

No. 18-916

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**In the Supreme Court of the United States**

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THRYV, INC., FORMERLY KNOWN AS DEX MEDIA, INC.,  
PETITIONER

*v.*

CLICK-TO-CALL, LP, AND

ANDREI IANCU, UNDER SECRETARY OF COMMERCE FOR  
INTELLECTUAL PROPERTY AND DIRECTOR OF THE  
UNITED STATES PATENT AND TRADEMARK OFFICE,  
RESPONDENTS

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

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**BRIEF OF BIOTECHNOLOGY INNOVATION  
ORGANIZATION AS AMICUS CURIAE  
IN SUPPORT OF RESPONDENT**

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**BRIEF OF BIOTECHNOLOGY INNOVATION  
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**INTEREST OF AMICUS CURIAE<sup>1</sup>**

The Biotechnology Innovation Organization (BIO) is the world's largest biotechnology trade association, representing more than 1,000 biotechnology companies,

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<sup>1</sup> Pursuant to Rule 37.6, amicus affirms that no counsel for a party authored this brief in whole or in part and that no person other than amicus or its counsel have made any monetary contributions intended



research institutions, state biotechnology centers, and related organizations. BIO's members devote billions of dollars annually to researching and developing biotechnology healthcare, agricultural, environmental, and industrial products that cure diseases, improve food security, create alternative energy sources, and deliver other benefits. These products typically require lengthy, costly, and resource-intensive development periods. Biotechnology medicines, for instance, save countless lives by treating previously untreatable diseases, but usually require over a decade of research and an investment of more than \$2 billion.

The outcome of this case will affect BIO's members, who depend upon a stable, predictable, and transparent patent system that encourages patent holders to maintain and enforce strong patents. BIO's members have significant interest in ensuring that inter partes review proceedings are instituted and conducted in a fair, predictable, and evenhanded manner. And, as is relevant to this case, BIO's members have a specific interest in an interpretation of the one-year time-bar, 35 U.S.C. § 315(b), that is faithful to the statutory text and in application of that provision that is both consistent and judicially reviewable.

BIO's members also have an interest in protecting inter partes review from abuse and manipulation by patent challengers and third-party rent seekers, both of whom stand to benefit from an improper interpretation of Section 314(d) that insulates time-bar and similar decisions from judicial review. BIO's members, therefore, have a

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to fund the preparation or submission of this brief. Petitioner and respondent Click-To-Call, LP filed blanket consents with the Clerk of Court. The federal respondent consented to the filing of this brief.

substantial interest in ensuring judicial oversight of the Patent Trial and Appeal Board (PTAB)'s application of Section 315(b), in order to ensure that provision is applied as Congress intended: evenly, predictably, and fairly.

#### SUMMARY OF ARGUMENT

Judicial review of the PTAB's time-bar determinations is not only available; it is imperative.

I. The America Invents Act (AIA or Act) restricts the Patent and Trademark Office (PTO)'s authority to institute *inter partes* review in several important respects. As relevant here, the PTO may not institute an *inter partes* review if the petitioner's petition is time-barred under Section 315(b). Petitioner and the federal respondent depict that requirement as a mere technicality, but it is anything but that. It represents a meaningful element of Congress' careful balancing of the competing interests of patent challengers, inventors and patent holders, and the public. Congress "recognize[d] the importance of quiet title to patent owners to ensure continued investment [of] resources," and thus restricted challengers' ability to pursue *inter partes* review more than a year after service with a civil complaint. *See* H.R. Rep. No. 112-98, at 48 (2011). That protection is particularly important in the biotechnology industry, where investment in the development of a given product routinely exceeds \$1 billion and is often much more.

The PTO thus exceeds its statutory authority when it institutes *inter partes* review in violation of Section 315(b). Such action is presumptively subject to judicial review, and Section 314(d) does not clearly and convincingly overcome that presumption. For starters, Section 314(d) precludes judicial review of the PTO's determination to institute review "under this section"—*i.e.*, under

Section 314. 35 U.S.C. § 314(d). If Congress intended to preclude review of decisions made under Section 315, it would have used the word “chapter,” as it did elsewhere in Section 314 and in other provisions of the Act. For another, Section 314(d) shields from judicial review the determination “whether” to institute an inter partes review, which by its terms connotes discretion to choose between two alternatives. *Id.* The PTO has *no* discretion to institute an inter partes review based on a time-barred petition.

II. Judicial review of the PTO’s construction of Section 315 is necessary to protect against “shenanigans” in the patent system. *See SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1359 (2018) (internal quotation marks omitted). The PTO’s erroneous construction of multiple provisions of Section 315 has bred abuse and encouraged harassment of patent holders. As one example, the PTO’s erroneous construction of the joinder provisions of Section 315 permits time-barred parties to “join” another proceeding, thus encouraging time-barred parties to find supposedly disinterested third parties to commence an inter partes review that the time-barred party will then join and ultimately lead. As another example, the PTAB has made it exceedingly difficult to prove that a time-barred party is the “real party in interest,” *e.g.*, 35 U.S.C. § 315(a)(1), and has denied patent holders discovery to make that demanding showing.

