

No. 21-

IN THE
Supreme Court of the United States

INTEL CORPORATION,
Petitioner,

v.

VLSI TECHNOLOGY 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 the U.S. Court of Appeals for the Federal Circuit may review, by appeal or mandamus, a decision of the U.S. Patent and Trademark Office denying a petition for inter partes review of a patent, where review is sought on the grounds that the denial rested on an agency rule that exceeds the PTO's authority under the Leahy-Smith America Invents Act, is arbitrary or capricious, or was adopted without required notice-and-comment rulemaking.

PARTIES TO THE PROCEEDING

Petitioner Intel Corporation was the appellant in the court of appeals.

Respondent VLSI Technology LLC was the appellee in the court of appeals.

Andrew Hirshfeld, performing the functions and duties of the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, was an intervenor in the court of appeals and is a respondent in this Court.

CORPORATE DISCLOSURE STATEMENT

Intel Corporation has no parent company, and no publicly held corporation owns 10% or more of its stock.

DIRECTLY RELATED PROCEEDINGS

In the United States Court of Appeals (Fed. Cir.):

A. *Intel Corporation v. VLSI Technology LLC*,
No. 2021-1614 (May 5, 2021).

B. *Intel Corporation v. VLSI Technology LLC*,
No. 2021-1616 (May 5, 2021).

C. *Intel Corporation v. VLSI Technology LLC*,
No. 2021-1617 (May 5, 2021).

D. *Intel Corporation v. VLSI Technology LLC*,
No. 2021-1673 (May 5, 2021).

E. *Intel Corporation v. VLSI Technology LLC*,
No. 2021-1674 (May 5, 2021).

F. *Intel Corporation v. VLSI Technology LLC*,
No. 2021-1675 (May 5, 2021).

G. *Intel Corporation v. VLSI Technology LLC*,
No. 2021-1676 (May 5, 2021).

H. *Intel Corporation v. VLSI Technology LLC*,
No. 2021-1677 (May 5, 2021).

I. *Intel Corporation v. VLSI Technology LLC*,
No. 2021-1738 (May 5, 2021).

J. *Intel Corporation v. VLSI Technology LLC*,
No. 2021-1739 (May 5, 2021).

K. *Intel Corporation v. VLSI Technology LLC*,
No. 2021-1740 (May 5, 2021).

L. *Intel Corporation v. VLSI Technology LLC*,
No. 2021-1741 (May 5, 2021).

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PETITION FOR A WRIT OF CERTIORARI

Intel Corporation respectfully petitions for a writ of certiorari to review the judgment of the U.S. Court of Appeals for the Federal Circuit in this case.

INTRODUCTION

This petition joins two others currently pending before this Court that present substantially the same important and recurring question: Whether review in the U.S. Court of Appeals for the Federal Circuit is available when the Patent and Trademark Office “act[s] outside its statutory limits,” *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348, 1359 (2018), by denying a petition for inter partes review based on an agency rule that violates the Leahy-Smith America Invents Act (“AIA”)

and the Administrative Procedure Act (“APA”). See *Apple Inc. v. Optis Cellular Tech., LLC*, No. 21-118 (docketed July 28, 2021); *Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V.*, No. 21-202 (docketed Aug. 12, 2021). Numerous amici across industries, including Intel, previously filed briefs in support of those petitions in light of the importance of this issue to the patent system. Intel now petitions in its own right.

A decade ago, Congress recognized that the patent system had become imbalanced—patents were too easy to obtain and too hard to challenge once issued, allowing dubious patents to be used to stifle innovation and competition. In response, Congress enacted several reforms, including the creation of inter partes review (“IPR”), an administrative process designed to provide a more efficient and reliable alternative to litigation for reviewing the validity of already-granted patents.

Recently, the Director of the Patent and Trademark Office (“PTO”) adopted a rule that has sharply undermined access to IPR. That rule—referred to here as the *NHK-Fintiv* Rule—requires the Patent Trial and Appeal Board (“Board”) to deny institution of IPR when it determines that IPR would be inefficient in light of pending infringement litigation involving the same patent. The Rule often forecloses IPR in precisely the circumstances when Congress thought it would be most useful—namely, when a patent holder asserts a dubious patent in an infringement lawsuit. The Board has applied the *NHK-Fintiv* Rule to deny numerous IPR petitions, including several filed by Intel.

The *NHK-Fintiv* Rule violates the AIA and undermines the role of IPR in Congress’s effort to improve the integrity of the patent system. Congress gave the PTO no authority to decline to institute IPR

merely because an overlapping infringement lawsuit is pending. Although Congress did grant such authority when other types of proceedings involving the same patent are ongoing, Congress imposed only one restriction regarding pending infringement suits—that IPR petitions be filed within one year after the infringement complaint, a requirement Intel met here.

The *NHK-Fintiv* Rule is also arbitrary and capricious. Most notably, the Rule requires the Board to deny IPR petitions when it determines that IPR would be inefficient based on the Board’s speculation about when the infringement trial will conclude. But trials are frequently rescheduled—often after it is too late for the Board to correct its denial. Indeed, the Board’s predictions of when trials will occur in parallel infringement lawsuits are almost always incorrect, often by a wide margin. Yet those faulty predictions are a main driver of IPR non-institution decisions under the *NHK-Fintiv* Rule. And patent-infringement plaintiffs have exploited that dynamic to manufacture denials of IPR petitions under the *NHK-Fintiv* Rule by concentrating infringement suits in jurisdictions that set early notional—and largely unreliable—trial dates. Moreover, the PTO adopted the *NHK-Fintiv* Rule without the notice-and-comment rulemaking required by the APA, denying affected parties any opportunity to bring the rule’s flaws to the agency’s attention.

This petition concerns the authority of the Federal Circuit to act when the Board denies an IPR petition on a basis (like the *NHK-Fintiv* Rule) that is challenged as unlawful. Here, the Board applied the *NHK-Fintiv* Rule to deny twelve of Intel’s IPR petitions. Intel appealed to the Federal Circuit, seeking to argue that the denials were unlawful because the Rule exceeds the PTO’s authority under the AIA, is arbitrary and

capricious, and was adopted without notice-and-comment rulemaking. Although the Federal Circuit has jurisdiction over such appeals under the plain language of 28 U.S.C. §1295(a)(4)(A), the court—as it has done in all such appeals—dismissed for lack of jurisdiction based on 35 U.S.C. §314(d) and held in the alternative that mandamus was unavailable.

The Federal Circuit’s conclusion that §314(d) eliminates its appellate jurisdiction conflicts with this Court’s decisions in *Cuozzo Speed Technologies, LLC v. Lee*, 579 U.S. 261 (2016), and *SAS*, 138 S. Ct. 1348. Those decisions make clear that §314(d) does not bar the Federal Circuit from hearing challenges to Board decisions denying institution when review is sought on the grounds that the denial rested on a rule that exceeds the PTO’s statutory authority, is arbitrary and capricious, or was adopted without procedures required by the APA. Further, the Federal Circuit’s refusal to grant mandamus demonstrates the need for this Court’s guidance about the availability of mandamus relief in this context.

