



The AIA does not restrict judicial review of a final written decision

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On February 25, 2016, the New York Intellectual Property Law Association (NYIPLA) filed an [amicus brief](#) on the merits in *Cuozzo Speed Technologies, LLC v. Lee*, No. 15-446. Dorothy Auth, President of the NYIPLA, as well as Eugene Gelernter, Irena Royzman, Jason Vitullo, Charles R. Macedo and David Goldberg were authors on the brief. Charles R. Macedo and Irena Royzman are Co-Chairs of NYIPLA's Amicus Briefs Committee and Robert Isackson is the NYIPLA Board Liaison.

Because of the widespread use of inter partes review (IPR), and the importance of such proceedings to patent owners and validity challengers alike, the NYIPLA members and their clients have a strong interest in the issues presented in *Cuozzo*, which the Supreme Court has agreed to decide, with oral arguments scheduled for April 25, 2016. As with many cases of great importance to our membership, the NYIPLA elected[1] to file an amicus brief in support of the petitioner on the second question presented, and in support of neither party on the first question presented.

What follows is an executive summary that is based on the brief filed.

Should Institution Decisions Be Reviewable on Appeal from a Final Written Decision?

The second question accepted by the Supreme Court is as follows:

Whether the court of appeals erred in holding that, even if the Board exceeds its statutory authority in instituting an IPR proceeding, the Board's decision whether to institute an IPR proceeding is judicially unreviewable.

The America Invents Act ("AIA"), Pub. L. No. 112-29, 125 Stat. 284 (2011), imposes strict limits on the PTO's authority in IPRs. It states that the PTO "may not" institute an IPR "unless" the "information in the petition" demonstrates that there is a reasonable likelihood that the petitioner will prevail in establishing that at least one challenged claim is unpatentable. 35 U.S.C. § 314(a) (emphasis added). The petition, in turn, must set forth "with particularity ... the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for [that] challenge" 35 U.S.C. § 312(a)(3). If a petition fails to meet these



requirements, it may not “be considered” by the PTO. 35 U.S.C. § 312(a).

These provisions set clear limits on the PTO’s authority. They ensure that the PTO will consider patentability in IPRs *only* on grounds raised in the petition and will not hold claims unpatentable on other grounds that the petition did not raise. If the PTO violates these statutory limits on its authority, its *ultra vires* conduct should (and must) be subject to judicial review, not immune from it.

In its 2-1 decision in this case, the Federal Circuit held that *ultra vires* action by the PTO, in instituting and deciding an IPR on grounds not raised in the petition, is not subject to judicial review on appeal from a final decision in an IPR. That conclusion is at odds with a long line of decisions by this Court. It turns the statutory limits on the PTO’s authority into a toothless nullity and effectively gives the PTO a blank check to expand its authority beyond clear statutory limits without judicial constraint.

Administrative agencies are obligated to act within the statutory limits on their authority. If an agency violates those limits, its conduct is subject to judicial review absent clear and convincing evidence that Congress intended otherwise. The PTO is no exception. The AIA and its legislative history do not provide clear and convincing evidence that Congress intended *ultra vires* agency action by the PTO in holding claims unpatentable to be exempt from judicial review on appeal from a final written decision in an IPR. The Supreme Court should make clear that if the PTO holds claims unpatentable on grounds not set forth in the petition, then that *ultra vires* conduct is subject to judicial review, not exempt from it.

Section 314(d) of the AIA, which the Federal Circuit majority relied upon, does not restrict judicial review of a final written decision. That provision is part of a section entitled “Institution of inter partes review.” It states that “[t]he determination by the Director whether to institute an inter partes review ... shall be final and nonappealable.” 35 U.S.C. § 314(d). By its express terms, § 314(d) applies to decisions on whether to institute inter partes review—not to appeals from a final written decision, which are governed by § 319. Nothing in § 319 or any other provision bars review of whether the PTO violated the statutory limits on its authority by holding claims unpatentable on grounds not set forth in the petition.

Is BRI the Proper Standard?

The first question accepted by the Supreme Court is as follows:

Whether the court of appeals erred in holding that, in IPR proceedings, the Board may construe claims in an issued patent according to their broadest reasonable interpretation rather than their plain and ordinary meaning.

On the other Question Presented, the NYIPLA does not take a position on whether the



standard for claim construction in IPRs should be the “broadest reasonable interpretation (BRI)” standard that the PTO applies in patent examination, the standard set forth in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc) that courts apply in patent infringement litigation, or some other standard. The NYIPLA submits that the decision on that issue should be informed by consideration of the extent to which amendments to claims are available in IPRs.

Applying the BRI standard can result in a claim construction that is broader than the construction yielded by applying the *Phillips* standard, and a broader construction may in turn make some claims more vulnerable to an invalidity challenge. Applying the BRI standard nonetheless is appropriate in patent examination proceedings because those proceedings involve a back-and-forth between the applicant and the patent examiner, and applicants are freely able to amend their claims in examination to address validity issues that the examiner may raise. In contrast, there is no opportunity to amend claims in patent infringement litigation, and the application of the *Phillips* standard is appropriate in that context.

IPRs do not match either paradigm. In IPRs, patentees may not freely amend claims, but do have a very limited ability to move for claim amendments. Such motions are almost always denied. The appropriate standard for claim construction should be informed by the limited extent to which such amendments are available in IPRs.

[1] The arguments made in this brief were approved by an absolute majority of NYIPLA’s officers and members of its Board of Directors, but do not necessarily reflect the views of a majority of the members of the Association, or of the law or corporate firms with which those members are associated. After reasonable investigation, the NYIPLA believes that no officer or director or member of the Amicus Briefs Committee who voted in favor of filing this brief, nor any attorney associated with any such officer, director or committee member in any law or corporate firm, represents a party to this litigation. Some officers, directors, committee members or associated attorneys may represent entities, including other *amici curiae*, which have an interest in other matters that may be affected by the outcome of this litigation.