Judicial review will curb such abuses. It will also provide valuable *ex ante* guidance for the agency’s decision-making—guidance that will promote efficiencies in future adjudicatory proceedings and provide clarity to all participants in the patent system. Such clarity is sorely needed. With few exceptions, the PTO has not promulgated rules

construing Section 315 but has instead construed the statute in PTAB adjudications—leading to the flip-flopping illustrated by this very case. What is more, the PTO has acknowledged that it configures or stacks PTAB panels in order to reach the Director’s preferred policy outcomes. That practice, antithetical to fair principles of adjudication, will result in inconsistent application of the Act from administration to administration absent judicial review.

#### ARGUMENT

##### **I. Judicial Review of the Interpretation of Section 315(b) Is Necessary To Ensure That the PTO Does Not Exceed Its Statutory Authority**

The AIA limits the PTO’s authority to institute inter partes review and invalidate challenged patent claims. When the PTO oversteps those limitations, it exceeds the agency’s statutory authority. Such agency conduct is presumptively subject to judicial review, *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140-42 (2016); *SAS Inst.*, 138 S. Ct. at 1359, and the Act contains no clear and convincing indication that Congress intended to foreclose judicial review of these important decisions.

##### **A. The AIA Restricts the PTO’s Power To Institute Inter Partes Review of Petitions from Certain Parties in Certain Circumstances**

The AIA gives the PTO “significant power to revisit and revise earlier patent grants” through inter partes review. *Cuozzo*, 136 S. Ct. at 2139-40. Section 314(a) permits the PTO to institute inter partes review in its discretion if it “determines” that “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a). The Act insulates the PTO’s decision as to whether a petitioner satisfies the “reasonable likelihood” standard from judicial scrutiny. *See* 35 U.S.C.

§ 314(d) (“The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.”). Thus, a patent holder who disagrees that a challenge is reasonably likely to prevail has no recourse; she must defend her patent in the agency proceeding. By the same measure, challengers who fail to make the threshold showing may not appeal the decision; rather, their arguments are relegated to civil actions in court.

The Supreme Court in *Cuozzo* confirmed the Act’s commitment of the “reasonable likelihood” decision to the agency. *See* 136 S. Ct. at 2142 (internal quotation marks omitted). The Court held that Section 314(d) overcame the “strong presumption” favoring judicial review, and thus a party cannot seek reversal of the PTO’s “‘initial determination’ under § 314(a) that ‘there is a reasonable likelihood that the claims are unpatentable on the grounds asserted’ and review is therefore justified.” *SAS Institute*, 138 S. Ct. at 1359 (quoting *Cuozzo*, 136 S. Ct. at 2140).

Although any party who is not the patent-owner “may file . . . a petition to institute an inter partes review,” 35 U.S.C. § 311(a), the Act restricts the PTO’s authority to grant petitions filed by certain parties under certain circumstances. First, the PTO may not institute an inter partes review as to any patent claim that the petitioner, its real party in interest, or privy raised or reasonably could have raised in a prior proceeding before the PTO. 35 U.S.C. § 315(e)(1). Second, the PTO may not institute inter partes review if the petitioner or its real party in interest previously filed an action challenging the validity of a claim of the patent, other than in the context of a counterclaim. 35 U.S.C. § 315(a)(1), (3). Finally, and as relevant here, the AIA provides that the PTO “may not”

institute a proceeding if the petitioner, its real party in interest, or its privy was served with an infringement action more than one year before seeking invalidation at the agency. 35 U.S.C. § 315(b).

**B. The AIA’s Limitations on the PTO’s Authority To Institute Inter Partes Review Implement Important Policy Goals**

Petitioner and the federal respondent attempt to downplay the limits on the PTO’s authority to adjudicate patent invalidity disputes, characterizing them as “tangential issues,” Pet’r Br. 37, and “technicalit[ies],” *see id.* at 26; U.S. Br. 33 (quoting *Cuozzo*, 136 S. Ct. at 2140). But the AIA’s limitations are neither tangential nor technical. They are meaningful restrictions that are part of Congress’ careful balancing of stakeholders’ competing interests.

The AIA was intended to create an efficient system for challenging erroneously granted patents. *E.g.*, H.R. Rep. 112-98, at 48 (describing inter partes review as a “quick and cost effective alternative[] to litigation”); 157 Cong. Rec. 2860, 2861 (2011) (statement of Sen. Whitehouse) (describing process as allowing validity disputes to “be resolved quickly and cheaply,” in comparison to “expensive litigation”); *see also* S. Rep. No. 110-259, at 20 (2008). Petitioner and the federal respondent invoke this history to suggest that Congress promoted efficiency in resolving patent challenges to the exclusion of all other interests. *See, e.g.*, U.S. Br. 34 (“[O]nly the ultimate patentability decision matters to the patent system as a whole.”); *see also* Pet’r Br. 35, 39-41.

