No. 18-916

IN THE

Supreme Court of the United States

DEX MEDIA, INC.,

Petitioner,

v.

CLICK-TO-CALL TECHNOLOGIES, LP AND ANDRE IANCU, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE,

Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF FOR THE FEDERAL CIRCUIT BAR ASSOCIATION AS *AMICUS CURIAE* IN SUPPORT OF NEITHER PARTY

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TABLE OF CONTENTS

TABLE OF CONTENTS—Continued

TABLE OF AUTHORITIES

CASES Page(s)

TABLE OF AUTHORITIES—Continued

STATUTES Page(s)

OTHER AUTHORITIES

INTEREST OF THE *AMICUS CURIAE*

Amicus curiae Federal Circuit Bar Association ("FCBA") is a national bar organization with over 2,600 members from across the United States.[1] The FCBA was organized to unite groups with an interest in the practice of law before the United States Court of Appeals for the Federal Circuit ("Federal Circuit"). The FCBA provides a forum for dialog between members of the Federal Circuit bar and Federal Circuit judges.

FCBA members are frequently involved (as parties and/or counsel) in *inter partes* review proceedings before the Patent Trial and Appeal Board (the "Board"). The FCBA's members have experience with litigation concerning the statutory provisions involved in this case, and have an interest in having those provisions interpreted consistently, correctly, and clearly.

SUMMARY OF THE ARGUMENT

The America Invents Act ("AIA") provides the Director of the United States Patent & Trademark Office (the "Director") with limited discretionary authority when determining whether to institute an *inter partes* review ("IPR"). Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 6, 125 Stat. 284, 299-305 (2011). The AIA shields review of the Director's institution decisions, making them "final and nonappealable" under 35 U.S.C. § 314(d). But the AIA does not afford the Director

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[1] No counsel for a Party authored this brief in whole or in part. No Party or counsel for a Party contributed money intended to fund the preparation or submission of this brief. No person other than *amicus curiae*, its members, or its counsel contributed money intended to fund the preparation or submission of this brief. Counsel for all parties have consented to the filing of this brief.

unfettered discretion to institute an IPR. Rather, the Director may institute an IPR only if certain enumerated conditions are met, but is not obligated to do so under any circumstances. Accordingly, the Court has labeled the Director's authority as discretion to "deny" institution of IPR.

The time-bar provision at issue in this case, 35 U.S.C. § 315(b), imposes one such condition restricting the Director's ability to institute. In particular, § 315(b) says an IPR "may not" be instituted if the petitioner, real party in interest, or privy of the petitioner is served with an infringement complaint more than one year before the filing of the IPR. Section 315(b) therefore affords the Director no actual discretion. Instead, it requires him *not to* institute an IPR if the restrictive condition is met.

Any institution of an IPR upon an untimely petition would exceed the Director's authority under § 315(b). Under well-settled legal principles, agency action that exceeds its statutorily granted authority remains subject to judicial review, even where Congress statutorily limits review of agency determinations, as it did in § 314(d). Accordingly, because the Director lacks authority to institute a time-barred petition, a determination by the Director that a petition is not time barred, leading to institution of the IPR, should be appealable to consider whether the Director exceeded his statutory authority.

ARGUMENT

I. THE DIRECTOR'S DECISION TO INSTITUTE INTER PARTES REVIEW OVER A TIME-BAR CHALLENGE UNDER 35 U.S.C. § 315(b) IS APPEALABLE

Section 314(d) of the AIA says, "The determination by the Director [of the Patent Office] whether to institute an inter partes review under this section shall be final and nonappealable." The central issue before the Court is whether this provision also forecloses review of a determination by the Director that a petition is not time barred under 35 U.S.C. § 315(b). An examination of the structure of the AIA and the text of several provisions demonstrates that, while Congress granted the Director unreviewable discretionary authority regarding a decision to institute upon finding the petitioner presented a reasonable likelihood that one or more challenged claims were unpatentable, Congress withheld such discretion with respect to determinations to institute time-barred petitions. Therefore, a determination by the Director that a petition is not time barred under § 315(b) is appealable.

