

No. 23-135

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IN THE  
**Supreme Court of the United  
States**

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INTEL CORPORATION, EDWARDS LIFESCIENCES  
CORPORATION, EDWARDS LIFESCIENCES LLC,  
*Petitioners,*

v.

KATHERINE K. VIDAL, UNDER SECRETARY OF  
COMMERCE FOR INTELLECTUAL PROPERTY AND  
DIRECTOR OF THE UNITED STATES PATENT AND  
TRADEMARK OFFICE,  
*Respondent.*

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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 ACT | The App Association As  
*AMICUS CURIAE* IN SUPPORT OF  
PETITIONERS**

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**INTEREST OF THE AMICUS CURIAE<sup>1</sup>**

ACT | The App Association (“App Association”) is a global policy trade association for the small business technology developer community. Our members are entrepreneurs, innovators, and independent developers within the app ecosystem that engage with verticals across every industry. The value of the ecosystem the App Association represents—which we call the app ecosystem—is approximately \$1.8 trillion and is responsible for 6.1 million American jobs, while serving as a key driver of the \$8 trillion internet of things (IoT) revolution. Our members lead in developing innovative applications and products across consumer and enterprise use cases, driving the adoption of IoT.

The App Association has a keen interest in the U.S. patent system functioning predictably and fairly while continuously rewarding innovation, consistent with Congress’ intent. Our members include companies that own patents as well as those that license patents, all of which are directly impacted by the courts’ approaches to patent validity, as well as the U.S. Patent and Trademark Office (“USPTO”) and Patent Trial and Appeal Board’s (“PTAB”)

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<sup>1</sup> Pursuant to Supreme Court Rule 37.2(a), all parties have received appropriate notice of this brief. 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* and its counsel made a monetary contribution to its preparation or submission. No person or entity, other than *amicus*, its members, or its counsel, made a monetary contribution to the preparation or submission of this brief.

approach to patent rights and litigation. The App Association is deeply invested in ensuring that its members and the app economy can rely on the American patent system to grow and innovate.

## SUMMARY OF THE ARGUMENT

The small business software and hardware technology industry is a driving force behind the growth in the IoT revolution. Underlying the evolution and ingenuity of this sector are intellectual property rights, including patents, and the need for a well-reasoned and predictable framework for patents.

The Federal Circuit's determination that the 35 U.S.C. §314(d) bar on judicial review of "[t]he determination... whether to institute an inter partes review" extends to USPTO rules setting standards governing institution decisions conflicts with this Court's previous interpretation of judicial review for agency actions. The Federal Circuit's decision is particularly burdensome to the small business community that the App Association represents. An effective patent system requires balance between the ability to obtain a patent and the ability to challenge one, and the inter partes review ("IPR") plays an integral role in maintaining that balance. The USPTO's IPR process is one that provides our members with a much-needed alternative to expensive federal litigation, representing a key efficiency. Since its creation by Congress 12 years ago, the IPR system has been operating as Congress intended.

That is, until recently. Over the last several years, significant steps have been taken by the USPTO to undermine the IPR process's ability to appropriately adjudicate patent quality challenges, contributing to

further increases in abusive litigation and creating more obstacles for the American small business technology developer community at large. One of the most damaging steps taken by the USPTO as part of this campaign was its adoption of the *NHK-Fintiv* Rule, which now requires the PTAB to deny institution of IPR when the PTAB finds that IPR would be inefficient due to pending infringement litigation addressing the same patent. App Association members—thousands of small businesses located across the country that employ millions of Americans who depend on a fair and predictable patent system to compete, grow, and create new jobs—have already been damaged by these developments. The Petitioners and many similarly situated parties have appropriately sought judicial review of the *NHK-Fintiv* rule but have faced improper refusals from the Federal Circuit to properly resolve these issues, this time claiming that §314(d) bars judicial review. The Federal Circuit’s decision in this case is both inconsistent with the “strong presumption” of judicial review for agency actions recognized in the Administrative Procedure Act and this Court’s narrow interpretation of §314(d) to only apply to specific determinations of IPR institution.

The App Association strongly agrees with the Petitioners that the Court must step in to correct the Federal Circuit and should grant certiorari because this Court’s review is integral to protecting the role that Congress intended IPR to play in improving the patent system and protecting vulnerable innovators. The Federal Circuit has taken an erroneous

approach to broaden the scope of the §314(d) bar for judicial review to standards governing its discretion to institute IPR against the Court's interpretation of §314(d) in *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016), and *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348 (2018).