But “no legislation pursues its purposes at all costs.” *Rodriguez v. United States*, 480 U.S. 522, 525-26 (1987) (per curiam). Congress did not create a system that prioritized expediency and invalidating wrongful patents

above all other policy goals. Rather, creating an efficient mechanism by which to invalidate wrongful patents was “*one* important congressional objective.” *See Cuozzo*, 136 S. Ct. at 2139 (emphasis added). Congress *also* sought to mitigate the burdens on patent holders defending their inventions and to limit opportunities for abuse by patent challengers. *See, e.g.*, House Judicial Transcript for Mark-Up of H.R. 1249, The America Invents Act, at 72 (April 14, 2011) (“The inter partes proceeding . . . has been carefully written to balance the need to encourage its use while at [the] same time preventing the serial harassment of patent holders.” (statement of Rep. Smith)). In the words of the AIA’s sponsor, the AIA’s provisions governing inter partes review struck a “delicate balance” between the interests of patent holders and challengers. *Id.*

The restrictions on the PTO’s adjudicatory authority represent Congress’ attempt to manage these competing interests. Section 315(a), for example, restricts a challenger from advancing validity challenges in two forums—the court and the PTO—at the same time, reducing waste and expense. Specifically, Section 315(a)(1) prohibits the initiation of inter partes review if the petitioner or its real party in interest previously filed suit challenging the validity of a claim of the disputed patent. 35 U.S.C. § 315(a)(1). If, on the other hand, the petitioner requests inter partes review first, Section 315(a)(2) orders an automatic stay of that petitioner’s subsequently filed civil action (or that of its real party in interest), pending action by the patent owner or the petitioner’s or a real party in interest’s dismissal of the civil action. 35 U.S.C. § 315(a)(2).

Section 315 also bars the PTO from taking action on a petition that is filed too long after a civil action is initiated.

To that end, Section 315(b) prohibits the institution of inter partes review “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.” 35 U.S.C. § 315(b). That limitation “recognizes the importance of quiet title to patent owners to ensure continued investment [of] resources,” by “preclud[ing]” parties from “improperly mounting multiple challenges to a patent or initiating challenges after filing a civil action challenging the validity [of] a claim in the patent.” H.R. Rep. No. 112-98, at 48. In other words, Congress understood that repeated attacks on the validity of patents can discourage the investment that is required to obtain them. As relevant to BIO’s members, the biotechnology and pharmaceutical industries—in which the development of a new biopharmaceutical medicine usually requires ten years of research and development and an out-of-pocket cost of about \$1.4 billion<sup>2</sup>—rely on the validity and enforceability of their patents to develop innovative products.

Lastly, Section 315(e) guards against seriatim harassment of patent holders by preventing challengers from asserting arguments they could have included in a prior inter partes review, so long as their initial petition resulted in a final adjudication on the merits. *See* 157 Cong. Rec. S1326 (daily ed. Mar. 7, 2011) (statement of Sen. Sessions) (calling the bill’s estoppel measure a “protection[] . . . long sought by inventors and patent owners”).

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<sup>2</sup> Joseph A. DiMasi et al., *Innovation in the Pharmaceutical Industry: New Estimates of R&D Costs*, 47 J. Health Econ. 20-33 (2016).



**C. The PTO Exceeds Its Statutory Authority When Instituting Review in Violation of Section 315**

The PTO “act[s] outside its statutory limits” when it institutes inter partes review in violation of the restrictions in Section 315, including with respect to a time-barred petition. *SAS Inst.*, 138 S. Ct. at 1359 (internal quotation marks omitted). Agency action that exceeds statutory authority is presumptively subject to judicial review. *See id.* (citing 5 U.S.C. § 706(2)(A), (C)). That is for good reason. When an agency such as the PTO exceeds its authority, only a court may provide an aggrieved party relief. *See Leedom v. Kyne*, 358 U.S. 184, 188-89 (1958). Thus, the “agency bears a heavy burden in attempting to show that Congress prohibit[ed] all judicial review of the agency’s compliance with a legislative mandate.” *Mach Mining, LLC v. EEOC*, 135 S. Ct. 1645, 1651 (2015) (alteration in original) (internal quotation marks omitted).

Congress did not do so here. Section 314(d) provides: “The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.” 35 U.S.C. § 314(d). As respondent argues, that language is dispositive. Resp. Br. 14-19. Section 314(d) refers only to the PTAB’s determination to institute review “under this section”—*i.e.*, under Section 314. Congress’ choice of the word “section,” as opposed to “chapter” or “Act,” must be given meaning. Elsewhere in Section 314 and the AIA’s other provisions governing inter partes review, Congress chose the word “chapter” to refer to the chapter governing inter partes review, which includes section 315. *See, e.g.*, 35 U.S.C. §§ 314b), 316(a)(1), 317(a), 318(a). This Court presumes that Congress “acts intentionally when it uses particular language in one section of a statute but omits it in another.” *Dep’t of Homeland Sec. v. MacLean*, 135 S. Ct. 913, 919 (2015)

(citing *Russello v. United States*, 464 U.S. 16, 23 (1983)). Section 314(d) says nothing about the PTAB's decisions regarding eligibility under Section 315, which is a distinct section of the Act.