The Federal Circuit’s position, if not corrected, will permit the PTO to continue to constrict the availability of IPR far beyond what Congress intended by denying IPR petitions—free from any judicial scrutiny—based on the unlawful *NHK-Fintiv* Rule or other similarly unlawful grounds. If the Federal Circuit’s position stands, no court could review the PTO’s decision even if the agency denied an IPR petition based on a coin flip or a view that *all* IPR petitions should be automatically denied. By treating such decisions as if they are immune from judicial review, the Federal Circuit’s position endangers a tool that Congress determined to be essential to the integrity of the patent system.

The consequences for the patent system have already been profound. The Board has applied the *NHK-Fintiv* Rule to deny hundreds of IPR petitions in the short time since its adoption, and the Federal Circuit has turned away numerous appeals from those denial decisions. This Court should grant this petition to address this important question. If the Court grants one or both of the pending *Apple* or *Mylan* petitions, it should grant this petition, too, or hold it pending the outcome of that case.

OPINIONS BELOW

The court of appeals' decision (App. 1a-5a) is unpublished. The decisions of the Patent Trial and Appeal Board (App. 7a-170a) are unpublished but available at 2020 WL 5900072, 2020 WL 5846628, 2020 WL 4820610, 2020 WL 4820595, 2020 WL 3033209, 2020 WL 3033208, 2020 WL 2563448, 2020 WL 2544917, 2020 WL 2544912, 2020 WL 2544910, and 2020 WL 2201828.

JURISDICTION

The court of appeals issued its decision on May 5, 2021 and denied rehearing on August 26, 2021 (App. 171a-174a). On October 27, 2021, the Chief Justice extended Intel's deadline to file this petition to and including December 24, 2021. This Court has jurisdiction under 28 U.S.C. §1254(1).

STATUTORY PROVISIONS INVOLVED

Section 314 of title 35, U.S. Code, and section 1295 of title 28, U.S. Code, are reprinted in the appendix. App. 175a-179a.

STATEMENT

A. Legal Background

1. Inter partes review

A decade ago, Congress became “concerned about overpatenting and its diminishment of competition.” *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1374 (2020). “[Q]uestionable patents [were] too easily obtained and too difficult to challenge.” H.R. Rep. No. 112-98, at 39-40 (2011) (“House Report”). In response, Congress enacted the AIA to “establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.” *Id.* at 40. A centerpiece of the AIA’s reforms was IPR, an administrative process by which the Board reconsiders the validity of previously granted patents. 35 U.S.C. §§311, 316(c); *see Thryv*, 140 S. Ct. at 1370. “By providing for inter partes review, Congress ... sought to weed out bad patent claims efficiently.” *Thryv*, 140 S. Ct. at 1374. IPR provides a “cost effective alternative[] to litigation” regarding patent validity, House Report 40, 48, that takes advantage of “the expertise of the Patent Office on questions of patentability,” 157 Cong. Rec. 3386, 3403 (2011) (statement of Sen. Udall); *see also, e.g.*, House Report 40 (IPR “limits unnecessary and counterproductive litigation costs”).

Several features of IPR enable it to function as a cost-effective alternative to litigation. In IPR, a patent may be canceled as unpatentable “only” on grounds of novelty or nonobviousness. 35 U.S.C. §311(b). IPR is governed by a strict schedule to ensure expeditious resolution. *Id.* §§314(b), 316(a)(11); *see* 37 C.F.R. §§42.100, 42.107; *United States v. Arthrex, Inc.*, 141 S.

Ct. 1970, 1977 (2021). Unpatentability may be shown in IPR by a preponderance of the evidence, 35 U.S.C. §316(e), whereas in litigation invalidity must be shown by clear and convincing evidence, *Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91, 95 (2011). And while patent validity issues in infringement suits are decided by lay jurors who typically render only a general verdict, IPRs are decided by administrative patent judges with “technical expertise and experience,” who “contribute to the public confidence by providing more consistent and higher quality” decisions on patentability. *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320, 1336 (Fed. Cir. 2019), *rev'd on other grounds*, 141 S. Ct. 1970 (2021); *see* 35 U.S.C. §6(a).

The IPR process begins with a petition to institute IPR to cancel one or more claims of a particular patent. 35 U.S.C. §311(b). The petition may be filed by anyone who is not the patent’s owner. *Id.* §311(a). The Director of the PTO has authority to grant or deny IPR petitions, *id.* §314, and has delegated that authority to the Board, 37 C.F.R. §42.4(a); *see id.* §§42.2, 42.108.

The AIA establishes detailed rules governing the determination whether to institute IPR, including both mandatory preconditions and discretionary factors. Several of those provisions specifically address the Director’s power to institute an IPR in the face of parallel litigation involving the same patent. The AIA provides that when there is a pending overlapping infringement suit, IPR “may not be instituted if the petition ... 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” the infringement complaint. 35 U.S.C. §315(b). The AIA further specifies that the Director “may not” institute IPR if the petitioner previously “filed a civil action challenging the validity of a claim of

the [same] patent,” *id.* §315(a)(1), but makes that bar inapplicable if the petitioner’s previous challenge to the patent was made by counterclaim to an infringement suit, *id.* §315(a)(3). And if the petitioner files a civil action *after* petitioning for IPR, the lawsuit is “automatically stayed”—unless and until the patent owner asserts an infringement claim against the IPR petitioner, at which point the stay is lifted and the infringement litigation may proceed, *id.* §315(a)(2)(B).

The AIA thus expressly recognizes that IPR may proceed in parallel with infringement litigation involving the same patent, as long as the IPR petition is filed within one year after the petitioner was served with the infringement complaint. That contrasts sharply with how the AIA handles other types of parallel proceedings, which the statute entrusts to the Director’s discretion. The AIA states that “[i]n determining whether to institute [IPR], the Director may ... reject the petition ... because[] the same or substantially the same prior art or arguments previously were presented to the Office.” 35 U.S.C. §325(d). And the AIA provides that the Director “may ... stay ... or terminat[e]” IPR “if another proceeding or matter involving the [same] patent is before the Office.” *Id.* §315(d). Congress thus understood there could be overlapping proceedings and knew how to give the Director discretion to deny IPR in such circumstances. Yet the AIA contains no provision similarly authorizing the Director to deny an IPR petition based on overlap with a pending infringement lawsuit as long as the petition was timely under §315(b).

The AIA states that the Director’s “determination ... whether to institute an inter partes review ... shall be final and nonappealable.” 35 U.S.C. §314(d).

