

No. 26-136

In the Supreme Court of the United States

TESLA, INC.,

Petitioner,

v.

GRANITE VEHICLE VENTURES LLC, ET AL.,

Respondents.

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

REPLY IN SUPPORT OF
PETITION FOR A WRIT OF CERTIORARI

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INTRODUCTION

The PTO is not shy about its claim of agency power. In its telling, the agency faces “no constraints” when inventing new restrictions on *inter partes* review (IPR). Gov’t Br. 16. Its asserted authority is unlimited and unreviewable.

The Federal Circuit has accepted that startling result, declining to question the PTO’s compliance with statutory limits. That leaves the PTO free to restrict IPR for any reason. It can do so arbitrarily (*e.g.*, based on the day of the week, see Pet. 13). It can do so preferentially (*e.g.*, to favor certain industries or disfavor certain jurisdictions, see Br. of Askeladden L.L.C. as Amicus Curiae 17-18).

The PTO’s brief denies none of that. And it never questions the importance of these issues or their enormous impact—especially recently—throughout the patent system and economy.

If an agency is to wield such absolute power, the holding should at least come from this Court. But as the PTO’s brief only underscores, the Federal Circuit has gone far beyond this Court’s circumscribed view of the appeal bar in 35 U.S.C. §314(d). For one, this Court has given §314(d) limited reach, covering ordinary disputes over application of law to fact. Yet the PTO would extend §314(d) to a context this Court has never addressed—immunizing the agency when it invents new IPR restrictions untethered to any statute. For another, this Court has held that §314(d) does not enable the agency to act outside its statutory limits. Yet that is just what the PTO claims §314(d) enables here.

The PTO resorts to urging denial in this case because it arose from a mandamus petition below. But that is no reason to let the Federal Circuit’s reviewability holding escape scrutiny: This Court routinely answers legal questions in mandamus cases. And the question here—undisputedly consequential and urgent—warrants an answer without delay.

The evisceration of a review scheme so central to the Nation’s patent system should not proceed without this Court’s review. The petition should be granted.

ARGUMENT

I. The importance and urgency of the question presented are undisputed.

As the government does not dispute, the question presented is of exceptional importance, its impact has magnified in recent years, and it may evade this Court’s review in the future. Pet. 22-29. The Court should settle the question now.

The PTO’s brief only confirms the extreme consequences of the Federal Circuit’s current rule. The agency insists it faces “no constraints” when inventing new rules to deny IPR. Gov’t Br. 16. It views its authority as *carte blanche*. There are “*no* criteria that the Director must or must not consider in making discretionary institution decisions.” *Id.* at 19 (emphasis original). This is what the Federal Circuit has allowed—without even examining whether the agency’s IPR institution criteria comply with statutory limits. Pet. 11-13; Gov’t Br. 13-14 & n.*. This leaves the agency free to behave as if it has no limits at all.

And the PTO does not deny it has used that limitless power to relegislate IPR—to an unprecedented degree in the past two years. See Pet. 23-27. It has imposed a slew of novel IPR restrictions found nowhere in the statute. *Id.* at 24-25. That has brought the IPR scheme to its knees, with IPR grants and filings at record lows. *Id.* at 25.

The impact has reverberated throughout the patent system. Sixty unique amici (twenty-one companies and organizations and thirty-nine individuals), just in petitions currently pending before this Court, have alerted the Court to the significance of the PTO's IPR overhaul.¹

¹ In this case: Br. of Askeladden L.L.C. as Amicus Curiae; Br. of US*MADE, Alliance for Automotive Innovation, High Tech Inventors Alliance, Computer & Communications Industry Association, Association for Competitive Technology, Software & Information Industry Association, Business Software Alliance, and National Retail Federation as Amici Curiae; Mot. for Leave to File Amicus Br. of Unified Patents, LLC.

In *Google LLC v. VirtaMove, Corp.*, No. 25-1230: Br. of Unified Patents, LLC as Amicus Curiae; Br. of 35 Intellectual Property Law Professors as Amici Curiae; Br. of Association for Accessible Medicines as Amicus Curiae; Br. of PTAB Bar Association as Amicus Curiae; Br. of Askeladden L.L.C. as Amicus Curiae; Br. of US*MADE, Alliance for Automotive Innovation, High Tech Inventors Alliance, Computer & Communications Industry Association, Software & Information Industry Association, and National Retail Federation as Amici Curiae; Br. of Association for Competitive Technology as Amicus Curiae.