In addition, Section 314(d) uses the word “whether” in identifying the decision that is precluded from judicial review. The word “whether” is “[u]sed to introduce alternative possibilities.” Webster’s II New College Dictionary (3d ed. 2005) (defining “whether”). As used in Section 314(d), “whether” introduces the “alternative possibilities” of instituting or denying a petition seeking inter partes review. Section 314(a) gives the PTAB discretion to choose between those alternative possibilities, *see* pp. 5-6, *supra*; Section 314(d), in turn, protects that choice from judicial review.

By contrast, Section 315(b) does not contemplate “alternative possibilities.” It unequivocally prohibits the institution of a time-barred petition: “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 privy of the petitioner is served with a complaint alleging infringement of the patent.” 35 U.S.C. § 315(b). The PTO’s time-bar determination, a quintessential act of statutory interpretation, cannot fairly be described as a decision “whether” to institute review. There is no statutory language “demonstrat[ing] that Congress wanted an agency to police its own conduct,” *Mach Mining*, 135 S. Ct. at 1651, in deciding the applicability of the time bar. Absent “persuasive reason to believe” that Congress intended to preclude judicial review of the time-bar determination, this Court should not reach to find it. *Bowen v. Mich. Acad. of Fam. Physicians*, 476 U.S. 667, 670 (1986).

## **II. Judicial Review of the PTO's Application of Section 315(b) Protects Against Gamesmanship and Promotes Predictability**

The PTO's inconsistent and erroneous interpretation of Section 315 yields wasteful litigation and breeds abuse of the inter partes review system. Without judicial review, there is no check on these practices and no means to stop them. Surely that is not what Congress intended. Judicial review is the only means by which to enforce the AIA's important limitations on inter partes review and to correct agency errors. And judicial construction of those limitations—even the prospect of such review—will promote predictability, to the benefit of both patent owners and challengers alike. Amicus' members depend on clarity in the patent system when investing the massive resources required to invent and protect biotechnology products.

### **A. The PTO's Interpretation of Section 315 Has Encouraged 'Shenanigans' by Patent Challengers to the Detriment of Patent Holders**

The PTO's construction of Section 315(b) has spawned wasteful and abusive PTAB proceedings. Petitioner unintentionally highlights some of that abuse in its brief. To dismiss the need for judicial review, petitioner fights the obvious conclusion that the time bar in Section 315(b) "limit[s] the Board's authority to invalidate a challenge patent claim." Pet'r Br. 23. Petitioner contends that Section 315(b) does not limit the PTO's authority but merely prohibits a time-barred party "from being the *first* to challenge the claim." *Id.* Even if this view were correct—and it is not—it is a distinction without a difference. The PTO cannot initiate a proceeding unless an eligible petitioner files a petition. *See* 35 U.S.C. § 311(a). No matter

how Section 315(b) is understood, it limits the PTO's authority to institute a proceeding.

In presenting this argument, petitioner highlights examples of the ways in which time-barred parties may nonetheless obtain inter partes review. Pet'r Br. 23. Those examples only illustrate the level of manipulation currently tolerated by the PTO and beg the question whether the PTO has correctly construed the AIA by permitting such machinations. Judicial review is imperative to guarding against such "shenanigans." *SAS Inst.*, 138 S. Ct. at 1359 (internal quotation marks omitted).

***1. Joinder as a Means To Thwart Section 315(b)'s Time Bar***

Petitioner points to the AIA's joinder provision as evidence that Section 315(b) works no restrictions on the PTO's authority. Petitioner asserts that an otherwise time-barred challenger, although unable to initiate inter partes review on its own, may nevertheless join another petition. See Pet'r Br. 23 ("[A] party who cannot file its own IPR because of § 315(b) can, under § 315(c), nonetheless join an IPR that was filed by another petitioner."). But that is so only because the PTO has wrongly construed the AIA to permit that abusive tactic. See 37 C.F.R. § 42.122(b). Under petitioner's and the federal respondent's views, courts would be powerless to correct this interpretation. The pharmaceutical industry is particularly vulnerable to improper joinder motions. Compared to challenges to patents protecting other technologies, challenges to pharmaceutical patents are more than four times as likely to include motions for joinder. See United States Patent & Trademark Office, *New PTAB Studies in AIA Proceedings: Expanded Panels &*

*Trial Outcomes for Orange Book-Listed Patents*, at 49 (Mar. 13, 2018).<sup>3</sup>

Section 315(c) permits the PTO to join to an inter partes review “any person who *properly* files a petition.” 35 U.S.C. § 315(c) (emphasis added). Section 315(b) further provides that the one-year bar “shall not apply to a request for joinder under subsection (c).” 35 U.S.C. § 315(b). The exception in subsection (b) is limited to “a request for joinder.” *Id.* It does not excuse the requesting party from the obligation to file a timely petition. To the contrary, as just set forth, Section 315(c) limits joinder to parties whose petitions are “properly filed.” 35 U.S.C. § 315(c).