2. The *NHK* and *Fintiv* decisions

In 2018, the Board for the first time asserted authority to deny IPR petitions based on the pendency of overlapping infringement litigation even where the IPR petition was filed within §315(b)'s one-year limit and meets all other statutory prerequisites. In *NHK Spring Co. v. Intri-Plex Technologies, Inc.*, the Board declared that “the advanced state of the [overlapping] district court proceeding is an additional factor that weighs in favor of denying the [IPR] Petition.” No. IPR2018-00752, 2018 WL 4373643, at *7 (P.T.A.B. Sept. 12, 2018). In that case, trial in a pending patent-infringement suit in which the IPR petitioner was defending against the infringement claims by asserting “the same prior art and arguments” as it raised in its IPR petition was scheduled to begin about six months before the IPR proceeding would conclude. *Id.* The Board determined that conducting an IPR trial in such circumstances “would be an inefficient use of Board resources.” *Id.* As authority for denying the IPR petition based on the pending overlapping litigation, the Board cited only 35 U.S.C. §314(a), which states that “the Director may not” institute IPR “unless” the Director finds a “reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” *Id.*

The Board subsequently elaborated on *NHK* in *Apple Inc. v. Fintiv, Inc.*, enumerating six “factors” the Board would “weigh” in deciding whether to deny an IPR petition in light of pending overlapping infringement litigation, No. IPR2020-00019, 2020 WL 2126495, at *2 (P.T.A.B. Mar. 20, 2020):

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board's exercise of discretion, including the merits.

Id. These factors, the Board explained, “relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding.” *Id.* at *3. The Board stated that each factor is “non-dispositive” and that, “in evaluating [them], the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.* at *2-3.

None of the six *Fintiv* factors appears in the AIA. As in *NHK*, the Board purported to derive authority for them from §314(a). *See Fintiv*, 2020 WL 2126495, at *1-3. The Board also cited §316(b), 2020 WL 2126495, at *3, which provides that “[i]n prescribing regulations under [§316], the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the

Office, and the ability of the Office to timely complete proceedings instituted under this chapter,” 35 U.S.C. §316(b).

3. Adoption and application of the *NHK-Fintiv* Rule

“[B]y default,” Board decisions are not binding in later cases. *Patent Trial and Appeal Board, Standard Operating Procedure 2* (“SOP-2”), at 3, 8-9 (rev. 10 Sept. 20, 2018). The Director, however, has asserted the authority to designate Board decisions as “precedential,” which makes them “binding” on the Board “in subsequent matters involving similar facts or issues.” *Id.* at 11. Without providing public notice or opportunity for comment, and without providing any explanation for his action, the Director designated *NHK* “precedential” in May 2019, *see* 2018 WL 4373643, and designated *Fintiv* “precedential” in May 2020, *see* 2020 WL 2126495. The Director thus made those decisions binding on the Board and thereby adopted the *NHK-Fintiv Rule*, which embodies the policy that IPR petitions must be denied where the Board determines that conducting IPR would be inefficient in light of overlapping infringement litigation.

Since then, the Board has applied the *NHK-Fintiv* Rule to deny hundreds of IPR petitions, *see* Unified Patents, “Portal,” <https://tinyurl.com/xwmajkyx>—often based on the irrational speculation as to possible trial dates that the Rule encourages. For example, in *Fintiv* itself, the Board denied Apple’s timely IPR petition pursuant to the *NHK-Fintiv* Rule, explaining:

[T]rial is scheduled to begin two months before we would reach a final decision ..., the District Court has expended effort resolving substan-

tive issues in the case, the identical claims are challenged based on the same prior art in both the Petition and in the District Court, and the defendant in District Court and the Petitioner here are the same party.

Apple Inc. v. Fintiv, Inc., No. IPR2020-00019, 2020 WL 2486683, at *3, *7 (P.T.A.B. May 13, 2020). But after the Board denied Apple’s IPR petition in reliance on the upcoming trial date in the infringement suits, trial was postponed. Had the Board instituted the IPR in *Fintiv*, the IPR would have concluded before the district court trial—indeed, trial still has not occurred. *Fintiv, Inc. v. Apple Inc.*, No. 6:21-cv-00926, Dkt. 412 (W.D. Tex. Oct. 4, 2021) (rescheduling trial for January 2022).

Similarly, the Board denied several of Intel’s IPR petitions in this case pursuant to the *NHK-Fintiv* Rule because, at the time of the Board’s decision, trials in three different infringement lawsuits involving overlapping patent claims were all scheduled to begin in the same court on October 5, 2020, which would have preceded the Board’s deadline to issue a final written decision if IPR were instituted. App. 98a-100a, 104a-105a, 115a-117a, 122a, 133a-135a, 139a-140a, 149a-151a, 155a-156a, 163a-165a, 169a-170a. The Board acknowledged the obvious fact that “at least two of the trials” could not possibly occur on October 5. App. 98a, 116a, 134a, 150a, 164a. But it concluded that the bare possibility that one trial could begin before the IPR would conclude weighed against institution. App. 104a-105a, 122a, 139a-140a, 155a-156a, 169a-170a. In the end, all three trials were delayed into 2021, and in one instance, the trial was rescheduled to December 2021 and then postponed again “until further order of the court.” Order Canceling Jury Selection & Trial, *VLSI Tech. LLC*

v. *Intel Corp.*, No. 1:19-cv-977, Dkt. 568 (W.D. Tex. Nov. 12, 2021); *see also VLSI Tech. LLC v. Intel Corp.*, No. 6:21-cv-00299, Dkt. 549 (W.D. Tex. Apr. 21, 2021) (verdict); *VLSI Tech. LLC v. Intel Corp.*, No. 6:21-cv-00057, Dkt. 564 (W.D. Tex. Mar. 2, 2021) (verdict).

In another decision appealed here—again involving a patent claim at issue in one of the three trials described above—the Board denied Intel’s IPR petition based on the *NHK-Fintiv* Rule on the ground that, although no “firm” trial date had been set in the relevant trial, there was “no indication” that the trial would not start before the October 2021 deadline that would have governed the IPR. App. 13a. As noted, the trial date was later set for *December 2021*—months after the deadline for an IPR decision. *See* Order Resetting Jury Selection & Trial, *VLSI Tech. LLC v. Intel Corp.*, No. 1:19-cv-977, Dkt. 525 (W.D. Tex. May 17, 2021). And even that date did not stick, as trial was subsequently postponed indefinitely and still has not occurred. *Supra* p. 12.

B. Proceedings Below

This case is like numerous others that have occurred since the PTO adopted the *NHK-Fintiv* Rule. Between October 2019 and February 2020, Intel filed twelve IPR petitions challenging patent claims that respondent VLSI Technology LLC had accused Intel of infringing in pending lawsuits. *See* App. 7a-170a; Compl., *VLSI Tech. LLC v. Intel Corp.*, No. 6:19-cv-00254 (W.D. Tex. Apr. 11, 2019); Compl., *VLSI Tech. LLC v. Intel Corp.*, No. 6:19-cv-00255 (W.D. Tex. Apr. 11, 2019); Compl., *VLSI Tech. LLC v. Intel Corp.*, No. 6:19-cv-00256 (W.D. Tex. Apr. 11, 2019); Compl., *VLSI Tech. LLC v. Intel Corp.*, No. 1:18-cv-00966 (D. Del.

June 28, 2018); Compl., *VLSI Tech. LLC v. Intel Corp.*, No. 5:17-cv-05671 (N.D. Cal. Oct. 2, 2017).

