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Justices At Odds On Allowing PTAB Time-Bar Appeals

By **Ryan Davis**

Law360 (December 9, 2019, 9:10 PM EST) -- The U.S. Supreme Court appeared divided Monday about whether decisions that an inter partes review petition was timely filed can be appealed, as some justices said patent invalidity rulings shouldn't be discarded based on timing, and others worried about restricting judicial review.

The conflicting views of the justices were on display during arguments in a case where Thryv Inc., the parent company of YellowPages.com, is challenging a Federal Circuit decision permitting appeals of a Patent Trial and Appeal Board finding that a petition was not time-barred.

The U.S. Supreme Court heard arguments Monday over whether decisions on the timeliness of inter partes review petitions can be appealed and seemed divided on the matter. (AP)

Some of the justices appeared receptive to Thryv's argument that such appeals are barred by a provision of the America Invents Act that says decisions on whether to institute review are "final and non-appealable," and that undoing an invalidity finding due to the time bar would improperly allow invalid patents to remain in force.

Justice Ruth Bader Ginsburg questioned whether it is wise to throw out the invalidation of a patent just because timing rules were not followed, which would mean another party would have to mount a separate challenge in order for the patent to finally be rendered invalid.

"That's what the board thinks, that this should not have been patented, and we wipe that out, then you get another challenger and where the board has already made the decision that the patent is no good," she said. "There's something unseemly about nullifying the determination on the merits."

Likewise, Justice Elena Kagan said the language barring appeals of decisions instituting review of patents is "pretty broad" and appears to indicate that Congress intended to foreclose appeals on the time-bar issue. Once the board has said a patent is invalid, it is "a little bit silly to go back to square one," she said.

Under the Federal Circuit's holding, "we go through the entire process, soup to nuts, and then we get to the end and somebody says, you know, the time bar wasn't applied correctly," she said. "We throw it all

out and we start all over again on something that we know by now is an invalid patent."

However, other members of the court, notably Justice Neil Gorsuch, appeared to endorse the view of Click-to-Call Technologies LP, whose patent on anonymous phone communications was challenged by Thryv, that it would be "extraordinary" to allow the PTAB to make decisions about a legal issue like the time-bar that no court could ever review.

Justice Gorsuch described what he said was a hypothetical situation in which the director of the U.S. Patent and Trademark Office "has a political mission, perhaps, to kill patents" and a "desire for whatever reason to destroy this patent and many others." He said that under the position advocated by Thryv, such a director could institute inter partes review petitions that are clearly time-barred, in direct violation of the law, and the courts could not intervene.

"You're telling the court there's no review of that decision, I believe?" he asked Thryv's attorney, Adam Charnes of Kilpatrick Townsend & Stockton LLP.

Charnes responded that there is no review under the AIA "non-appealable" language at issue in the case, but "it may be that it's an appropriate case for mandamus relief if the circumstances are as egregious as you suggest."

When Justice Gorsuch seemed incredulous that "we're going to just channel all these cases to mandamus," Charnes said that that would only be in rare circumstance and that most time-bar decisions are unreviewable.

In the current case, the PTAB permitted Thryv to challenge Click-to-Call's patent and found it invalid. However, the Federal Circuit threw out the board's decision, finding that Thryv's petition was filed too late, and creating a new argument that can be used on appeal to challenge PTAB rulings.

The court held that because Thryv's predecessor was sued over the patent in 2001, the company did not meet a requirement that AIA petitions be filed within a year of the date the petitioner or an interested party is served with an infringement complaint. The board said the clock didn't start because the original complaint was voluntarily dismissed, but the Federal Circuit disagreed.

Jonathan Ellis of the U.S. solicitor general's office told the justices Monday that the federal government agrees with Thryv that Congress intended to block appeals of time-bar rulings in order to focus "judicial review on the issue that matters most to the system as a whole, the final patentability analysis."

In contrast, Click-To-Call's attorney Daniel Geyser of Geyser PC said that "what makes [time-bar decisions] reviewable is the strong presumption favoring judicial review." The time bar, he added, is "not a minor statutory technicality."

Chief Justice John Roberts drew laughter when he replied that "I mean, I don't think it's what we were fighting over at Yorktown." He said he wondered whether the time bar is important enough to be appealable, since the patent's validity, "the ultimate issue that affects the property rights in a patent," can be determined in other ways, like a subsequent inter partes review.

Attorneys who are following the case said the conflicting questions at the argument appeared motivated by different concerns. William Peterson of Morgan Lewis & Bockius LLP noted that Justice Gorsuch was

worried about insulating the PTAB from review, as well as "the presumption of judicial review and its grounding in the separation of powers."

However, the comments by Justices Kagan and Ginsburg about undoing rulings where a patent has been invalidated, show that "the potential impact of a contrary decision on the efficient and cost-effective nature of IPR proceedings was front and center," said Karen Sebaski of Holwell Shuster & Goldberg LLP.

Irena Royzman of Kramer Levin Naftalis & Frankel LLP said those questions about the practical impact could indicate that the high court might disallow appeals of time-bar rulings.

"Although judicial review is essential to enforcing statutory limits and placing a check on ultra vires action, it is far from clear based on today's oral argument that the Supreme Court will affirm the Federal Circuit," she said. If the decision is reversed, "decisions that disregard or violate the statutory time bar will be immune from judicial review," she said.

The patent-in-suit is U.S. Patent No. 5,818,836.

Thryv is represented by Adam Charnes, Mitchell Stockwell, Thurston Webb, Amanda Brouillette and Jason Steed of Kilpatrick Townsend & Stockton LLP and in-house by Shannon Straw.

Click-to-Call is represented by Daniel Geyser of Geyser PC, Peter Ayers of the Law Office of Peter J. Ayers PLLC and Craig J. Yudell of Yudell Isidore PLLC.

The USPTO is represented by Noel Francisco, Joseph Hunt, Malcolm Stewart, Jonathan Ellis, Mark Freeman, Scott McIntosh, Edward Himmelfarb and Melissa Patterson of the U.S. Department of Justice and in-house by Sarah Harris, Thomas Krause, Farheena Rasheed, Molly Silfen and Sarah Craven.

The case is Thryv Inc. v. Click-To-Call Technologies LP, case number 18-916, in the Supreme Court of the United States.

--Editing by Emily Kokoll.