The broader context of the AIA makes this point clear. *See Davis v. Mich. Dep’t of Treasury*, 489 U.S. 803, 809 (1989) (“It is a fundamental canon of statutory construction that the words of a statute must be read in their context and with a view to their place in the overall statutory scheme.”). The AIA *requires* the Director to “prescribe regulations . . . setting a time period for requesting joinder under section 315(c).” 35 U.S.C. § 316(a)(12). Regulation is needed because Section 315(c) excepts joinder motions—and only joinder motions—from the one-year time bar in Section 315(b).

The PTO, however, has construed Section 315(b) to allow time-barred parties to join ongoing proceedings by filing a petition and a request for joinder. *See* 37 C.F.R. § 42.122(b). The PTO’s erroneous construction creates fertile ground for manipulation and misuse, galvanizing time-barred parties to find a “third party” to file a petition

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<sup>3</sup> [https://www.uspto.gov/sites/default/files/documents/chat\\_with\\_the\\_chief\\_march\\_2018.pdf](https://www.uspto.gov/sites/default/files/documents/chat_with_the_chief_march_2018.pdf).

for the purpose of securing joinder. If successful, they receive all the benefits of a timely petitioner. In one instance, the three time-barred parties whom the PTAB allowed to join an existing inter partes review were permitted to appeal the adverse agency decision to the Federal Circuit, even though the initial, timely petitioner had dropped out. Order, *Mylan Pharms. Inc. v. Research Corp. Tech.*, No. 2017-2088, ECF No. 48, at 2-3 (Fed. Cir. Oct. 19, 2017). In another, a time-barred party was able to join a timely petitioner's action and carry on that action even after the initial petitioner and patent holder reached a settlement and jointly sought dismissal of the case. *Netflix, Inc. v. Convergent Media Sols., LLC*, No. IPR2016-01814 (PTAB May 1, 2017) (motion to terminate inter partes review as to timely petitioner Netflix and patent owner Convergent Media Solutions); *Netflix, Inc. & AT&T Servs., Inc. v. Convergent Media Sols., LLC*, Nos. IPR2016-01814, 2017-01237 (PTAB May 11, 2017) (Paper No. 12) (granting motion to terminate in part with respect to Netflix, and denying in part as to Convergent Media Solutions because of joinder of proceeding with AT&T's proceeding).

When no third-party petitioners exist, time-barred challengers may manufacture them. In *VirnetX Inc. v. Mangrove Partners Master Fund Ltd.*, the PTAB allowed Apple, Inc. to join a timely petitioner's challenge to two patents upon which Apple had been sued for infringement. Apple had previously sought inter partes review on its own, only to have its petition rejected as untimely due to the years-old infringement suits. 778 Fed. App'x 897, 900 (Fed. Cir. 2019). After striking out, Apple moved to join a timely party's proceeding before the PTAB—an action the PTAB denied upon determining that Apple was the timely party's real party in interest. *Id.* The PTAB's decision noted evidence that Apple suggested and paid for

the third party to seek inter partes review. *RPX Corp. v. VirnetX, Inc.*, No. IPR2014-00171, slip op. at 4-11 (PTAB June 5, 2014) (Paper No. 49).

Apple’s third attempt for inter partes review bore fruit: the PTAB permitted Apple to piggyback off a subsequent action filed by petitioner Mangrove Partners Master Fund. 778 F. App’x at 900-01. The Federal Circuit later concluded that the PTAB had improperly denied the patent holder an opportunity to pursue discovery to explore evidence suggesting a relationship between current petitioner Mangrove and the earlier petitioner of whom Apple was determined to be the real party in interest. *Id.* at 904.

Another variation of misuse of the joinder provision—in which a petitioner would join its otherwise time-barred claims to its own previously filed, timely proceeding—abated only after the Federal Circuit questioned the PTAB’s practice. Until last year, a time-barred petitioner could breathe new life into untimely challenges by attaching them to an existing inter partes review proceeding involving the same parties, a practice known as “self-joinder.” *See, e.g., Target Corp. v. Destination Maternity Corp.*, No. IPR2014-00568, slip op. at 7-16 (PTAB Feb. 12, 2015) (Paper No. 28) (concluding that Section 315(c) does not bar joinder of a person who is a petitioner in an instituted, ongoing review proceeding). The PTAB, seemingly recognizing the resulting absurdity, acknowledged that this practice granted petitioners a “second bite at the apple.” *Amneal Pharms., LLC v. Endo Pharms. Inc.*, No. IPR2014-01365, slip op. at 4 (PTAB Feb. 4, 2015) (Paper No. 64). But the PTAB nevertheless adhered to the practice despite misgivings by certain members. *See id.* (“We . . . respect our colleagues’ well-reasoned position [allowing self-joinder]. We also recognize, however . . .

that reasonable minds can differ on an interpretation of 35 U.S.C. § 315 as it relates to joining a party to an earlier proceeding in which the party is already a participant.”).