Although Intel’s IPR petitions were timely under §315(b), the Board denied them pursuant to the *NHK-Fintiv* Rule. App. 7a-170a. Stating that it was “bound to follow the precedential *NHK/Fintiv* framework,” the Board refused to consider Intel’s arguments that the *NHK-Fintiv* Rule was invalid and should not be applied. *E.g.*, App. 16a, 28a, 56a. Applying the Rule, the Board denied the petitions because it determined that “instituting an inter partes review would be an inefficient use of the Board’s and the parties’ resources” given the Board’s guesses as to when trial might occur in the parallel lawsuits. *E.g.*, App. 18a, 30a, 57a.

Intel appealed to the U.S. Court of Appeals for the Federal Circuit. *See* C.A. No. 21-1614 Dkt. 2 (consolidating Nos. 21-1614, -1616, and -1617); C.A. No. 21-1673 Dkt. 2 (consolidating Nos. 21-1673, -1674, and -1675); C.A. No. 21-1676 Dkt. 2 (consolidating Nos. 21-1676 and -1677); C.A. No. 21-1738 Dkt. 2 (consolidating Nos. 21-1738 and -1739); C.A. No. 21-1740 Dkt. 2 (consolidating Nos. 21-1740 and -1741).

Intel’s notices of appeal stated its intent to argue that the Board’s denials of the IPR petitions were invalid because they rested on a rule (the *NHK-Fintiv* Rule) that “exceeded [the Director’s] statutory authority and violated the text, structure, and purpose” of the AIA, which specifically permits IPR to proceed alongside overlapping infringement litigation so long as the IPR petition is filed within §315(b)’s one-year deadline. *E.g.*, C.A. No. 21-1614 Dkt. 1-2 at 1. Intel further stated its intent to argue that the *NHK-Fintiv* Rule violates the APA because it is arbitrary and capricious and

was adopted without notice-and-comment rulemaking. *Id.* at 1-2.

VLSI moved to dismiss Intel’s appeals for lack of jurisdiction, and the acting Director of the PTO intervened in support of VLSI. Intel responded that the court of appeals had jurisdiction under 28 U.S.C. §1295(a)(4)(A), which authorizes the Federal Circuit to hear “‘appeal[s] from’ the Board’s ‘decision[s] ... with respect to ... inter partes review.’” *E.g.*, C.A. No. 21-1614 Dkt. 17 at 6 (quoting §1295(a)(4)(A)). Intel further argued that, under this Court’s decisions in *Cuozzo Speed Technologies, LLC v. Lee*, 579 U.S. 261 (2016), and *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348 (2018), Intel’s appeals are not barred by 35 U.S.C. §314(d). Intel cited this Court’s statement that “judicial review remains available” despite §314(d) “‘if a party believes’ the PTO’s decision ‘exceeded its statutory bounds’ or was ‘arbitrary and capricious,’ or ‘where the grounds for attacking the decision’ ‘depend on statutes’ that are ‘less closely related’ to the statutes governing institution.” *E.g.*, C.A. No. 21-1614 Dkt. 17 at 2, 6-7 (quoting *Cuozzo*, 579 U.S. at 275 (citing 5 U.S.C. §706(2)(A)-(D)), and *SAS*, 138 S. Ct. at 1359) (brackets and ellipsis omitted). Intel argued that its challenges on appeal meet those tests because Intel asserts that the denials of its IPR petitions rested on a rule that exceeds the Director’s statutory authority under the AIA, is arbitrary and capricious, and was adopted without notice and comment in violation of the APA (a statute unrelated to institution). *E.g.*, *id.* at 6-14. Alternatively, Intel argued that if the Federal Circuit concluded it lacked jurisdiction, it should issue writs of mandamus ordering the Board to consider Intel’s IPR petitions without applying the *NHK-Fintiv* Rule or its non-statutory factors. *E.g.*, *id.* at 20-23.

In a non-precedential order, the Federal Circuit dismissed Intel’s appeals “[f]or the same reasons” stated in *Mylan Laboratories Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375 (Fed. Cir. 2021). App. 5a. In *Mylan*, the Federal Circuit recognized that §1295(a)(4)(A) appears to provide jurisdiction for appeals like these, but concluded that “§314(d), the more specific statute, dispels any such notion.” 989 F.3d at 1378. The court said that the exceptions to §314(d) identified in *Cuozzo* and *SAS* apply only to “an appeal from a final written decision”—*i.e.*, a decision by the Board after IPR is instituted and completed, *see* 35 U.S.C. §318(a)—for which jurisdiction is “provided” by 35 U.S.C. §319. *Mylan*, 989 F.3d at 1379. And the court added that “decisions denying institution are ‘committed to agency discretion’” and are therefore “unreviewable.” *Id.* (citing *Cuozzo*, 579 U.S. at 273).

As for mandamus, *Mylan* held that there is no “clear and indisputable right to review of the Patent Office’s determination to apply the *Fintiv* factors or the Patent Office’s choice to apply them in this case through adjudication rather than notice-and-comment rulemaking.” 989 F.3d at 1382. The court again cited *Cuozzo*’s statement that the “‘decision to deny a petition is a matter committed to the Patent Office’s discretion’” and §314(d)’s “prohibition on appeal of such decisions.” *Id.* (quoting *Cuozzo*, 579 U.S. at 273). And the court stated that an “*ultra vires* argument cannot be a basis for granting the petition for mandamus.” *Id.* at 1382-1383.

To date, besides this case, *Apple*, and *Mylan*, there have been several appeals to the Federal Circuit challenging denials of IPR petitions under the *NHK-Fintiv* Rule. The court has dismissed them all. *See, e.g., In re Cisco Sys. Inc.*, 834 F. App’x 571 (Fed. Cir. 2020);

Apple Inc. v. Maxell, Ltd., Nos. 20-2132, -2211-2213, 21-1033, Dkt. 38 (Fed. Cir. Oct. 30, 2020); *Google LLC v. Uniloc 2017 LLC*, No. 20-2040, Dkt. 21 (Fed. Cir. Oct. 30, 2020).

REASONS FOR GRANTING THE PETITION

I. THE FEDERAL CIRCUIT’S CONCLUSION THAT IT LACKS JURISDICTION TO HEAR THESE APPEALS CONTRADICTS THIS COURT’S PRECEDENT AND IS WRONG

This Court has long applied a “strong presumption’ in favor of judicial review ... when ... interpret[ing] statutes, including statutes that may limit or preclude review.” *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016); *see SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1359 (2018); *Gutierrez de Martinez v. Lamagno*, 515 U.S. 417, 424 (1995). This presumption may be overcome only by “clear and convincing indications, drawn from specific language, specific legislative history, and inferences of intent drawn from the statutory scheme as a whole, that Congress intended to bar review.” *Cuozzo*, 579 U.S. at 273 (quotation marks omitted); *see also, e.g., SAS*, 138 S. Ct. at 1359; *Lindahl v. Office of Pers. Mgmt.*, 470 U.S. 768, 778 (1985).