A. The Director's Congressionally-Granted Discretion Is Limited to Decisions to Deny Institution

The statutory provisions of the AIA make clear that any discretion related to the decision to institute extends only to the decision to deny institution. Section 314 of the AIA governs institution of IPRs, while subsection (a) sets out the threshold requirements that must be met before the Director can institute. According to that subsection, the Director "*may not* authorize an inter partes review to be instituted *unless* . . . 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 one challenged claim. 35 U.S.C. § 314(a) (emphases added). In other words, the Director's hands are tied regarding institution: he has no discretion to institute an IPR unless the reasonable likelihood threshold is met.

At the same time, neither § 314 nor any other provision of the AIA requires that IPR be instituted if the threshold requirements are met. Rather, the Director retains the discretion to deny, if he so chooses. The Court has confirmed that the Director's decision is limited in this manner, explaining that the "agency's decision to deny a petition is a matter committed to the Patent Office's discretion." *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (citing 35 U.S.C. § 314(a) (additional citations omitted)).

The legislative history provides further evidence that the Director's discretionary authority is limited to denials of institution. Senate AIA hearings mention only discretion to deny, tying that discretion to concerns the Director might have over the ability to timely complete IPR proceedings. As Senator Kyl explained, the AIA requires the Patent Office to adopt regulations that would permit it "to decline to institute . . . if a high volume of pending proceedings threaten[ed] the Office's ability to timely complete all proceedings." 112th Cong. Rec. S1377 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl). This grant of discretion "reflect[ed] a legislative judgment that it is better that the Office turn away some petitions that otherwise satisfy the threshold for instituting an inter partes or post-grant review than it is to allow the Office to develop a backlog of instituted reviews." *Id.*

In sum, the AIA affords the Director discretion, insofar as it relates to institution decisions, only to

deny institution of an otherwise institution-worthy petition for IPR.

B. The Director Does Not Have Unfettered Discretion to Institute an IPR, Let Alone One that Is Time Barred

As discussed previously, the AIA restricts the Director's authority to institute by imposing the threshold "reasonable likelihood" requirement under 35 U.S.C. § 314(a). The AIA includes further limitations on the Director's authority to institute. For example, the time-bar provision at issue in this case, 35 U.S.C. § 315(b), places a clear, inviolable limit on the authority of the Director to institute IPR where the patent in question was previously asserted in district court litigation.

Under § 315(b), a petition "*may not* be instituted" when it is filed more than one year after the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent challenged in the petition. 35 U.S.C. § 315(b) (emphasis added). Where, as here, the statutory language is clear, the Director "must give effect to the unambiguously expressed intent of Congress" by denying institution of any time-barred petition. *Nat'l Ass'n of Home Builders v. Defs. of Wildlife*, 551 U.S. 644, 665 (2007) (quoting *Chevron U.S.A. Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 843 (1984)). Accordingly, the Director has no discretion to institute IPR upon a time-barred petition.

C. The Agency Would Exceed its Authority by Instituting a Time-Barred Petition, Giving Rise to the Appeal Right

Were the Director to institute a petition that was time barred, that action would conflict with the plain language of § 315(b). Such an institution would exceed the agency's statutorily-granted authority and subject the Director's time-bar determination to review. *See, e.g.*, *City of Arlington v. F.C.C.*, 569 U.S. 290, 298 (2013) (agencies' "power to act . . . is authoritatively prescribed by Congress, so that when they act improperly . . . what they do is ultra vires.").

The Administrative Procedure Act ("APA") authorizes the reviewing federal court to "hold unlawful and set aside agency action, findings, and conclusions found to be . . . in excess of statutory . . . authority." 5 U.S.C. § 706(2)(C); *see also* 35 U.S.C. § 319 ("A party dissatisfied with the final written decision of the Patent Trial and Appeal Board under § 318(a) may appeal the decision . . . ."). This Court has repeatedly affirmed that if "a party believes the Patent Office has . . . exceed[ed] its statutory bounds, judicial review remains available consistent with the Administrative Procedure Act, which directs courts to set aside agency action" that is "in excess of statutory . . . authorization." *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1360 (2018) (citing *Cuozzo*, 136 S. Ct. at 2141; 5 U.S.C. § 706(2)(A), (C)). Thus, judicial review "remains available" to evaluate whether the agency acted in excess of its statutory authority by wrongly instituting a time-barred IPR petition. *Id.*

D. Ultra Vires Agency Action Is Appealable Even Where Congress Limits Appellate Review of the Agency

While Congress may preclude review of agency action, it is well-settled that an exception to this limitation on review exists for action by the agency that exceeds its statutory authority.

