

IP INSIGHT

Kenyon

Federal Circuit Issues First-Ever Ruling in an Appeal from an IPR; *In Re Cuozzo Speed Technologies, LLC* (Fed. Cir. Feb. 4, 2015)

Today, February 4, the Federal Circuit issued its first-ever ruling in an appeal from an *Inter Partes* Review (IPR).

Held: The court made two notable holdings: 1) the Federal Circuit lacks jurisdiction to review the PTAB's decisions to institute IPRs even in connection with the appeal of a final decision; and 2) the PTAB's use of the broadest reasonable interpretation (BRI) standard for claim construction in IPRs is proper. In addition, the court upheld the PTAB's decision that the challenged claims were obvious.

Key Takeaways:

1. The Federal Circuit will only review the IPR final decision on appeal; it will not review the decision to institute. The court, however, left open the possibility that, in extreme cases, a writ of mandamus *may* be available to challenge the decision to institute *after* the final decision is issued.
2. Claim construction will remain a hotly contested issue in IPRs since the PTAB will continue to use the BRI standard.

Case Facts: Garmin filed an IPR petition challenging three claims of Cuozzo's patent as obvious over different sets of prior art. Garmin's obviousness challenge to one claim included references not cited against the other two challenged claims. The PTAB did not institute review of those two claims on the specific references cited in the petition. Instead, the PTAB *sua sponte* instituted review on those claims based on the references cited against the other challenged claim. At the conclusion of the IPR, the PTAB issued a final decision finding all challenged claims obvious under the BRI standard. Cuozzo appealed; Garmin withdrew; and the PTO intervened.

Court's Opinion (Dyk joined by Clevenger): 35 U.S.C. § 314(d) is entitled "No Appeal" and states that "[t]he determination by the Director whether to institute an *inter partes* review under this section shall be final and nonappealable." In an earlier case, the court held that § 314(d) precludes interlocutory review of decisions to institute. *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375-76 (Fed. Cir. 2014). Now, the court, in this case, has held that § 314(d) prohibits review of the decision to institute even after a final decision.

The court reasoned that § 314(d) "must be read to bar review all institution decisions, even after the Board issues a final decision" because § 314(d) on its face is not limited to precluding interlocutory review and would be superfluous if so read because § 319 and § 141(c) already limit appeals to appeals from final decisions. The court also noted that the PTAB, by statute, is not limited to the grounds in the IPR petition when issuing a final decision with respect to

patentability of any challenged claim. Thus, the fact that the PTAB altered the grounds advanced in the opening petition when it instituted the IPR provides no ground for setting aside the final decision.

The court indicated that the PTAB’s authority may not be limitless, however. In situations where the PTAB “clearly and indisputably” exceeds its statutory authority, mandamus *may* be available to challenge the PTAB’s decisions to institute *after* the PTAB’s final decision.

With respect to the claim construction standard, the court concluded that Congress implicitly adopted the BRI standard in the America’s Invents Act (AIA). The court reasoned that Congress was well aware that the BRI standard was the prevailing standard applied by the PTO and yet did not expressly mandate the application of a different standard for IPRs. The court noted that the PTO has been using the BRI standard for more than 100 years. The court also observed that IPRs are similar to other PTO proceedings that use the same standard.

The court alternatively held that even if Congress did not implicitly adopt the BRI standard, the PTO was within its rulemaking authority to do so. The court found that the AIA conveys rulemaking authority to the PTO, and pursuant to this authority, the PTO promulgated 37 C.F.R. § 42.100(b), which sets forth the use of the BRI standard for unexpired patents in IPRs. The court then analyzed this rule under the *Chevron* framework and concluded that it passed muster.

With respect to the case at hand, the court held that the PTAB, using the BRI standard, properly construed the term “integrally attached” and properly found the challenged claims as obvious.

Dissent (Newman): The dissent argued that Congress intended IPRs to be surrogates for district court litigation and therefore IPRs should apply the same legal and evidentiary standards as district courts. This would include using the claim construction standard set forth in *Phillips*, instead of the BRI standard. The dissent further argued that the use of the BRI standard is a helpful tool in the examination (including reexamination) of patents because there is unfettered opportunity to amend the claims. In IPRs, however, there is a very limited opportunity to amend (only two motions to amend have been granted to date in IPRs) and as such they were distinguishable from other PTO proceedings.

The dissent also questioned the majority’s decision that decisions to institute are never appealable. The dissent argued that the purpose of § 314(d) is to bar interlocutory appeals and is not a “heavy-handed foreclosure of all review of anything related the petition.”

To read the IP Insight on the Kenyon website, [click here](#).

Authors



T. Cy Walker
Partner
cwalker@kenyon.com



Robert L. Hails, Jr.
Partner
rhails@kenyon.com



Adeel Haroon

Associate
aharoon@kenyon.com

Recent Kenyon IP Insights

- [Unanimous Supreme Court Says Trademark Tacking for Determining Priority is a Question for the Jury](#)
 - [Supreme Court Changes Appellate Standard of Review](#)
-

Kenyon Blogs



> [CAFC Blog](#)



> [IPR Blog](#)



> [NY Patent Law Blog](#)

Kenyon & Kenyon LLP is a leading intellectual property law firm whose sophisticated and business-oriented approach helps clients succeed with their intellectual property strategies. Our global clients, many of whom are worldwide industry leaders, rely on us for their high-stakes litigation, prosecution, licensing, and counseling needs. Founded in 1879, the firm has offices in New York; Palo Alto; and Washington, DC.

Copyright © 2014 Kenyon & Kenyon LLP. All Rights Reserved. This IP Insight has been prepared by Kenyon & Kenyon LLP to provide information on recent legal developments of interest to our readers. It is not intended to provide legal advice for a specific situation or to create an attorney-client relationship.