Here, the Federal Circuit has jurisdiction over Intel’s appeals under the plain language of 28 U.S.C. §1295(a)(4)(A), and §314(d) does not withdraw that jurisdiction. The Federal Circuit’s contrary view contradicts *Cuozzo* and *SAS* and is unsupported by clear and convincing evidence that Congress intended to foreclose review in these circumstances.

A. Under This Court’s Precedent, The Federal Circuit Has Appellate Jurisdiction Under §1295(a)(4)(A) Notwithstanding §314(d)

Section 1295(a)(4)(A) vests the Federal Circuit with appellate jurisdiction over any Board “decision ... with respect to ... inter partes review.” 28 U.S.C. §1295(a)(4)(A). The Board’s denials of IPR petitions are unquestionably final decisions “with respect to” IPR. Consequently, the Federal Circuit has jurisdiction under §1295(a)(4)(A).

Section 314(d) does not withdraw that jurisdiction. In *Cuozzo*, this Court “interpret[ed]” §314(d) to “appl[y] where the grounds for attacking the decision to institute [IPR] 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.” 579 U.S. at 274-275; *see also Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1373 (2020). Conversely, the Court indicated that §314(d) might not bar appeals “that depend on other less closely related statutes.” *Cuozzo*, 579 U.S. at 275.

The Court further held that §314(d) does not bar review where an appeal claims that, in deciding whether to institute IPR, the PTO “act[ed] outside its statutory limits.” *Cuozzo*, 579 U.S. at 275. Despite §314(d), the Court later explained, “judicial review remains available consistent with the Administrative Procedure Act, which directs courts to set aside agency action ‘not in accordance with law’ or ‘in excess of statutory jurisdiction, authority, or limitations,’” *SAS*, 138 S. Ct. at 1359 (quoting 5 U.S.C. §706(2)(A), (C)); *accord Cuozzo*, 579 U.S. at 275. Likewise, the Court acknowledged that appellate review remains available despite §314(d) over claims that the Board’s decision is “arbitrary and

capricious” or procedurally unlawful under the APA. *Cuozzo*, 579 U.S at 275 (quoting 5 U.S.C. §706(2)(A)-(C) and citing *id.* §706(2)(D)).

The Court based these exceptions to §314(d) not only on the APA but also on the background principle that statutory bars on judicial review of agency action do not apply to claims that an agency acted ultra vires, absent clear evidence that Congress specifically intended to foreclose such challenges. *See Cuozzo*, 579 U.S at 275 (citing *Johnson v. Robison*, 415 U.S. 361, 367 (1974)). For example, in *Lindahl*, on which *Cuozzo* relied, this Court considered the scope of a statute declaring that the Office of Personnel Management’s (“OPM”) “decisions ... concerning” “questions of disability ... are final and conclusive and are not subject to review.” 5 U.S.C. §8347(c); *see* 470 U.S. at 771-772, 776-778. Despite that language, the *Lindahl* Court held that the statute did not bar review of an OPM disability determination where the challenger asserted that OPM had violated the governing statute by misallocating the burden of proof. 470 U.S. at 776, 791. The Court explained that the bar applied to “the factual underpinnings of [the] disability determinations” but not to questions “whether there has been a substantial departure from important procedural rights, a misconstruction of the governing legislation, or some like error going to the heart of the administrative determination.” *Id.* (quotation marks omitted). In *Cuozzo*, the Court stated: “Our interpretation of [§314(d)] ‘has the same effect’” as the analysis in *Lindahl*. 579 U.S. 274.

Thus, this Court has indicated that §314(d) applies only where an appeal raises questions closely tied to the interpretation and application of a statute related to the decision whether to institute IPR; and even then, §314(d) does not remove the appellate jurisdiction

otherwise conferred by §1295(a)(4)(A) if an appeal argues that the challenged Board decision is unlawful because it relies on a rule that exceeds the agency’s statutory authority, is arbitrary and capricious, or was adopted without the notice-and-comment rulemaking required by the APA.

These contours of §314(d) are illustrated by the Court’s treatment in *Cuozzo*, *SAS*, and *Thryv* of different types of challenges to decisions whether to institute. The challenges raised in *Cuozzo* and *Thryv* were barred because they merely argued that the Board wrongly determined that an institution-related statutory requirement for *IPR* was satisfied. In *Cuozzo*, the issue was whether “implicitly” challenging a patent claim satisfies the AIA’s requirement that *IPR* petitions set forth the bases for challenge “with particularity.” 579 U.S. at 270 (quoting 35 U.S.C. §312(a)(3)). The Court held the appeal barred by §314(d) because the issue was “an ordinary dispute about the application of certain relevant patent statutes concerning the [PTO]’s decision to institute.” *Id.* at 271. In *Thryv*, §314(d) similarly barred review of an ordinary dispute about the application of an institution-related statute—namely, whether “a complaint dismissed without prejudice ... trigger[s] §315(b)’s one-year limit” to file an *IPR* petition. 140 S. Ct. at 1371, 1373-1374.

In contrast, the Court has given examples of appeals claiming the PTO exceeded its authority under an institution-related statute that would not be barred by §314(d). In *Cuozzo*, the Court hypothesized an appeal challenging a decision to institute *IPR* where the *IPR* petition sought to “cancel[] a patent claim for indefiniteness under §112,” which is an impermissible basis for *IPR* under 35 U.S.C. §311(b). 579 U.S. at 275; *see id.* at 298 (Alito, J., concurring in part and dissenting in

part). Such an appeal would raise a matter closely tied to an institution-related provision—*i.e.*, §311(b)’s language defining permissible bases for IPR. *See id.* at 270-271; *Thryv*, 140 S. Ct. at 1376 n.8. Yet the Court declared that such an appeal “may be properly reviewable ... under the Administrative Procedure Act.” *Cuozzo*, 579 U.S at 275.

Similarly, in *SAS*, the PTO instituted IPR on only some of the patent claims *SAS* challenged, denying review on the rest pursuant to a regulation purporting to recognize a “power of ‘partial institution.’” 138 S. Ct. at 1351, 1354. *SAS* claimed the partial institution exceeded the PTO’s authority under several institution-related provisions of the AIA. *Id.* at 1354-1357. The government argued that §314(d) “foreclos[ed] judicial review of any legal question bearing on the institution of inter partes review,” but the Court rejected that view. *Id.* at 1359. Noting that *Cuozzo* “emphasize[d] that §314(d) does not enable the agency to act outside its statutory limits,” the Court determined that that was “exactly the sort of question we are called upon to decide today”: “*SAS* contends that the Director exceeded his statutory authority by limiting the review to fewer than all of the claims *SAS* challenged.” *Id.* (quotation marks omitted). Therefore, “nothing in §314(d) or *Cuozzo*,” the Court concluded, “withdraws our power” to hear *SAS*’s appeal, even though that appeal asserted a violation of institution-related statutory provisions. *Id.*

Intel’s appeals thus fall beyond the scope of §314(d) as this Court has interpreted it. This conclusion is reinforced by consideration of §314(d)’s purpose. As this Court explained in *Cuozzo*, §314(d) serves to ensure that final written decisions in completed IPRs cannot be “unwound” based on “some minor statutory

technicality.” 579 U.S. at 272. The provision aims to “prevent[] appeals that would frustrate efficient resolution of patentability.” *Thryv*, 140 S. Ct. at 1376; *see id.* (“Congress entrusted the institution decision to the agency ... to avoid the significant costs ... of nullifying a thoroughgoing determination about a patent’s validity.”). An appeal from a non-institution decision—where there has been no IPR and no final written decision—presents no such concerns. To the contrary, allowing judicial review to ensure that the Director adheres to statutory limits and restore access to IPR as Congress intended is fully consistent with Congress’s goals. *See supra* pp. 6-8; *infra* Part III.

