Published on *The National Law Review* https://natlawreview.com

Federal Circuit Provides Additional Insight into the Scope of Board Institution-Related Decisions That Are Not Appealable

Article By:

Trademark, Copyright & Advertising Counseling at Foley & Lardner LLP

Just as *inter parties* review proceedings ("IPRs") are limited in scope, addressing invalidity based only on patents and printed publications, practitioners should keep in mind that appellate review of United States Patent Trial and Appeal Board ("Board") decisions from IPRs is similarly constrained. Indeed, much of what occurs in front of the Board is not reviewable by the Federal Circuit. Under 35 U.S.C. § 314(d), a determination by the Board about whether or not to institute an IPR is not appealable. And, in a recent precedential decision, the Federal Circuit found that its inability to review an institution decision can encompass not only the institution decision itself, but also additional Board rulings that occur prior to an IPR's institution.

In *Achates Reference Publishing, Inc. v. Apple Inc.*, No. 2014-1767 (Fed. Cir. Sept. 30, 2015), the patent holder, Achates, appealed following the Board's final written decision of unpatentability as to each of Achates' patents' claims. The patents themselves were also asserted in co-pending district court litigation, where Achates sued QuickOffice, Inc. and other defendants for infringement. It was not until a year later, however, that Apple, the IPR petitioner, was added to the suit.

When Apple subsequently filed an IPR petition, Achates responded to the petition by asserting that QuickOffice was actually either the real party in interest or in privity with Apple. This would have meant that Apple's IPR petition was

time barred under 35 U.S.C. § 315(b), which prevents a petitioner from seeking to institute an IPR more than 1 year from the service of a complaint that alleges infringement of the specific patent. Achates alleged that an unsigned indemnification agreement indicated that QuickOffice was a real party in interest, and requested leave from the Board to pursue discovery as to the relationship between Apple and QuickOffice.

The Board, however, disagreed with Achates' assertion that Apple's petition should be time barred, and denied Achates' request to take discovery to investigate the real party in interest. Otherwise persuaded by Apple's petition, the Board then instituted the IPR. The Board conducted the IPR proceeding and issued a final written decision. In its final written decision, the Board found Achates' patents' claims to be unpatentable over prior art. On appeal, however, Achates challenged only the Board's denial of Achates' motions for discovery and conclusion that Apple's IPR petition was not time barred.

Evaluating Achates' appeal, the Federal Circuit reiterated that, as a baseline, the Board's institution decision, itself, was not appealable pursuant to § 314(d). Achates attempted to evade § 314(d) by analogizing the time-bar determination in an IPR to the evaluation of whether covered business method review ("CBMR") proceedings were available for a particular patent. Like IPRs, CMBR proceedings are another form of post grant review proceeding created by the America Invents Act, but unlike IPRs, CMBR proceedings are available only for a certain type of patent, *i.e.*, a covered business method patent. In response to Achates' argument, the Federal Circuit explained that the question about whether a patent is for a covered business method can persist even after the institution stage, because it implicates whether the Board has the power to maintain the proceeding altogether. However, the IPR time-bar determination was not the "'defining characteristic' of the Board's 'authority to invalidate' a patent . . . ." The Federal Circuit further explained that, in an IPR, "the § 315(b) time bar does not impact the Board's authority to invalidate a patent claim—it only bars particular petitioners from challenging the claim."

Achates also argued that because the Board discussed the time bar issue in its final written decision, in addition to its institution order, an appeal attacking the propriety of the IPR could be maintained despite the language of § 314(d). The

Federal Circuit disagreed, finding that “reconsideration of the time-bar is still fairly characterized as part of the decision to institute.” Therefore, the Federal Circuit held “that 35 U.S.C. § 314(d) prohibits this court from reviewing the Board’s determination to institute IPR proceedings based on its assessment of the time-bar of § 315(b), even if such assessment is reconsidered during the merits phase of proceedings and restated as part of the Board’s final written decision.”

Arriving at its ultimate holding, the Federal Circuit specifically distinguished between the two stages of an IPR proceeding: in the first stage, the Board decides whether to institute the IPR, and in the second stage, the Board conducts the proceedings and issues a final written decision. And, with regard to the Board’s pre-institution discovery rulings, the Federal Circuit further concluded that “[b]ecause we cannot review the Board’s determination that Apple’s petitions were not time-barred, we also cannot review the Board’s denials of Achates’ motions for discovery related thereto.”

The Federal Circuit’s decision indicates that § 314(d) prevents appellate review not only of the Board’s actual decision about whether or not to institute the IPR, but also other procedural rulings that may have informed the institution decision, such as discovery into the real party in interest. However, the Federal Circuit’s decision may have broader implications – that any Board ruling occurring during the institution stage is not appealable so long as it does not implicate a “defining characteristic” of the Board’s authority to invalidate. As a result, IPR petitioners may look for ways to argue that certain Board rulings were a component of the institution decision and, therefore, not appealable, even if the issue was discussed in a final written decision.

National Law Review, Volume V, Number 350