The general rule is that agency action is reviewable by the courts. The APA subjects agency action to judicial review if either such action is expressly "made reviewable by statute" or "there is no other adequate remedy in a court." 5 U.S.C. § 704. In fact, there is a "strong presumption favoring judicial review of administrative action." *Mach Mining, LLC v. E.E.O.C.*, 135 S. Ct. 1645, 1651 (2015) (internal quotation marks and citation omitted). This presumption may be overcome by "clear and convincing indications, drawn from specific language, legislative history, and inferences of intent drawn from the statutory scheme as a whole, that Congress intended to bar review." *Cuozzo*, 136 S. Ct. at 2141 (quotation marks and citation omitted). So, for instance, Congress may exempt particular agency action from the review provision of the APA, § 704, by statutorily "preclud[ing] judicial review" of those actions. 5 U.S.C. § 701(a)(1).

Congress's statutory preclusion on judicial review does not extend to actions that exceed the agency's authority. As this Court explained in *I.N.S. v. Chadha*, Executive action taken "under legislatively delegated authority . . . is always subject to check" by the terms to the authorizing legislation, and whether "that authority is exceeded is open to judicial review." 462 U.S. 919, 953 n.16 (1983). Judicial review to determine whether the agency acted outside the scope of its legislative authority is available even when the authorizing statute

includes provisions limiting judicial review. *See, e.g.*, *Leedom v. Kyne*, 358 U.S. 184 (1958) (holding National Labor Relations Board's determination was reviewable by district court despite provisions in National Labor Relations Act restricting agency review). The right to judicial review to determine whether agency action exceeded granted authority, despite statutory provisions restricting agency review, has been recognized in a number of contexts. *See, e.g.*, *Aid Ass'n for Lutherans v. U.S. Postal Serv.*, 321 F.3d 1166, 1172 (D.C. Cir. 2003) (preclusive provision did not apply to appeal alleging Postal Service exceeded its statutory authority); *COMSAT Corp. v. F.C.C.*, 114 F.3d 223 (D.C. Cir. 1997) (preclusive provision did not foreclose review of Federal Communications Commission action where agency "has acted outside the scope of its authority"); *H. Lee Moffitt Cancer Ctr. & Research Inst. Hosp., Inc. v. Azar*, 324 F. Supp. 3d 1, 12 (D.D.C. 2018) (preclusive provision does not bar *ultra vires* review of Health and Human Services action because claim "alleges that HHS committed a facial violation of the statute").

This Court, in *Cuozzo*, explained that § 314(d) does not preclude review where the "agency . . . act[s] outside its statutory limits," for instance by cancelling an indefinite claim during IPR. 136 S. Ct. at 2141-42. According to the Court, such agency action "in excess of statutory jurisdiction" "may be properly reviewable in the context of [35 U.S.C.] § 319 and under the Administrative Procedure Act." *Id.* at 2142.

Thus, an improper determination by the Director that a petition is not time barred followed by an institution on that petition gives rise to an appeal to consider whether the Director would exceed his statutory authority under § 315(b), which prevents institution of time-barred IPRs.

II. SECTION 315(b) IS NOT CLOSELY TIED TO THE DECISION TO INSTITUTE IN THE MANNER CONTEMPLATED BY CUOZZO

Cuozzo does not constrain the Court to hold review is unavailable because § 315(b) does not come within the ambit of "questions that are closely tied" to the decision to institute IPR.

In *Cuozzo*, the Court considered whether § 314(d) "bar[s] a court from considering whether the Patent Office wrongly 'determin[ed] . . . to institute an inter partes review,' when it did so on grounds not specifically mentioned in a third party's review request." *Id.* at 2136 (quoting 35 U.S.C. § 314(d)). In the underlying IPR, the petitioner successfully petitioned for IPR of one claim—which depended, successively, from two other claims—as obvious over three prior art patents. *Id.* at 2138. The petitioner did not challenge the other two claims as obvious over the same three prior art patents. *Id.* After agreeing to review the doubly dependent claim over the three patents, the "Board reasoned that [petitioner] had implicitly challenged" the other two claims "on the basis of the same prior inventions" and consequently instituted review on all three claims. *Id.* (internal quotation marks and citation omitted). The Board invalidated all three challenged claims and the Federal Circuit affirmed. *Id.* at 2139.