B. The Federal Circuit’s View That §314(d)’s Exceptions Apply Only To Appeals From Final Written Decisions Conflicts With This Court’s Precedent

The Federal Circuit wrongly concluded that §314(d)’s exceptions identified in *Cuozzo* and its progeny have effect only where the appeal arises from a final written decision of the Board issued after IPR has been instituted and completed. Although *Cuozzo*, *SAS*, and *Thryv* arose from final written decisions, that posture was irrelevant to this Court’s analysis of §314(d). Indeed, *SAS* invoked §314(d)’s exceptions to hold the Board’s *refusal* to institute IPR on certain patents reviewable.¹

¹ The presence of a final written decision can bear on reviewability if it supplies the final agency action ordinarily required for judicial review, which is generally absent where the Board has instituted IPR but has not yet issued a final written decision. *See Cuozzo*, 579 U.S. at 273 (decisions to institute IPR are unreviewable irrespective of §314(d) because they are “preliminary”, not

By its terms, §314(d) applies to “determination[s] ... whether to institute,” 35 U.S.C. §314(d)—*i.e.*, determinations both *for* and *against* institution. It contains no language distinguishing between appeals arising from final written decisions and appeals arising from other decisions with respect to IPR. *Cuozzo* even rejected a suggestion that §314(d)’s scope depends on whether there has been a final written decision because that would “read[] into the provision a limitation ... that the language nowhere mentions.” 579 U.S. at 273.

Moreover, given the holding in *SAS*, it would be especially bizarre for the exceptions to §314(d) identified in *Cuozzo* to have effect only in appeals from final written decisions. A decision declining to institute IPR will be coupled with a final written decision only if there has been a partial institution, but *SAS* held that partial institution is statutorily prohibited. 138 S. Ct. at 1355-1356. Thus, if the Federal Circuit were correct that the exceptions to §314(d) that *Cuozzo* identified could apply only in appeals from final written decisions, that would mean that §314(d) permits review of non-institution decisions in only one narrow situation that, under *SAS*, is statutorily prohibited—namely, cases of partial institution. “Congress cannot have intended this bizarre result.” *Caron v. United States*, 524 U.S. 308, 315 (1998); *see also, e.g., Lindahl*, 470 U.S. at 799.

The Federal Circuit has attempted to distinguish this Court’s precedent and justify its focus on final written decisions on the ground that *Cuozzo*, *SAS*, and *Thryv* all arose from final written decisions, and 35 U.S.C. §319 specifically makes final written decisions reviewable in the Federal Circuit. *Mylan Labs. Ltd. v.*

‘final’”). Decisions denying institution, in contrast, are undisputedly final agency actions.

Janssen Pharmaceutica, N.V., 989 F.3d 1375, 1379 (Fed. Cir. 2021). But in *Cuozzo, SAS*, and *Thryv*, it was §1295(a)(4)—not §319—that was invoked as the basis for jurisdiction. See *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1272 (Fed. Cir. 2015); *SAS Inst., Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1347 (Fed. Cir. 2016); *Click-To-Call Techs., LP v. Ingenio, Inc.*, 899 F.3d 1321, 1328 (Fed. Cir. 2018). Moreover, nothing in the text of §314(d), §319, or §1295(a)(4)—or in this Court’s analysis of §314(d)—suggests that §314(d)’s meaning differs depending on whether §319 or §1295(a)(4) is invoked.

The Federal Circuit nonetheless takes the view that decisions denying institution are different from final written decisions because decisions whether to institute IPR are “committed to agency discretion” and are therefore, in the Federal Circuit’s view, “unreviewable.” *Mylan*, 989 F.3d at 1379 (citing *Cuozzo*, 579 U.S. at 273); see also *United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1977 (2021) (“Congress has committed the decision to institute inter partes review to the Director’s unreviewable discretion.”). But even when action is committed to agency discretion, agencies cannot exercise their discretion in a manner that violates statutory bounds, and courts are available to enforce those bounds. See *supra* pp. 18-20; *Utility Air Regul. Grp. v. EPA*, 573 U.S. 302, 326 (2014). Agencies are “not free simply to disregard statutory responsibilities.” *Lincoln v. Vigil*, 508 U.S. 182, 193 (1993). An exercise of agency discretion is therefore unreviewable only in “rare circumstances where the relevant statute is drawn so that a court would have no meaningful standard against which to judge the agency’s exercise of discretion.” *Weyerhaeuser Co. v. U.S. Fish & Wildlife Serv.*, 139 S. Ct. 361, 370 (2018). Where the agency has crossed a

statutory boundary, that statutory boundary itself supplies the law for the court to apply, and review remains available. Contrary to the Federal Circuit's inference, this Court's passing observation that decisions whether to institute IPR are committed to the PTO's discretion did not purport to overrule these longstanding principles. To the contrary, the Court reaffirmed those principles even while acknowledging the PTO's discretion. *See Cuozzo*, 579 U.S. at 272-276.

Section 314(d)'s bar thus is not absolute. This Court's precedent establishes that, consistent with the APA and background principles, §314(d) does not bar appeals arguing that the Board's denial of an IPR petition rested on grounds that exceed the agency's statutory authority, are arbitrary and capricious, or fail to comply with the APA's procedural requirements. Appeals like Intel's here fit squarely within those exceptions, and the Federal Circuit therefore has jurisdiction.

II. THE FEDERAL CIRCUIT HAS TAKEN AN ERRONEOUS APPROACH TO MANDAMUS IN THE IPR CONTEXT

Although some Justices of this Court have commented on the potential availability of mandamus to correct egregious decisions whether to institute IPR where §314(d) bars appeal, the Court has not ruled on the issue. Without such guidance, the Federal Circuit has taken a confused and incorrect approach.