The practice ultimately prompted a concurring opinion from Judges Dyk and Wallach, in which they expressed “concern[.]” as to the PTAB’s embrace of self-joinder. *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1019-20 (Fed. Cir. 2017) (Dyk, J., concurring), *cert denied*, 138 S. Ct. 1695 (2018). The message was received. In response, the PTAB reversed course, holding that Section 315(c) did not contemplate the joinder of new *issues* to previously instituted inter partes review proceedings. *Proppant Express Invs., LLC v. Oren Techs., LLC*, No. IPR2018-00914, slip op. at 4-6 (PTAB Nov. 8, 2018) (Paper No. 21) (citing the concurring opinion in *Nidec*). Without judicial scrutiny, this abusive practice may have continued to this day.

## **2. Unenforced Restrictions on Petitioners and Time-Barred Defendants**

Petitioner also resists the import of Section 315(b) on the ground that the AIA “allows any party ‘who is not the owner of a patent’ to petition for an IPR during the patent’s term.” Pet’r Br. 23 (quoting 35 U.S.C. § 311(a)). That is only partially correct; it fails to account for Section 315(b)’s reach to parties closely associated with time-barred petitioners—real parties in interest and privies. The PTAB’s routine denial of discovery as to petitioners’ identity and relationships frustrates parties’ ability to determine the contours of these surreptitious relationships.

To be sure, the AIA makes the inter partes review process available to “a person who is not the owner of a patent” by permitting such a party to *petition* for inter partes review. 35 U.S.C. § 311(a). But while the statute



opens the door to *filing* a petition for inter partes review, it bars certain parties from obtaining review. This is because Section 315(b) precludes the “institut[ion]” of petitions brought by a time-barred challenger, or its “real party in interest, or privy of the petitioner.” 35 U.S.C. § 315(b).

Determining whether a party is a “real party in interest” or “privy” of the petitioner is a fact-dependent question whose answer often rests on evidence the patent holder lacks. *See Taylor v. Sturgell*, 553 U.S. 880, 906-07 (2008) (acknowledging the difficulty of establishing an opposing party’s “close relationship” with another entity because such evidence is in the opponent’s possession). And although the AIA permits limited discovery, it commits determinations as to the scope of discovery to the PTO. *See* 35 U.S.C. § 316(a)(5). The agency, in turn, imposes on the party seeking discovery the demanding standard of “show[ing] that such additional discovery is in the interests of justice.” 37 C.F.R. § 42.51(b)(2)(i).

Yet the PTAB routinely denies discovery to explore such relationships. The PTAB in *Wi-Fi One* rejected the patent holder’s request for discovery notwithstanding the evidence it proffered showing that two time-barred parties had indemnity agreements with the petitioner, and that the petitioner had communicated with and assisted those parties to defeat infringement claims. *See Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1339-40 (Fed. Cir. 2018) (summarizing the PTAB proceedings). The patent holder subsequently sought mandamus to compel discovery. *See In re Telefonaktiebolaget LM Ericsson*, 564 F. App’x 585, 586 (Fed. Cir. 2014). That also failed. *Id.*

The PTAB’s practice of denying discovery as to such relationships—even in instances pointing toward their existence—risks rendering meaningless Section 315(b)’s inclusion of “real part[ies] in interest” and “priv[ies]” of the petitioner. 35 U.S.C. § 315(b). Absent discovery, it is exceedingly unlikely that the PTAB can make informed decisions as to the identity of the petitioner and the application of Section 315(b).

Discovery is not the only impediment. The substantive standard that the PTAB applies makes it difficult to show that a petitioner’s relationship with a time-barred party is disqualifying. *See, e.g., Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1356-58 (Fed. Cir. 2018) (holding that the PTAB applied an “impermissibly narrow understanding” of the term “real party in interest” and remanding), *cert. denied*, 139 S. Ct. 1366 (2019). The PTAB’s demand that a patent owner demonstrate that the defendant “exercised, or could have exercised, any control” over the petitioner’s participation in the agency action often is unachievable. *E.g. AMX, LLC v. Chrimar Sys., Inc.*, Nos. IPR2016-00569, 2016-00574, slip op. at 3, 5 (PTAB May 19, 2016) (Paper No. 18) (rejecting as inadequate evidence of an indemnification agreement between the petitioners and defendant on the ground that the patent owner had not identified evidence “suggesting that those indemnification agreements would be useful in demonstrating that the third parties direct, control, or fund these proceedings”); *Sipnet EU S.R.O. v. Innovative Commc’ns Techs.*, No. IPR 2013-00246, slip op. at 10-11 (PTAB May 23, 2016) (Paper No. 73) (rejecting as “insufficient” the patent owner’s evidence that the defendant had provided the petitioner with a prior art reference and that the pair had a buyer-seller relationship because such evidence failed to show that the defendant

“exercised, or could have exercised, control over Petitioner’s participation in this proceeding”).