Before this Court, the patent owner's two challenges were limited to direct attacks on the Director's "determination . . . whether to institute." *Id.* As the Court acknowledged, the "kind of initial determination at issue" in *Cuozzo* was the *merits* determination, namely whether "there [wa]s a 'reasonable likelihood' that the claims are unpatentable on the grounds asserted." *Id* at 2140.

First, the patent owner contended that "the Patent Office unlawfully initiated . . . review." *Id.* at 2139. The Court rejected that argument, reasoning that under § 314(d), the "determination . . . whether to institute" is "final and nonappealable." *Id.* (emphasis removed). Second, the patent owner argued that the institution determination violated 35 U.S.C. § 312(a)(3), which requires a petition to plead its challenges "with particularity." *Id.* Again, the Court focused on the effect of § 314(d), holding that the provision forbids appeals that attack the "determination . . . whether to institute" by raising little more than legal questions. *Id.*[2]

Cuozzo thus repeatedly emphasized that § 314(d) forecloses appeals attacking "the kind of initial determination at issue" in that case, namely whether the Director properly determined "there is a reasonable likelihood that the claims are unpatentable." *Id.* The Court was careful to explain that review is available for other types of legal error, including "due process problems" and agency actions "in excess of statutory jurisdiction," which are reviewable under 35 U.S.C. § 319 and the APA. *Id.* at 2141-42.

In this case, the appeal right arises from the time-bar determination, not from the Director's determination as to whether the petitioner had shown there was a reasonable likelihood that the claims were unpatentable. As such, *Cuozzo*'s holding, which forecloses appeals of the "kind of initial determination" at

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[2] The Court clarified the scope of its holding, focusing on the agency's "decision to institute": "[O]ur interpretation applies where the grounds for attacking the decision to institute inter partes review consist 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." *Id.* at 2141 (emphasis added).

issue there (determinations as to the reasonable likelihood of patentability), does not apply to appeals from time-bar determinations under § 315(b). Moreover, as discussed previously, an errant determination that a petition is time barred falls outside the scope of the Director's statutory authority. *See supra*, § I. *Cuozzo* expressly recognized the proper reviewability of such a determination under both 35 U.S.C. § 319 and the APA. 136 S. Ct. at 2141-42. Simply put, because an appeal of a time-bar determination is not an attack on the Director's initial determination on the merits, *Cuozzo* does not compel a finding that a time-bar determination is nonappealable.

III. APPEAL OF A DETERMINATION THAT AN IPR IS NOT TIME BARRED DOES NOT IMPEDE THE DIRECTOR'S DISCRETION TO DENY INSTITUTION

If this Court rules, as it rightly should, that an appeal following a Final Written Decision may be based on the Director's determination that a petition was not time barred, that ruling will not disturb the Director's discretionary authority. As previously discussed, the Director's discretionary authority extends only to decisions to deny institution. *See supra*, § I.A. The question presented in this case focuses only on time-bar petitions as they relate to instituted IPRs: whether § 314(d) "permits appeal of the PTAB's decision to institute an inter partes review upon finding that § 315(b)'s time bar did not apply." Pet. at i. Thus, regardless of how this question is resolved, the result will only affect proceedings in which IPR has been instituted, *i.e.*, in cases where the Director did not exercise the discretionary authority to deny institution. Accordingly, finding that a determination by the Director that a petition is not time barred will not

affect the Director's limited discretion to deny institution of IPR.

CONCLUSION

The plain text of § 315(b) forecloses institution of time-barred IPR petitions. Under the APA, and the decisions of this Court, judicial review remains available to test whether an agency exceeds its statutory authority. Because institution of a time-barred petition would exceed the Director's statutory authority, the Court should hold that a determination that a petition is not time barred under § 315(b) is subject to judicial review.

Respectfully submitted,

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