In *Intel Corp. v. Squires*, No. 26-73: Br. of Samsung Electronics Co., Ltd., Acushnet Co., SAS Institute Inc., SAP America, Inc., Echostar Corp., TSMC Ltd., and Microsoft Corp. as Amici Curiae; Br. of Askeladden L.L.C. as Amicus Curiae; Br. of Tesla, Inc. as Amicus Curiae; Br. of Teodor Holmberg as Amicus Curiae; Br. of Unified Patents, LLC as Amicus Curiae; Br. of US*MADE, Alliance for

These voices come from every corner of the economy—from semiconductor foundries to generic drug makers, manufacturers to retailers.

The PTO (at 10) points to past certiorari denials implicating the question presented, but it does not dispute any of the reasons why the current moment is different. The practical stakes are greater: Since the PTO’s 2025 overhaul, the reviewability question is more consequential than ever. Pet. 23-27; *supra* 3. The circuit landscape is clearer: The Federal Circuit has confirmed it will not review any PTO IPR limit for statutory compliance. Pet. 11-13; Gov’t Br. 13-14 & n.*. And this Court’s opportunity for review is narrower: Fewer IPR cases exist. See Pet. 25; Theresa Schliep, *PTAB Filings Crashed After Squires and Stewart’s Shake-Ups*, Law360 (Aug. 5, 2026).² And even in those cases, binding circuit precedent deters any statutory challenge to IPR limits. See

Automotive Innovation, High Tech Inventors Alliance, Computer & Communications Industry Association, Association for Competitive Technology, Software & Information Industry Association, and National Retail Federation as Amici Curiae; Br. of PTAB Bar Association as Amicus Curiae.

In *Kahoot! AS v. Interstellar Inc.*, No. 26-198: Br. of Software & Information Industry Association, Business Software Alliance, US*MADE, Alliance for Automotive Innovation, High Tech Inventors Alliance, Computer & Communications Industry Association, Association for Competitive Technology, and National Retail Federation as Amici Curiae; Br. of 38 Intellectual Property Law Professors as Amici Curiae; Br. of Askeladden L.L.C. as Amicus Curiae; Br. of PTAB Bar Association as Amicus Curiae; Br. of Taiwan Semiconductor Manufacturing Company Ltd. and GlobalFoundries U.S. Inc. as Amici Curiae.

² <https://perma.cc/NC77-9ZBB>.

Pet. 13, 25. On top of that, the PTO does not contest that it is “shielding its institution criteria from judicial review even more, impeding this Court from taking up the question in the future” by now refusing to disclose its basis for denying institution in most cases. Pet. 26-27; see Gov’t Br. 22.

In each of the prior denials the PTO invokes, the agency had claimed it was undertaking its own efforts to address concerns with its IPR restrictions. See Gov’t Br. 22, *Intel Corp. v. Vidal*, No. 23-135 (Nov. 9, 2023) (opposing certiorari “in light of the agency’s continuing evaluation of [pertinent] issues and its ability to revisit the *Fintiv* factors”); Gov’t Br. 11, *Intel Corp. v. VLSI Tech. LLC*, No. 21-888 (Feb. 14, 2022); Gov’t Br. 20-21, *Apple Inc. v. Optis Cellular Tech., LLC*, No. 21-118 (Oct. 27, 2021); Gov’t Br. 20-21, *Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V.*, No. 21-202 (Nov. 2, 2021). No such fix ever came. Instead, the agency has doubled down—adding even more extra-statutory, unilaterally devised limits on IPR. The need for this Court’s intervention is now clear.

II. Congress did not grant the PTO absolute, unreviewable power to invent new IPR restrictions.

A. Section 314(d) does not enable the PTO to exceed its statutory authority when devising IPR restrictions.

The Federal Circuit misreads 35 U.S.C. §314(d) to prevent courts from reviewing whether the PTO has statutory authority to create new limits on IPR. The PTO’s

defense of that position confirms it extends far beyond §314(d) and this Court’s precedents.

Section 314(d) makes “final and nonappealable” only the case-specific “determination . . . whether to institute an inter partes review.” 35 U.S.C. §314(d); see Pet. 14-15. It nowhere addresses review of the agency’s power to impose general rules restricting IPR. The PTO seeks to extend §314(d) to bar any review of “what factors the USPTO may consider when deciding whether to institute an inter partes review.” Gov’t Br. 17-18. This Court has never applied §314(d) that way. The Court has given §314(d) much narrower reach, covering merely “an ordinary dispute about the application of” an institution-related statute.” *Thryv, Inc. v. Click-To-Call Techs., LP*, 590 U.S. 45, 54 (2020) (quoting *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 271 (2016)).