As a community that relies on the USPTO's specialized expertise and its IPR process, we believe that this Court must re-clarify the scope of judicial review under the Administrative Procedure Act and address the Federal Circuit's refusals to review the *NHK-Fintiv* rule, which has departed from Congress' clear intent. We urge this Court to grant the Petitioners' request for a writ of certiorari.

## ARGUMENT

### I. SMALL BUSINESSES DEPEND ON A FAIR AND PREDICTABLE PATENT SYSTEM TO ENABLE CONTINUED GROWTH AND INNOVATION WITHIN THE APP ECONOMY

ACT | The App Association (“App Association”) is a global policy trade association for the small business technology developer community. Our members develop innovative applications and products to meet the demands for rapid adoption of mobile technology, improve workplace productivity, accelerate academic achievement, monitor health, and support the global digital economy. The value of the ecosystem the App Association represents—which we call the app

ecosystem—is approximately \$1.8 trillion and is responsible for 6.1 million American jobs, while serving as a key driver of the \$8 trillion internet of things (IoT) revolution. ACT | The App Association, State of the App Economy (2022), <https://actonline.org/wp-content/uploads/APP-Economy-Report-FINAL.pdf>. Our members lead in developing innovative applications and products across consumer and enterprise use cases, driving the adoption of the internet of things (IoT).

IoT is an encompassing concept capturing how everyday consumer and enterprise products begin to use the internet to communicate data collected through sensors, and act on that data in a timely and effective way. IoT is expected to enable improved efficiencies in processes, products, and services across every sector. The rise of IoT is demonstrating efficiencies in key segments of the U.S. economy, including healthcare, security, and agriculture. “What is the IoT? Everything you need to know about the Internet of Things right now,” ZDNet, February 3, 2020, <https://www.zdnet.com/article/what-is-the-internet-of-things-everything-you-need-to-know-about-the-iot-right-now/>.

The largest value add of IoT is in how new data points become part of what is now commonly referred to as the “big data” ecosystem (which we define to mean structured or unstructured data sets so large or complex that traditional data processing applications are not sufficient for analysis). As sensors become smaller, cheaper, and more accurate,



big data analytics enable more efficiencies across consumer and enterprise use cases. IoT deployment will be highly use case dependent. The industry, to date, has done well through open application programming interfaces (“APIs”) and other widely adopted standards (e.g., TCP/IP) to enable interoperability. For example, in healthcare, a miniaturized and embedded connected medical device must be able to automatically communicate bi-directionally in real time. This capability enables a healthcare practitioner to monitor a patient’s biometric data as well as for the patient to be able to communicate with a caregiver in the event of a medical emergency. Other uses, such as sensors deployed to alert security of an unauthorized presence, may only require the ability to send data to security professionals with minimal (or even no) capability to receive communications. Despite recent market uncertainties, it is predicted that there will be more than 29 billion IoT connected devices across the global digital ecosystem by 2027. *Market Insights For The Internet of Things, State of IoT – Spring 2023*, IoT Analytics, May 2023, <file:///Users/priyanair/Downloads/State-of-IoT-Spring-2023-SAMPLE.pdf>.

The app economy’s success—and the growth of IoT—relies on continuous innovation and investment in connected devices, requiring legal frameworks that are consistent and strong. Morgan Reed, Comments of ACT | The App Association to the National Telecommunications and Information Administration regarding the Benefits, Challenges and Potential Roles for the Government in Fostering

