law in the Federal Circuit will focus on the most important issue—patentability.

As this case illustrates, allowing parties to challenge grounds for institution decisions on appeal (and thus taking the final say on such matters away from the Board) can only prolong litigation and increase litigation costs. Here, the Board had little difficulty, when it came down to the final decision, in holding that the challenged claims are unpatentable. Yet, instead of giving effect to that decision, the parties have been required to expend substantial resources litigating the fact-intensive timeliness issue before the Federal Circuit, and now the court has remanded for further proceedings before the Board, including additional discovery—all on the Board’s threshold institution decision. App. 44a. Such delays and endless litigation frustrate Congress’s goal of

creating a more efficient system for canceling invalid patent claims, like the claims at issue here.

The concerns above are particularly significant because the Board regularly makes real-party-in-interest determinations. Those determinations are by their nature fact-specific and often entail discovery, as they did here. And a patent owner whose patents are found unpatentable, like AIT here, has every incentive to contest the Board's § 315(b) determinations on appeal. *See, e.g., Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237 (Fed. Cir. 2018); *Bennett Regulator Guards, Inc. v. Atlanta Gas Light Co.*, 905 F.3d 1311 (Fed. Cir. 2018); *Click-To-Call Techs., LP v. Ingenio, Inc., YellowPages.com, LLC*, 899 F.3d 1321 (Fed. Cir. 2018); *Luminara Worldwide, LLC v. Iancu*, 899 F.3d 1303 (Fed. Cir. 2018); *WesternGeco LLC v. ION Geophysical Corp. (In re WesternGeco LLC)*, 889 F.3d 1308 (Fed. Cir. 2018). Indeed, that is often their best, and only, hope of avoiding cancelation of obviously invalid patent claims.

Moreover, by ignoring the appeal bar here, the Federal Circuit has created an entirely new and seemingly patent-specific “real party in interest” test that raises as many questions as it answers about the precise contours of the test, its relationship with the common law limits on nonparty preclusion, and the Board’s obligation to grant discovery pursuant to patent owners’ challenges to petitioners’ naming of all real parties in interest. Indeed, the Federal Circuit’s decision already has generated burdensome discovery in cases pending before the Board.⁷ If the Federal

⁷ *See, e.g.,* Decision at 8, 11, *Intel Corp. & Cavium, LLC v. Alacritech*, IPR2018-00226, IPR2018-00234 (P.T.A.B. Nov. 19, 2018), Paper 36 (granting a patent owner’s motion for additional

Circuit's decision stands, the troublesome implications of the Federal Circuit's "real party in interest" test and, in particular, its interplay with the limits on nonparty preclusion recognized by this Court itself, may ultimately require this Court's review. But the better course is for this Court to hold that the Federal Circuit never should have opined on this issue to begin with, because AIT's challenge to the Board's decision to institute IPR over AIT's timeliness objection was barred by § 314(d).

The Court should review the Federal Circuit's rule that institution decisions involving timeliness are exempt from § 314(d)'s appeal bar before this inefficient and costly regime is allowed to take root.

discovery because the Federal Circuit's decision in "*AIT* changed prior practices of the Board" and requires "a broader review of [the parties'] relationships to determine RPI and privity issues," and acknowledging that the Federal Circuit's decision places a "significant burden on the Board"); Decision at 3, *Ventex Co. v. Columbia Sportswear North America, Inc.*, IPR2017-00789 (P.T.A.B. Sept. 27, 2018), Paper 72 (granting patent owner's motion for additional discovery on privity and real party in interest in light of the Federal Circuit's decision); Patent Owner's Prelim. Response at 42, *Unified Patents v. Barkan Wireless IP*, IPR2018-01186 (P.T.A.B. Sept. 10, 2018), Paper 6 (noting that the patent owner was seeking discovery in concurrent litigation on the basis of the Federal Circuit's decision).

CONCLUSION

The petition for a writ of certiorari should be granted.

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