The PTO’s view also transgresses this Court’s repeated holding that “§314(d) does not ‘enable the agency to act outside its statutory limits.’” *SAS Inst. Inc. v. Iancu*, 584 U.S. 357, 371 (2018) (quoting *Cuozzo*, 579 U.S. at 275). The PTO seeks to restrict that holding, contending that statutory compliance is reviewable only “on an appeal at the conclusion of an instituted inter partes review—not at the institution stage.” Gov’t Br. 18. That is, according to the PTO, §314(d) *does* “enable the agency to act outside its statutory limits” at the institution stage. Contra *SAS Inst.*, 584 U.S. at 371. The PTO thus cannot defend the Federal Circuit’s rule without contravening this Court’s own holding.

The PTO turns to the principle that “an agency’s decision not to take enforcement action should be presumed

immune from judicial review,” but that adds nothing here. Gov’t Br. 16 (quoting *Heckler v. Chaney*, 470 U.S. 821, 832 (1985)). For one, that principle rests on a provision that the PTO concedes is inapplicable here: 5 U.S.C. §701(a)(2). See *Heckler*, 470 U.S. at 832 (“should be presumed immune from judicial review *under §701(a)(2)*” (emphasis added)); Gov’t Br. 22 (“[T]he court below did not cite or rely on Section 701(a)(2), and this case does not directly implicate that APA provision.”). For another, IPR does not involve any “enforcement action.” Instead—as a brief authored by a former PTO Acting Director explains—IPR proceedings “are adjudicative proceedings in which the *petitioner* develops the evidence and brings the case to the agency,” “not enforcement proceedings in which the agency investigates and prepares its case.” Br. of US*MADE et al. as Amici Curiae 30 (emphasis original). Finally, even where it does apply, *Heckler* preserves judicial review of the agency’s statutory limits: “[I]n establishing this presumption in the APA, Congress did not set agencies free to disregard legislative direction in the statutory scheme that the agency administers.” *Heckler*, 470 U.S. at 833. Courts can still review what discretion the agency has in the first place. Pet. 17-19. The Federal Circuit has abdicated that oversight here.

B. The AIA limits the PTO’s power to invent IPR limits.

The AIA limits the PTO’s discretion over IPR institution. Congress prescribed a reticulated set of IPR institution criteria for the agency to consider. See, *e.g.*, 35 U.S.C. §§311(c), 314(a), 315(b), 315(d), 315(e), 325(d). And it conferred narrow discretion in specified areas. *E.g.*, §§315(d), 325(d). The PTO has no answer to the simple point that

Congress would not have crafted this detailed scheme just for the PTO to act on its own whim. See Pet. 19-20.

Yet the PTO maintains its discretion is absolute. In its view, the AIA does not limit “what factors the agency must or must not consider in deciding whether institution is appropriate.” Gov’t Br. 16; see also *id.* at 13-14, 19-21. The PTO does not even attempt to identify a provision granting the total discretion it asserts. See *id.* at 13-14, 16, 19-21. Nor can it offer any provision authorizing the specific time-to-trial limit it imposed here. See *id.* at 19-21. Instead, the PTO relies purely on a negative inference, contending that the *absence* of any express “constraints on the USPTO’s discretion” means the agency has power to invent any IPR limits it wishes. *Id.* at 16; see *id.* at 19 (contending that no statute “expressly bars consideration of” time to trial in parallel litigation).

That is backwards. The statutory negative here runs against agency power. “Administrative agencies are creatures of statute” that “possess only the authority that Congress has provided.” *Nat’l Fed’n of Indep. Bus. v. Dep’t of Labor*, 595 U.S. 109, 117 (2022) (per curiam). No statute confers authority to invent new IPR limits, so no such authority exists.

And in all events, the PTO does not dispute that no court has ever meaningfully analyzed that issue—what statutory limits the PTO faces in inventing new IPR criteria. See Pet. 21-22. Before the PTO continues to exercise the remarkable power to unilaterally rewrite a statutory scheme, this Court’s plenary review is warranted.

III. The mandamus posture is no impediment to this Court's review.

The PTO attempts to avoid this Court's scrutiny by emphasizing that this case arose from a mandamus petition. Gov't Br. 10-16, 23. Its objections are misplaced.