In sum, the PTO’s current interpretation of the statute permits opaque relationships between time-barred defendants and third parties to go unexplored and renders inadequate any evidence suggesting an improper relationship. Petitioner’s position would shield the PTO’s interpretation from judicial review, further entrenching manipulation of the system.

**B. Judicial Review Is the Sole Means To Ensure the AIA Is Applied Correctly and Consistently**

Judicial scrutiny of the PTO’s decisions is needed to give proper effect to the AIA. The availability of judicial review will benefit all participants in the patent system, not just those appearing in any given inter partes review.

**1. *Judicial Review Will Promote, Not Undermine, Efficiency***

The federal respondent’s contention that judicial review will only lengthen proceedings and postpone finality is both unpersuasive and shortsighted. The agency contends that judicial review of the PTO’s eligibility determinations will not improve the efficiency of inter partes review because judicial review necessarily will come only *after* the parties have litigated their dispute on the merits. *See* U.S. Br. 36 (“[v]acating the Board’s final written decision on a patent’s validity *after* arguably duplicative proceedings have been completed, based on a court’s determination that a proper application of Section 315(b) *would have* prevented those proceedings, does nothing to further” the goals of sparing patent owners burdens and minimizing waste).

As a preliminary matter, to the extent the agency suggests that efficiency is the end-all and be-all of the Act,

that is incorrect, as already set forth. *See* p. 8, *supra*. This Court must construe section 314(d) by reference to its text and its place in the broader Act, not by reference to some overarching goal of efficiency for efficiency's sake. "That an agency's improvisation might be thought by some more expedient than what the law allows does nothing to commend it either, for lawful ends do not justify unlawful means." *SAS Inst.*, 138 S. Ct. at 1358 n.\* (citation omitted).

Moreover, even if judicial review will lengthen certain appealed decisions, it will benefit the system, and produce efficiencies, in general. Judicial review shapes behavior. As this Court has recognized, "legal lapses and violations occur, and especially so when they have no consequence." *Mach Mining*, 135 S. Ct. at 1652-53. For this reason, the Court has long applied "a strong presumption favoring judicial review of administrative action." *Id.* at 1653; *see also Bowen*, 476 U.S. at 680-81. A Court "need not doubt the [agency's] trustworthiness, or its fidelity to law, to shy away from [a] result" that would entrust compliance solely to the agency. *Mach. Mining*, 135 S. Ct. at 1652.

Judicial review, and authoritative construction of the Act by courts, will shape the PTAB's decisions going forward. All participants in the patent system thus will benefit from judicial scrutiny of the application of Section 315. A reviewing court's decision will not just affect those parties immediately before it; it will affect those who may come before the PTAB in the future. Although judicial review may extend the time needed to resolve disputes in certain cases, those instances will be outliers.

One need look no further than the PTAB's actions with respect to "self-joinder" for confirmation. Troubled by the PTAB's tolerance for self-joinder of issues, Judge Dyk authored a concurring opinion in *Nidec Motor* calling the

PTAB’s understanding of the applicable statutory provisions “unlikely” and providing reasoning. 868 F.3d at 1020 (Dyk, J., concurring). The concurring opinion—although not binding on the PTAB—had effect: the PTAB changed its interpretation of Section 315 to reflect Judge Dyk’s understanding. *See Proppant Express Invs.*, No. IPR 2018-00914, slip op. at 6 (PTAB Nov. 8, 2018) (Paper No. 21). Judicial review thus served to curb a wasteful practice that was producing inefficiencies in the inter partes review process.

**2. *Judicial Review Will Give Inventors and Challengers Valuable Guidance***

Similarly, judicial review will provide patent litigants much-needed clarity as to the proper construction of the eligibility requirements for inter partes review. The PTO has failed to promulgate rules to define the instances in which Section 315(b) will be applied, forcing parties to make educated guesses based on PTAB non-precedential decisions and other agency action. Absent binding rules or precedent, PTAB decisions may disagree with each other and set forth inconsistent interpretations of the law.

This is no theoretical concern, as this case makes clear. In the nine months between the Federal Circuit’s decision below and briefing on the petition for a writ of certiorari, the PTO reinterpreted Section 315(b) as to voluntarily dismissed actions. At the time of the Federal Circuit’s decision in this case on August 16, 2018, the PTO did not treat service of a voluntarily dismissed action as triggering the time bar in Section 315(b). *See* U.S. Br. in Opp. 8-10. By May 1, 2019, the Director of the PTO “ha[d] concluded that the court’s resolution of the underlying merits issue”—whether Section 315(b) bars inter partes review when the petitioner had been served with a complaint

later voluntarily dismissed without prejudice—was correct. *Id.* at 10. Setting aside the appropriateness of that action, the PTO’s sudden shift here illustrates the critical need for clarity and consistency.