the Advancement of the Internet of Things (June 2, 2016), <http://actonline.org/wp-content/uploads/NTIA-Comments-on-IoT-Regulations.pdf>. Patents allow small business developers to protect their investments, help attract venture capital, establish, and maintain competitive position in the marketplace, and level the playing with established companies and competitors. Small businesses produce 16 times more patents per employee than large patenting firms. *Issues*, U.S. Senate Committee on Small Business & Entrepreneurship, <https://www.sbc.senate.gov/public/index.cfm/democraticissues>; Tyler Richards, *Small Business Facts: Small Business Innovation Measured By Patenting Activity*, Small Business Administration, September 13, 2022, [https://advocacy.sba.gov/wp-content/uploads/2022/09/Fact-Sheet\\_Small-Business-Innovation-Measured-by-Patenting-Activity-1.pdf](https://advocacy.sba.gov/wp-content/uploads/2022/09/Fact-Sheet_Small-Business-Innovation-Measured-by-Patenting-Activity-1.pdf). Lowering operational costs, by utilizing global computing resources like cloud-based services, has enabled the development of diverse, novel, and patentable inventions, as well as innovative apps used by hundreds of millions of Americans in every facet of their lives, from education to finance to leisure activities. Assuming a coherent legal framework for intellectual property disputes, the growth of this vital ecosystem is expected to persist. In 2019, there were 204 billion app downloads worldwide, generating \$120 billion in consumer spending, and data from 2019 demonstrates that the app economy's exponential growth will continue. Lexi Sydow, *The State of Mobile in 2020: How to Win on Mobile*, App Annie, Jan. 15, 2020,

data/state-of-mobile-2020/. In the growing IoT space, small businesses need to be reassured that U.S. patent law applies in a clear, reliable, and predictable manner, particularly when courts are evaluating damages in patent infringement suits. Upending the foundation that small businesses have relied on since the creation of the PTAB introduces uncertainty in the patent system, and further distorts norms in negotiations where there is a reliance or influence from the system's policies on negotiations.

In recent years, the Court has demonstrated its commitment to creating a more reliable patent system. For example, in *TC Heartland v. Kraft Foods Brand*, 137 S. Ct. 1514, 1520 (2017), this Court ruled that good-faith innovators can avoid distant patent suits in jurisdictions where they have only minimal contacts. This Court in *Oil States Energy Servs. v. Greene's Energy Grp*, 138 S. Ct. 1365, 1373 (2018), affirmed the USPTO's authority to determine patentability of existing patents using the IPR process was valid under the Constitution. These decisions, among others, demonstrate this Court's commitment to ensuring the U.S. patent system's fairness and reliability. As discussed below, the App Association agrees with Petitioners that this Court's guidance is needed again to ensure that the patent laws are implemented in the public interest, and that Petitioners' request for certiorari should be granted.

## **II. THE INTER PARTES REVIEW PROCESS HAS OPERATED AS CONGRESS INTENDED, UNTIL RECENTLY UNDERCUT BY THE IMPROPER NHK-FINTIV RULE**

The IPR process established by Congress allowed small businesses, including App Association members, to have a fair and dispassionate tribunal to first assess whether the patent enforced against them was properly reviewed and issued. For small businesses, patent uncertainty, which contributes to unnecessary litigation, raises a significant barrier to innovation that can be mitigated through inter partes review (IPR). Our members have limited resources to withstand years of expensive federal court patent litigation, and the IPR process successfully provided a much-needed alternative. The American Intellectual Property Law Association reported that patent infringement cases with less than \$1 million at risk could still face a median cost of \$300,000 through claim construction and \$675,000 through appeal. American Intellectual Property Law Association, 2021 Report of the Economic Survey 60 (2021). Patent litigants may rely on the fact that many small businesses do not have the capital to fight the case and use that to their advantage to force them into licensing arrangements accompanied with terms greatly benefiting the litigant. Thus, IPRs serve as a barrier protecting our members from some of the financial and temporal burdens associated with proceedings in front of Article III tribunals.

A key congressional goal driving the passage of the America Invents Act (AIA) was “to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.” H. R. Rep. No. 112-98, pt. 1, p. 40 (2011). By enacting the AIA, Congress recognized “a growing sense that questionable patents [were] too easily obtained and are too difficult to challenge.” *Id.* at p. 39 (2011). Congress sought to “provid[e] a more efficient system for challenging patents that should not have [been] issued” and to “establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.” *Id.* at 39-40 (2011). Small businesses, the main drivers of the U.S. economy, were at the core of Congress’ decision to enact the AIA; the IPR process provided a more affordable and efficient recourse for small businesses to exercise their rights – whether defending the validity of their granted patent or challenging a granted patent.