A. The Federal Circuit's Approach To Mandamus Has Been Incoherent And Wrong

This Court has not addressed the availability of mandamus in cases where §314(d) applies. In *Cuozzo*, the parties and several amici discussed whether

mandamus could be used to correct an egregious decision denying an IPR petition.² Justice Alito, joined by Justice Sotomayor, indicated that it could: “It is true that my interpretation leaves no apparent avenue (*short of mandamus*, at least) for judicial review of decisions not to institute inter partes review.” 579 U.S. at 294 n.6 (concurring in part and dissenting in part) (emphasis added). The *Cuozzo* majority, however, did not address the issue. In *Thryv*, Justice Gorsuch noted that the Federal Circuit had “cast doubt on [the] possibility” of mandamus issuing “if the Patent Office gets *really* out of hand” in deciding whether to institute IPR, but as he lamented, the Court “w[ould] not say whether mandamus is available where the §314(d) bar applies.” 140 S. Ct. at 1389 (dissenting); *see id.* at 1374 n.6 (majority) (“We do not decide whether mandamus would be available in an extraordinary case.”).

Absent guidance, the Federal Circuit has taken a confused and erroneous approach. The court has hypothesized that mandamus might be available to review egregious decisions whether to institute IPR, noting that “[t]he circumstances described by the Supreme Court in *Cuozzo* as illustrations of issues for which an appeal might be justified ... would be potential candidates for mandamus review as well.” *In re Power Integrations, Inc.*, 899 F.3d 1316, 1321 (Fed. Cir. 2018); *see also Celgene Corp. v. Peter*, 931 F.3d 1342, 1357 n.11 (Fed. Cir. 2019). In practice, however, the court has invariably denied requests for such relief. *E.g.*, *Cuozzo*, 793 F.3d at 1274-1275; *Power Integrations*, 899 F.3d at

² *E.g.*, Tr. 52-53, *Cuozzo Speed Techs., LLC v. Lee*, No. 15-446 (U.S. Apr. 25, 2016); Reply Br. 20, *id.*, (U.S. Apr. 15, 2016); *Dell Br. 32, id.*, (U.S. Mar. 30, 2016); New York Intellectual Property Law Ass’n Br. 18-20, *id.* (U.S. Feb. 26, 2016).

1319; *Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, 839 F.3d 1382, 1386 (Fed. Cir. 2016). And its decisions below and in *Mylan* improperly foreclose any possibility of mandamus in cases like this one.

In *Mylan*, the court acknowledged that “precedent confirms the existence of our mandamus jurisdiction” to review decisions denying institution of IPR. 989 F.3d at 1380-1381. Indeed, the court postulated that “when the Board denies institution, our mandamus jurisdiction is especially important” in light of §314(d). *Id.* at 1380. In the same breath, however, the court denied the mandamus request—in appeals claiming that the Board’s non-institution decision rested on a rule that exceeds its statutory authority and violates the APA—because (the court said) a “decision to deny a petition is a matter committed to the Patent Office’s discretion,” and §314(d) “prohibit[s] ... appeal of such decisions.” *Id.* at 1382.

Thus, in the Federal Circuit’s view, mandamus is both theoretically available and practically unattainable. Although the court acknowledged that §314(d) makes mandamus especially important, it simultaneously concluded that §314(d) forecloses mandamus. The court even admitted that “it is difficult to imagine a mandamus petition that challenges a denial of institution and identifies a clear and indisputable right to relief.” *Mylan*, 989 F.3d at 1382. The Federal Circuit’s confused reasoning highlights the need for this Court’s intervention.

B. If The Federal Circuit Lacks Jurisdiction Over This Appeal, Mandamus Should Issue

The Federal Circuit rested its denial of mandamus on *Cuozzo*’s “determination” that institution decisions

are “committed to agency discretion by law” and on §314(d)’s “prohibition on appeal of such decisions.” *Mylan*, 989 F.3d at 1382. That reasoning is unsound.

First, even if §314(d) barred appellate review of challenges such as Intel’s, that provision could not also preclude mandamus. Rather, the absence of an adequate alternative means of review is precisely why mandamus is appropriate and necessary in the first place. *See Hollingsworth v. Perry*, 558 U.S. 183, 190 (2010) (per curiam) (mandamus lies only where “no other adequate means [exist] to attain the relief” (quotation marks omitted)).³

Second, Intel and other IPR petitioners harmed by the *NHK-Fintiv* Rule *do* have a clear and indisputable right—to the PTO’s compliance with the AIA’s and APA’s boundaries. The PTO may not exercise its discretion in ways that overstep statutory boundaries;

³ Although Intel and others have challenged the *NHK-Fintiv* Rule directly in a separate suit under the APA, *see Apple Inc. v. Iancu*, No. 20-cv-6128, Dkt. 1 (N.D. Cal. Aug. 31, 2020), that suit does not supply an adequate alternative to mandamus here or diminish the need for judicial review when the PTO denies an IPR petition on a basis challenged as arbitrary or ultra vires. The APA suit seeks fundamentally different relief: to enjoin the PTO from applying the *NHK-Fintiv* Rule to deny IPR petitions. Unlike this case, it does not challenge any particular denials of IPR petitions or afford any opportunity to clarify the Federal Circuit’s authority to correct such denials. Indeed, there has been no suggestion that relief from a denial could be available in the district court given the Federal Circuit’s “exclusive” jurisdiction. 28 U.S.C. §1295(a)(4)(A). Moreover, the district court recently granted the government’s motion to dismiss the APA suit, erroneously citing *Cuozzo* to hold that §314(d) renders the suit nonjusticiable—even though the suit does not challenge any non-institution decision at all—rendering review here all the more necessary. *Apple Inc. v. Iancu*, No. 20-cv-6128, Dkt. 133, at 9 (N.D. Cal. Nov. 10, 2021).

agencies have no discretion to decide whether to comply with the limits that Congress sets on their authority. *Supra* pp. 24-25. The Federal Circuit’s statement that an “*ultra vires* argument cannot be a basis for granting the petition for mandamus,” *Mylan*, 989 F.3d at 1382-1383, conflicts with this Court’s decision in *Hollingsworth*, which held that mandamus was available where the petitioner challenged the lower court’s adoption of a local rule—a discretionary act—as statutorily unauthorized. 558 U.S. at 190-191. Similarly, agencies have no discretion to disregard the APA’s requirements for notice-and-comment rulemaking, and thus claims that a rule is procedurally invalid for lack of notice-and-comment rulemaking are always subject to judicial review. *See Lincoln*, 508 U.S. at 195-199; *Make the Road N.Y. v. Wolf*, 962 F.3d 612, 634 (D.C. Cir. 2020); *Serrato v. Clark*, 486 F.3d 560, 569 (9th Cir. 2007).

III. THE QUESTION PRESENTED IS IMPORTANT AND RECURRING

The Federal Circuit’s position that it can never correct Board decisions denying institution—even when they rest on a ground attacked as exceeding the PTO’s statutory authority, arbitrary and capricious, or violating APA procedural requirements—allows the PTO to constrict access to IPR for any reason, contrary to Congress’s determination that IPR is essential to a strong patent system. The Federal Circuit’s position therefore threatens the patent system.