It also demonstrates that the PTO’s interpretation is neither knowable nor predictable *ex ante*. Petitioner’s amicus Atlanta Gas asserts that there is “no reason” to believe the PTAB will render unsound decisions on preliminary matters. As set forth above, there is every reason to think that the PTAB has routinely rendered unsound decisions on such matters and that it will continue to do so absent judicial intervention. *See* pp. 13-20, *supra*. Atlanta Gas also claims that the PTAB “has made every effort to align itself with the prevailing law,” including on “those questions where reasonable minds may differ—such as whether a complaint that is promptly dismissed triggers a time bar.” Atlanta Gas Light Br. 17-19. The PTO’s flip-flopping in this case belies this assertion.

### ***3. Judicial Review Will Ensure Consistency in the Face of Policy Shifts and Changing Administrations***

Finally, judicial review of the PTO’s construction of Section 315(b) is particularly critical in light of the PTO’s shifting, policy-driven construction of the AIA. At present, the PTO’s interpretation and application of the Act reflects the policy preferences of its Director, as the agency has acknowledged. And the PTO has even stacked PTAB panels, contrary to basic principles of fair adjudication, to implement those policy preferences. *See Marshall v. Jerrico, Inc.*, 446 U.S. 238, 242, 250 (1980); *Withrow v. Larkin*, 421 U.S. 35, 46-47 (1975). The Court should not stretch the Act to shield the PTO’s policy-laden construction of Section 315 from judicial review.

The structuring (or, in some cases, restructuring) of PTAB panels is one avenue by which the Director promotes his or her policies. On certain occasions, the PTO has expanded or stacked the panel of judges assigned to hear (or re-hear) cases—actions that the PTAB’s current internal rules require the Director to approve. *See* U.S. Patent & Trademark Office, Patent Trial & Appeal Board, *Standard Operating Procedure 1 (Rev. 15), Assignment of Judges to Panels* (Sept. 20, 2018),<sup>4</sup> at 15-16 (acknowledging that an “expanded panel” may be used in cases where “it may be desirable to use an expanded panel,” including to “secure and maintain uniformity of the Board’s decisions”). Acknowledged by the agency in no uncertain terms, the strategic structuring of panels is intended to achieve a desired outcome. *See, e.g.* Oral Argument at 47:20-47:23, *Yissum Research Dev. Co. of the Hebrew U. of Jerusalem v. Sony Corp.*, Nos. 2015-1342, 2015-1343 (Fed. Cir. Dec. 7, 2015)<sup>5</sup> (agency counsel acknowledging that “the Director is trying to ensure that her policy position is being enforced by the panels” when reconfiguring panels).

The interpretation of Section 315 has been the subject of multiple expanded panels. *See, e.g., Nidec Motor Corp.*, 868 F.3d at 1015-16 (explaining that the petitioner’s request for rehearing as to the application of Section 315(b) and (c) in its case was granted, heard by an expanded five-judge panel, and reversed); *Target Corp.*, No. IPR2014-00568, slip op. at 6-16 (PTAB Feb. 12, 2015) (Paper No. 28) (expanded seven-member panel granting rehearing

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<sup>4</sup> <https://www.uspto.gov/sites/default/files/documents/SOP%201%20R15%20FINAL.pdf>.

<sup>5</sup> [www.cafc.uscourts.gov/oral-argument-recordings](http://www.cafc.uscourts.gov/oral-argument-recordings).

and finding that petitioner's joinder motion had been improperly denied after five-member panel held petitioner could not join second petition to an earlier filed one under Section 315(c)).

The agency's choice to advance policy through adjudication, rather than notice-and-comment rulemaking, comes at a cost to the public. This is because rulemaking establishes an agency's "views as to the proper course." *See Motor Vehicle Mfrs. Ass'n of U.S., Inc. v. State Farm Mut. Auto Ins.*, 463 U.S. 29, 41 (1983). Here, however, the PTO has avoided committing itself to an interpretation of Section 315(b) for future application, and subjecting itself to scrutiny and public comment as to the wisdom of its decision. *See* David L. Shapiro, *The Choice of Rulemaking or Adjudication in the Development of Administrative Policy*, 78 Harvard L. Rev. 921, 932 (1965) (concluding that "rulemaking does more characteristically involve the promulgation of concrete proposals and the affording of opportunity for general comment than does adjudication," which can be "of considerable value to the agency and the public"). As a result, the PTO remains free to change its interpretation of Section 315 with no notice and no opportunity to comment—and, if petitioner has its way, no judicial review.



**CONCLUSION**

For the foregoing reasons, amicus respectfully urges this Court to hold that Section 314(d) does not preclude judicial review of the PTO's interpretation of Section 315(b).

Respectfully submitted,

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