The IPR system initially met Congress’ expectations by making it more difficult for serial patent litigants to use the high costs of litigation to pressure startups and small business innovators into settling frivolous cases, thus lowering the number of abusive patent demands since the IPR’s inception. Josh Landau, *Inter Partes Review: Five Years, Over \$2 Billion Saved*, Patent Progress (Sept. 14, 2017), <https://www.patentprogress.org/2017/09/14/inter-partes-review-saves-over-2-billion/>. The AIA boasts an estimated \$2.6 billion in direct savings in patent litigation costs, which led to a \$2.95 billion increase

in business activity in the United States. *Unified's Patent Quality Initiative (PQI) Releases Economic Report Showing AIA led to over 13,000 Jobs and Grew U.S. Economy by \$3 Billion since 2014*, Unified Patents (June 24, 2020), <https://www.unifiedpatents.com/insights/2020/6/23/the-perryman-group-releases-economic-report-an-assessment-of-the-impact-of-the-america-invents-act-and-the-patent-trial-and-appeal-board-on-the-us-economy>. The IPR process significantly reduced costs to litigants, while also preserving the rights of the parties, affording our members the ability to defend claims effectively and efficiently without expending too much hard-earned capital. Preserving said capital to invest in research, development, and innovation has proven and will continue to be essential to the continued growth of the app economy.

Recent PTAB denials of legitimate and proper IPR petitions have undermined progress made through the IPR, namely its support of *NHK Spring*, which undercuts the purpose of the IPR process in contrast to congressional intent. The increasing procedural burdens on IPR petitioners adversely impacted them with higher costs and more obstacles by having to bring claims against invalid patent holders in court. The USPTO's actions modifying IPR proceedings can be traced back as a direct contributor to the recent growth in the number of abusive suits brought by non-practicing entities (NPEs). *Q3 2020 Patent Dispute Report*, Unified Patents (Sept. 30, 2020), <https://www.unifiedpatents.com/insights/q3-2020-patent-dispute-report>. NPEs initiate a majority of

the abusive and frivolous patent infringement suits in the United States, and it has recently been revealed that many NPE suits are financially backed by unnamed investors hidden through shell corporations or wealth funds that may have a real interest in the outcome of litigation. *See* Love, Brian J. and Lefouili, Yassine and Helmers, Christian, *Do Standard-Essential Patent Owners Behave Opportunistically? Evidence from U.S. District Court Dockets* (November 8, 2020), 17, [https://www.tse-fr.eu/sites/default/files/TSE/documents/doc/wp/2020/wp\\_tse\\_1160.pdf](https://www.tse-fr.eu/sites/default/files/TSE/documents/doc/wp/2020/wp_tse_1160.pdf); *see also In re Nimitz Technologies LLC*, No. 23-103 (Fed. Cir. 2022).

Current USPTO policies subvert the purpose of the AIA by imposing requirements on IPR petitions that are inconsistent with the statute. Brenton R. Babcock and Tyler R. Train, *Proposed Alternative PTAB Discretionary Denial Factors in View of Co-Pending Parallel Litigation*, *The National Law Review* (Oct. 2, 2020), <https://www.natlawreview.com/article/proposed-alternative-ptab-discretionary-denial-factors-view-co-pending-parallel>. The USPTO's new approach to patent scrutiny has not gone unnoticed by patent assertion entities (PAEs)—also known as patent trolls—that are dedicated to systematically gaming the U.S. patent system for profit. In 2019, NPE assertions accounted for 55 percent of all patent litigation, and patent litigation enforcement initiated by NPEs increased by 9.5 percent from 2020 to 2021. *See The Great Recession Resulted in an Explosion of NPE Assertions*, *Unified Patents* (April 23, 2020),

<https://www.unifiedpatents.com/insights/2020/great-recession-explosion-of-npe-assertions>; *see also NPE Patent Litigation Up by 10% in 2021*, Rational Patent (January 12, 2022),

<https://www.rpxcorp.com/data-byte/npe-patent-litigation-up-by-10-in-2021/>.

Abusive patent litigation is increasing as a result of changes made to the IPR system. Defending against frivolous litigation is prohibitively expensive and more costly than an IPR. Britain Eakin, *PTAB Discretionary Denials Harming Patent System*, *Atty Says*, Law360 (Dec. 1, 2020),

<https://www.law360.com/articles/1332942/ptab-discretionary-denials-harming-patent-system-attysays>. Moreover, the Western District of Texas has seen an increase in PAE cases since the precedential *NHK Spring Co. v. Intri-Plex Techs., Inc.* decision. IPR2018-00752, Paper 8 (Sept. 12, 2018) (designated precedential May 7, 2019); *see* Scott McKeown, *Texas Plaintiffs More Likely to Side-Step PTAB?*, *Patents Post-Grant* (Apr. 7, 2020),