The mandamus posture below does not affect review of the question presented in this Court. The Court can simply resolve the legal question presented, then remand for the court of appeals to determine the proper disposition of the mandamus petition. That is this Court's routine practice in mandamus cases. See, e.g., *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 581 U.S. 258, 268 (2017) (deciding statutory question presented *de novo* without reference to mandamus factors); *United States v. Jicarilla Apache Nation*, 564 U.S. 162, 187 (2011) ("The Court of Appeals denied the Government's petition for a writ of mandamus based on its erroneous view [of the question presented]. We leave it for that court to determine whether the standards for granting the writ are met in light of our opinion."); *Cheney v. U.S. Dist. Court*, 542 U.S. 367, 391 (2004); *Van Dusen v. Barrack*, 376 U.S. 612, 615 n.3 (1964).

After all, the Federal Circuit's decision rested on its view of the question presented—that §314(d) bars review of statutory challenges to IPR criteria. Pet. App. 2a-3a; see Pet. 10-11. And this case arises in a mandamus posture precisely because of the Federal Circuit's misconception of §314(d): The only way to obtain Federal Circuit review of an order denying IPR institution is via mandamus, not direct appeal. See *Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1379, 1381 (Fed. Cir. 2021)

(holding that “there is no avenue for direct appeal of decisions denying institution,” but “we have jurisdiction to review any petition for a writ of mandamus” from an order “denying institution of an IPR”). While the PTO raises the mandamus posture to further insulate itself from accountability, petitioner had no other path in the Federal Circuit.

In any event, the PTO’s arguments under the mandamus factors merely collapse into the merits. In addressing alternative means for relief, the PTO rests on §314(d)’s supposed “congressional judgment” to preclude the “judicial review” sought here. Gov’t Br. 12-13. Yet the scope of §314(d) is the core merits dispute. Similarly, in contesting whether there is a clear and indisputable right to relief, the PTO again rests on a disputed view of the merits: the notion that the agency faces no statutory constraint on its ability to deny institution. Gov’t Br. 13-14. So even under the PTO’s mandamus-factor arguments, the antecedent question still remains whether the PTO’s view of the law is correct.

And regardless, the PTO’s arguments against mandamus are unavailing. *First*, the PTO (at 12) points to alternative means of invalidating patents, but that is not the relevant relief. Instead, the relief sought in the mandamus petition is lawful consideration of the IPR challenges “without relying on time-to-trial as a criterion.” Pet. App. 2a. Mandamus is the only way to secure that relief—as the PTO eventually acknowledges. See Gov’t Br. 12 (“To be sure, petitioner has no alternative means to obtain judicial review of the Director’s decisions denying its petitions for inter partes review.”). Moreover, alternative ways to challenge patent validity are no substitute for

IPR. Congress established IPR precisely because it considered alternative review mechanisms inadequate. H.R. Rep. No. 112-98, at 39, 45 (2011). And the PTO's contention proves too much: It agrees elsewhere that mandamus is available for constitutional challenges to denials of IPR petitions, Gov't Br. 14 n.*, yet the PTO's alternative-means argument would preclude mandamus in that context too.

Second, the PTO overstates the merits showing needed for mandamus relief. Gov't Br. 13-14. A "clear and indisputable" right to mandamus does not require a clear statutory statement or a pre-existing decision on point. Mandamus is available even when questions are complex and unsettled, and relief is appropriate to halt a "usurpation of power" in a "separation of powers" case. *Cheney*, 542 U.S. at 390 (resolving separation-of-powers issues of first impression, and remanding for court of appeals to apply mandamus inquiry); see also *Schlagenhauf v. Holder*, 379 U.S. 104, 110 (1964) (upholding "the power to review on a petition for mandamus [a] basic, undecided question").

Third, the PTO mischaracterizes the challenge here as "a commonplace claim of statutory error." Gov't Br. 14-15. The issues here are fundamental and far-reaching: whether this agency is free to exceed statutory limits without judicial oversight whenever it imposes any IPR restriction. If that view stands, moreover, other limited grants of agency discretion could also morph into free-wheeling licenses to rewrite statutory schemes. See Br. of Askeladden L.L.C. as Amicus Curiae 18-21. The PTO's "usurpation of power" warrants mandamus. *Cheney*, 542 U.S. at 390.

The importance and impact of these issues are unquestioned. And the Court currently has before it vehicles presenting the reviewability question from every relevant angle, including in both mandamus and non-mandamus postures.³ Given the confluence of these vehicles and the urgency of the issue, the time for this Court's intervention is now. The extent of the PTO's unreviewable power warrants this Court's resolution.

CONCLUSION

The petition for a writ of certiorari should be granted.

³ *Intel Corp. v. Squires*, No. 26-73, *Google LLC v. VirtaMove, Corp.*, No. 25-1230, *Kahoot! AS v. Interstellar Inc.*, No. 26-198, and this case.

Respectfully submitted.

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