As explained, the AIA makes clear that Congress intended the advantages of IPR to be available when pending infringement litigation involves overlapping patent claims. *Supra* pp. 7-8. The only condition the AIA imposes on conducting IPR in parallel with

infringement litigation is that the IPR petition must be filed within one year after the infringement complaint. 35 U.S.C. §315(b). Congress addressed the potential for “burdensome overlap between [IPR] and patent-infringement litigation,” *Thryv*, 140 S. Ct. at 1374-1375, not by precluding overlapping IPR but by “coordinat[ing]” IPR “with litigation.” 157 Cong. Rec. 2830, 2849 (2011) (statement of Sen. Kyl). Section 315(b)’s one-year requirement reflects Congress’s balancing of the interests of accused infringers—in having sufficient time to evaluate the patent claims they are accused of infringing before deciding whether to seek IPR of them—with the interests of patent owners in avoiding misuse of IPR for harassment or unfair delay. *See id.*; *Thryv*, 140 S. Ct. at 1379 (Gorsuch, J., dissenting). Congress even considered but rejected a shorter period for filing an IPR petition when there is a parallel infringement lawsuit. 157 Cong. Rec. 13,152, 13,187 (2011) (Sen. Kyl); S. 23, 112th Cong. §5(a) (engrossed Mar. 8, 2011) (engrossed bill §315(b) setting six-month limit).

Confirming Congress’s expectations, some 80 percent of IPR proceedings involve patents that are also the subject of infringement litigation between the IPR petitioner and the patentee. Love & Ambwani, *Inter Partes Review: An Early Look at the Numbers*, 81 U. Chi. L. Rev. Dialogue 93, 103 (2014). By refusing to review the PTO’s non-institution decisions under the *NHK-Fintiv* Rule, the Federal Circuit is allowing the PTO to evade Congress’s clear intent that IPR be available to challenge patent claims even when they are also the subject of pending overlapping infringement litigation.

The *NHK-Fintiv* Rule also inevitably yields arbitrary results. For example, the Rule attaches

substantial weight to the Board’s speculation about scheduled infringement-trial dates, even though trials are routinely rescheduled after the Board has denied the petition—often after it is too late for the Board to reconsider that denial. *See* 37 C.F.R. §42.71(d)(2) (30 days for reconsideration). In such cases, the Rule irremediably deprives the accused infringer of the expeditious patentability review that IPR was intended to provide, for no reason.

For example, as discussed above, in several of the decisions appealed here the Board relied on the scheduled trial date to deny institution even though the Board knew the judge had scheduled three trials for the same date and that at least two therefore could not proceed. *Supra* pp. 12-13. All three trials were subsequently postponed. *Id.* *In Apple Inc. v. Fintiv, Inc.*, the Board relied on the scheduled trial date to deny institution where the trial had “already ... been postponed by several months,” finding “no reason to believe that the jointly agreed-upon trial date ... will be postponed again,” No. IPR2020-00019, 2020 WL 2486683, at *5 (P.T.A.B. May 13, 2020). But the trial *was* rescheduled again, after the time for rehearing had expired, for a date that would have allowed the Board to complete the IPR before trial—indeed, to this day no trial has occurred.

These examples are not anomalies. One study found that 70 percent of infringement trials in the Western District of Texas and 100 percent of trials in District of Delaware—the two busiest patent-litigation venues—were delayed after the Board had denied the corresponding IPR petition based on the original trial date. McKeown, *District Court Trial Dates Tend to Slip After PTAB Discretionary Denials* (July 24, 2020). Another study found that the Board’s predictions of

trial dates are nearly always incorrect—95 percent of the time—and that the discrepancies between the Board’s predicted trial dates and the actual trial dates were often substantial. Dufresne et al., *How reliable are trial dates relied on by the PTAB in the Fintiv analysis?*, 1600 PTAB & Beyond (Oct. 29, 2021).

The weight that the *NHK-Fintiv* Rule places on inherently unpredictable trial dates invites infringement plaintiffs to exploit the Rule to foreclose IPR altogether. Some jurisdictions are known to set early trial dates in infringement suits shortly after docketing with the expectation that the dates will change later. Infringement plaintiffs can shop for such forums in hopes of obtaining an early trial date—however provisional or unrealistic—which they can then cite to persuade the Board to deny institution under the Rule. Indeed, since the *NHK-Fintiv* Rule was adopted, patent cases have concentrated in a handful of such venues. For example, in the Waco Division of the Western District of Texas, which often sets initial trial dates within eighteen months of the filing of the complaint, the number of infringement suits grew by 845 percent between 2018 and 2020. Pelletier et al., *How West Texas Patent Trial Speed Affects PTAB Denials*, Law360 (Feb. 16, 2021). The strategy is working: An analysis by the High Tech Inventors Alliance concluded that the Western District of Texas and the Eastern District of Texas—another venue with a swift patent docket—together account for nearly 80 percent of the Board’s *NHK-Fintiv* denials. See HTIA, *Comments of the High Tech Inventors Alliance* 5 (Dec. 2, 2020) <https://www.regulations.gov/comment/PTO-C-2020-0055-0819>.

In the short time since the Director adopted the *NHK-Fintiv* Rule, the Board has applied it to deny hundreds of IPR petitions because of pending

infringement lawsuits, *see supra* p. 11, and the Federal Circuit has dismissed all resulting appeals, *supra* pp. 16-17. As noted, two other petitions for certiorari are already pending before this Court that arose from such denials and present substantially the same question as this petition. *See Apple Inc. v. Optis Cellular Technology, LLC*, No. 21-118 (docketed July 28, 2021); *Mylan Laboratories Ltd. v. Janssen Pharmaceutica, N.V.*, No. 21-202 (docketed Aug. 12, 2021). Absent this Court’s intervention in one or more of these cases, the Board will be free to continue denying IPR petitions under the Rule without judicial review, thwarting Congress’s plan that IPR be available to improve the integrity of the patent system even where there is pending infringement litigation involving the same patent.

More broadly, review will likewise be unavailable for denials premised on any other grounds relating to the availability of IPR. Under the Federal Circuit’s view, PTO decisions denying IPR petitions would be immune from judicial review even if based on more restrictive and arbitrary grounds, such as that a coin flip came up “tails,” that the IPR petitioner had already filed too many IPR petitions that year, or a policy that *all* IPR petitions should be denied. *Cf. Judulang v. Holder*, 565 U.S. 42, 55 (2011) (if agency decided eligibility for discretionary immigration relief “by flipping a coin ..., we would reverse the policy in an instant”). But like all other agencies, the PTO must exercise its discretion within statutory bounds, and the courts must remain open to enforce those bounds. *Supra* pp. 24-25, 28-29.

It is thus imperative that this Court clarify that the Federal Circuit may review PTO decisions denying IPR petitions based on the *NHK-Fintiv* Rule and other *ultra vires* or irrational grounds, lest the PTO have free

rein to constrict the availability of IPR contrary to Congress's intent.

CONCLUSION

The petition for a writ of certiorari should be granted. If the Court first grants the petition in *Apple Inc. v. Optis Cellular Technology, LLC*, No. 21-118, or *Mylan Laboratories Ltd. v. Janssen Pharmaceutica, N.V.*, No. 21-202, the Court should grant this petition, too, or hold it pending the outcome of that case.

Respectfully submitted.

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