<https://www.patentspostgrant.com/texas-plaintiffs-more-likely-to-side-step-ptab/>. *Apple Inc. v. Fintiv, Inc.* took a leap further by providing a non-exclusive list of factors for the PTAB to consider when determining whether to deny institution of IPR proceedings in light of parallel district court litigation. IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (designated precedential May 5, 2020). *NHK* and *Fintiv* were adopted as precedential by the USPTO in a rule termed the *NHK-Fintiv* or *Fintiv* rule. In 2021 alone, *NHK-Fintiv* rulings were considered in 45 percent of IPR institution decisions. *Discretion Dominant: 45% of all 2021 Institutions*



*analyzed Fintiv*, Unified Patents (March 21, 2022), <https://www.unifiedpatents.com/insights/discretion-dominant-45-of-all-2021-institutions-analyzed-fintiv>. Discretionary denials purely based on procedure increased from 45 cases in 2018 to 123 cases in 2021. *Id.* This resurgence of behavior that necessitated the creation of IPR should send a strong signal that the USPTO's current policies are not sufficient and stray from Congress' envisioned role. While the USPTO has provided interim guidance to limit the PTAB's exercise of discretionarily denial under the *NHK-Fintiv* ruling in light of parallel district court litigation, the precedent still exists and is an overextension of the agency's authority. See Katherine K. Vidal, Interim Procedures For Discretionary Denials In AIA Post-Grant Proceedings With Parallel District Court Proceedings, United States Patent and Trademark Office (June 21, 2022), [https://www.uspto.gov/sites/default/files/documents/interim\\_proc\\_discretionary\\_denials\\_aia\\_parallel\\_district\\_court\\_litigation\\_memo\\_20220621\\_.pdf](https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621_.pdf). For the following reasons, we submit that the *NHK-Fintiv* rule exceeds the USPTO's authority under the AIA, is arbitrary and capricious, and was not developed using a sufficient notice and comment period.

#### **A. The NHK-Fintiv Rule Exceeds the USPTO's Authority Under the AIA**

Congress did not give the USPTO the authority to decline to institute IPR just because a parallel infringement suit was pending, even though

Congress did grant such authority when other types of proceedings involving the same patent are ongoing. With respect to infringement litigation, Congress imposed only one criterion—that IPR petitions be filed within one year of service of complaint alleging infringement in district court, which the Petitioners met. 35 U.S.C. §315(b). Congress sought to address the potential for “burdensome overlap between inter partes review and patent-infringement litigation,” by crafting the one-year deadline to balance the interests of accused infringers with the interests of patent owners. See, e.g., 157 Cong. Rec. S1041 (daily ed. Mar. 1, 2011) (Sen. Kyl); 157 Cong. Rec. S1326 (daily ed. Mar. 7, 2011) (Sen. Sessions); 157 Cong. Rec. S5429 (daily ed. Sept. 8, 2011) (Sen. Kyl).

### **B. The NHK-Fintiv Rule is Arbitrary and Capricious**

Under §706(2)(A) of the APA, a reviewing court finds an agency action to be arbitrary and capricious if it is an abuse of discretion or contrary to law. A federal regulatory action that is not supported by substantial evidence is impermissibly arbitrary and capricious. *Association of Data Processing Service Organizations, Inc. v. Board of Governors of Federal Reserve System*, 745 F.2d 677 (D.C. Cir. Oct. 2, 1984). Here, the *NHK-Fintiv* rule requires the PTAB to make institution decisions, not based on substantial evidence, but based on its speculation about the course and timing of the parallel infringement litigation. Among other things, the *NHK-Fintiv* rule attaches substantial weight to

scheduled infringement trial dates, even though those dates are so often rescheduled, they tend to occur after the time to reconsider the PTAB's denial has expired. *See, e.g., Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, at \*5 (PTAB Mar. 20, 2020) (designated precedential May 5, 2020). The discretion on whether to institute IPR or not must be exercised within statutory boundaries consistent with the Court's interpretation of §314(d); the courts are available to enforce those boundaries and thus to hear the Petitioners' claim that the *NHK-Fintiv* Rule exceeds them. *See, e.g., Lincoln v. Vigil*, 508 U.S. 182, 193 (1993).

### **C. The NHK-Fintiv Rule Was Not Developed Using a Sufficient Notice and Comment Period**

§ 553 of the APA requires agencies go through notice-and-comment procedures when engaging in informal rulemaking. Notice of the proposed rule must be published in the Federal Register and include sufficient detail on its content and basis in law and evidence to allow for meaning and informed comment by potentially affected parties. 5 U.S.C. §553(b). Once notice is given, the agency must give interested persons an opportunity to participate in the rulemaking through submission of written data, views, or arguments during the comment period. *Id.* § 553(c).

Without providing any explanation for his action, public notice, or an opportunity to comment, the Director of the USPTO designated *NHK* as

“precedential” in May 2019 and did the same with *Fintiv* in May 2020. See Paper 8 (Sept. 12, 2018); Paper 11 (PTAB Mar. 20, 2020). The Director thus made those decisions binding PTAB, adopting 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 pending overlapping infringement litigation.

Since then, the *NHK-Fintiv* Rule has been applied to deny hundreds of IPR petitions without any meaningful review, frustrating Congress’ goals, inhibiting the availability of IPR, and producing arbitrary results. See Unified Patents, Portal, <https://tinyurl.com/xwmajkyx> (last visited September 6, 2023). Recent PTAB denials of legitimate and proper IPR petitions have undermined progress made through the IPR process. The increasing procedural burdens on IPR petitioners adversely impacted them with higher costs and more obstacles by having to bring claims against invalid patent holders in court.

### **III. THE PETITION FOR WRIT OF CERTIORARI SHOULD BE GRANTED TO ADDRESS THE FEDERAL CIRCUIT’S FLAWED DETERMINATION THAT THE ADMINISTRATIVE PROCEDURE ACT BARS PETITIONERS’ CLAIMS FROM JUDICIAL REVIEW**

At issue is the Federal Circuit’s determination that judicial review is unavailable under the APA when a

Plaintiff challenges USPTO standards governing its discretion to institute inter partes review. This decision has deprived the small business community we represent the ability to realize a IPR process as envisioned by Congress. We agree with Plaintiff that the 35 U.S.C. §314(d) bar on judicial review of “[t]he determination...whether to institute an inter partes review” does not apply to review of USPTO rules setting standards governing institution decisions. The Federal Circuit’s conclusion that §314(d) precludes judicial review of Petitioners’ claim conflicts this Court’s holding in *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348 (2018), stating that §314(d) did not apply where the claim at issue does not challenge a determination whether to institute IPR. Even without the decision in *SAS Institute, Inc. v. Iancu*, the Federal Circuit overextends the application of §314(d) in light of the APA’s strong presumption of reviewability of agency action and creates precedent for the USPTO to violate the AIA or otherwise harm an equitable patent system through unreviewable power.

**A. The Federal Circuit Has Incorrectly Determined that Petitioners’ Claims are Barred by §314(d)**

The App Association agrees with Petitioners that this Court has previously rejected the Federal Circuit interpretation of §314(d) to preclude judicial review of a challenge based on an institution-related statute in *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348 (2018). The Federal Circuit similarly holds in this case that a general “unreviewability principle”

under §314(d) precludes judicial review of Petitioners' claim. *Apple Inc. v. Vidal*, 63 F.4th 1 (Fed. Cir. 2023). In *SAS*, this Court considered a challenge to the USPTO regulation recognizing the agency's power to invoke "partial institution," see 37 CFR §42.108(a), where IPR is only instituted for some of the patent claims raised in a petition.

Section 314(d) provides that "[the] determination by the [PTO] Director whether to institute an inter partes review...shall be final and nonappealable." This Court in *SAS Institute, Inc. v. Iancu* held that while §314(d) immunizes the USPTO's institution decisions from judicial review in specific cases, it does not otherwise 'enable the agency to act outside its statutory limits.' *SAS*, 138 S. Ct. at 1359 (quoting *Cuozzo Speed Technologies, LLC v. Lee*, 579 U. S. 261, 275 (2016)). The Court has repeatedly held that, even where an appeal might come within §314(d)'s prima facie scope," judicial review remains available consistent with the APA, 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)).

The Federal Circuit in this case held that that this Court's holding in *Cuozzo*, 579 U. S. 261, *Thryv Inc. v. Click-To-Call Technologies, LP*, 140 S. Ct. 1367 (2020) supports their decision against judicial review of Petitioners' claim. Neither *Cuozzo* nor *Thryv* dealt with the issue of whether §314(d) barred review of an agency rule establishing standards for instituting IPR decisions. *Id.* In fact, both cases considered

direct challenges to a determination to institute IPR, which clearly falls under the purview of §314(d). *Id.* Here, the Petitioners state and the USPTO acknowledges that Petitioners do not challenge a specific institution decision, rather a rule establishing standards for institution. The Federal Circuit decision misunderstands this Court’s interpretation of §314(d) and expands its reach in conflict with this Court’s holding in *SAS*. This Court’s guidance is needed to re-clarify the narrow scope of the §314(d) bar to judicial review.

Accordingly, none of Petitioners’ claims on appeal—that the USPTO’s action exceeds its authority under the AIA and is arbitrary and capricious—should be barred by §314(d).

**B. *NHK-Fintiv* Sets Precedent for the  
USPTO To Exercise Discretion  
Beyond Congressional Limits**

The APA recognizes the long-standing “strong presumption” of judicial review of agency actions to ensure that they remain within statutory limits. *Bowen v. Michigan Academy of Family Physicians*, 476 U.S. 667, 670 (1986); see 5 U.S.C. §§ 702, 704. This presumption can only be overcome by “clear and convincing evidence” of legislative intent to bar review, *Abbott Labs v. Gardner*, 387 U.S. 136, 140-141 (1967), which can be determined through the statute’s “express language” or “the structure of the statutory scheme, its objectives, its legislative history, and the nature of the administrative action involved.” *Block v. Community Nutrition Inst.*, 467

U.S. 340, 345 (1984). Where a statute causes “substantial doubt” as to congressional intent to bar judicial review, a presumption of judicial review controls. *Id.* at 351. Statutory text on judicial review of an agency action cannot be defeated by policy arguments. *American Hosp. Ass’n v. Becerra*, 142 S. Ct. 1896, 1903 (2022). If a statute can naturally be read narrowly, a broad bar on judicial review is inappropriate. *Lindahl v. Office of Personnel Mgmt.*, 470 U.S. 768, 779-780 (1985).

§ 314(d) plainly bars “determination[s]” to institute an inter partes review but does not speak to standards governing institution decisions. We agree with Petitioners, that this Court has clarified in both *Bowen*, 476 U.S. 667 (1986); and *Department of Homeland Security v. Regents of the University of California*, 140 S. Ct. 1891 (2020), that a statute speaking to specific agency actions should not be broadly construed to include a governing regulation or policy. Similar to *Bowen*, it is “implausible” to think that Congress intended for the §314(d) bar to be construed more broadly to “instructions and regulations,” when it speaks to “an inter partes review.” *See Bowen*, 476 U.S. 667 at 678 -681.

As stated in *SAS*, “[i]f a party believes the Patent Office...[is] exceeding its statutory bounds, judicial review remains available consistent with the Administrative Procedure Act...” *SAS*, 138 S. Ct. at 1359. Congress specifically provided petitioners with a one-year deadline to allow them sufficient time to consider the scope of the case and prior art before filing an IPR petition. *General Plastic Co. v. Canon*



*Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential) (General Plastic). The *NHK-Fintiv* rule diminishes this statutory deadline against the intent of the AIA. If the Federal Circuit holding is maintained, harmful precedent is set to allow the USPTO to continue to exceed the bounds of the AIA. Indeed, the USPTO seeks to exceed their agency authority in their proposed “Changes Under Consideration to Discretionary Institution Practices, Petition Word-Count Limits, and Settlement Practices for America Invents Act Trial Proceedings Before the Patent Trial and Appeal Board,” 88 FR 24503, for which we provided detailed comments. See ACT | The App Association, *Comments of ACT | The App Association on the U.S. Patent and Trademark Office’s Changes Under Consideration to Discretionary Institution Practices, Petition Word-Count Limits, and Settlement Practices for America Invents Act Trial Proceedings Before the Patent Trial and Appeal Board* (June 20, 2023), <https://www.regulations.gov/comment/PTO-P-2020-0022-0787>. These rules, if implemented, will render the text of the AIA meaningless. We urge this Court to clarify their interpretation of §314(d).

## CONCLUSION

For the foregoing reasons, this Court should grant the petition for a writ of certiorari.

Respectfully submitted,

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