

No. 18-916

In the Supreme Court of the United States

THRYV, INC., FKA DEX MEDIA, INC., PETITIONER

v.

CLICK-TO-CALL TECHNOLOGIES, LP, ET AL.

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

REPLY BRIEF FOR THE FEDERAL RESPONDENT

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Under Section 314(d) of Title 35, “[t]he determination by the Director whether to institute an inter partes review under this section” is “final and nonappealable.” 35 U.S.C. 314(d). Section 314(d) reflects Congress’s decision in the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284, to forgo judicial resolution of certain preliminary questions in order to create a quick and efficient process for ensuring that patent rights do not extend beyond their legitimate scope. Respondent Click-to-Call Technologies, LP (respondent) argues that the institution decision by the United States Patent and Trademark Office (USPTO) in this case was unlawful because a closely related provision, Section 315(b), precluded institution. The plain text of Section 314(d) unambiguously bars judicial review of that claim. The structure of the AIA, the history of similar post-grant review procedures, this Court’s recent precedent, and the AIA’s purposes all reinforce that conclusion.

(1)

A. The Text, Structure, And History Of The AIA Demonstrate That The USPTO's Section 315(b) Determinations Are Not Reviewable

1. a. Respondent contends that Section 314(d) does not preclude review of the USPTO's institution decision here because Section 314(d) refers to the USPTO's determination "*under this section*," and Section 315(b) is "*outside that section*"—*i.e.*, outside Section 314. Resp. Br. 14 (citation omitted); see, *e.g.*, *id.* at 14-18, 20, 21 n.6, 31, 43, 45. But the phrase "under this section" merely reflects "the fact that inter partes review is instituted under § 314." *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1380 (Fed. Cir. 2018) (Hughes, J., dissenting).

Throughout the AIA, Congress used "under this section" or similar language to indicate the source of authority for particular actions or decisions made during the inter partes review process. For example, the Act consistently refers to the filing of an inter partes review petition "under section 311," the section that authorizes such a filing. 35 U.S.C. 313, 314(a)-(b), 315(c). It refers to the filing of a response to such a petition "under section 313," the section that authorizes such a response. 35 U.S.C. 314(a)-(b)(1), 315(c). It refers to the settlement of an inter partes review "under section 317" or, in Section 317 itself, "under this section." 35 U.S.C. 316(d)(2), 317(a)-(b). And it refers to the issuance of a final decision "under section 318(a)" or, in Section 318 itself, "under subsection (a)." 35 U.S.C. 315(e)(1)-(2), 317(a), 318(b) and (d). Congress's use of "under this section" in Section 314(d) is one more example of this general approach.

Respondent's contrary reading is inconsistent with Congress's use of similar language in Section 315(c).

That provision authorizes the Board to “join as a party to [an existing] inter partes review” another person who subsequently petitions for inter partes review, if (and only if) after reviewing the subsequent petition and any response, the Director “determines” that the petition “warrants the institution of an inter partes review under section 314.” 35 U.S.C. 315(c). If the “determination” whether to institute inter partes review “under section 314” only included the threshold likelihood-of-success determination described in Section 314(a), then Section 315(c) would authorize joinder any time a petition made such a showing, regardless of whether the other statutory prerequisites to institution (including those listed in Section 315) had been met.

Section 315(b) itself refutes that interpretation. The last sentence of Section 315(b) states that “[t]he time limitation set forth in the preceding sentence”—the time limit at issue here—“shall not apply to a request for joinder under subsection (c).” 35 U.S.C. 315(b). If none of Section 315’s limitations on the Director’s authority to institute inter partes review applied to a decision to join a party to an existing inter partes review under Section 315(c), “there would be no need for the sentence in § 315(b) stating that the time bar does not apply.” *Colas Solutions Inc. v. Blacklidge Emulsions, Inc.*, IPR2018-242, 9 (PTAB Feb. 27, 2018).

Respondent contrasts (Br. 14-15) Congress’s use of “under this section” in Section 314(d) with its use of “under this chapter” in Section 314(b). Section 314(b) directs that, within three months after the filing of the response to the petition or the last date on which such a response may be filed, the Director must “determine whether to institute an inter partes review under this chapter.” 35 U.S.C. 314(b). But the phrase “under this

chapter” in Section 314(b) is most naturally read as a reference to the AIA provisions that authorize the inter partes review itself, not the institution decision, which always occurs under Section 314. Congress has used the same phrase throughout the AIA in provisions that focus on the broader conduct of the inter partes review process. See, *e.g.*, 35 U.S.C. 316(a)(4) (authorizing the USPTO to prescribe regulations “establishing and governing inter parties review under this chapter”); 35 U.S.C. 316(e) (establishing the evidentiary standard to be applied “[i]n an inter partes review instituted under this chapter”). Its use in Section 314(b) suggests a similar focus there.

b. Respondent contends that Congress “clear[ly] * * * had in mind” the “[t]hreshold’ *merits* determination under Section 314(a)” “when it wrote Section 314(d)” because that is the only “substantive determination” referenced in Section 314. Resp. Br. 15-16 (second set of brackets in original). But Section 314(d) itself identifies the determination that Congress had in mind: “[t]he determination * * * whether to institute an inter partes review.” 35 U.S.C. 314(d). And Section 314(a) is not (as respondent contends) the “single place where ‘the Director’ is required to ‘*determine[]*’ anything.” Resp. Br. 16 (quoting 35 U.S.C. 314(a)) (brackets in original). Section 314(b) requires the Director to “determine whether to institute an inter partes review” within three months after the response is filed (or the time for filing a response expires). 35 U.S.C. 314(b). Under that provision, the three-month deadline clearly applies not only to the threshold likelihood-of-success determination referenced in Section 314(a), but to the ultimate “determination * * * whether to institute an inter partes review,” 35 U.S.C. 314(d), in light of all of

the statutory and discretionary factors that bear on that decision, including the preclusion rules stated in Section 315(b). Cf. Resp. Br. 16 n.2.

c. Respondent contends (Br. 18-19) that Section 314(d)'s use of the words "determination" and "whether" somehow precludes its application to the agency's Section 315(b) determinations. That argument is also misconceived. Respondent suggests (Br. 18) that the use of such terms "implies * * * discretion to make a decision," and states that "there is no room for any *decision* under Section 315(b)." Congress has used the same terms, however, to refer to nondiscretionary decisions. See, *e.g.*, 26 U.S.C. 220(j)(1)-(2) (describing the Secretary of the Treasury's "[d]etermination of whether" certain "numerical limits are exceeded" for a type of tax-exempt trust for health-care expenses in a given year); 42 U.S.C. 1395l(t)(21)(B)(i) and (E)(ii) (Supp. V 2017) (barring judicial review of "[t]he determination of whether a department of a [healthcare] provider" qualifies as an "off-campus outpatient department" because it is "not located * * * on the campus" of such provider or within a certain distance from a "remote location of a hospital facility"); 18 U.S.C. 3600(e)(1)(B)(i) (Supp. V 2017) (requiring law enforcement agencies in certain circumstances "to determine whether [a] DNA profile matches a profile of a known individual or a profile from an unsolved crime").

In any event, the USPTO's application of Section 315(b) will often include an exercise of "agency judgment or discretion." Resp. Br. 19. The Section 315(b) challenge in this case turned on the meaning of "served with a complaint." Pet. App. 47a (quoting 35 U.S.C. 315(b)). But Section 315(b) challenges often focus on whether a particular entity that has previously been

sued is a “real party in interest” or “privy of the petitioner.” 35 U.S.C. 315(b) (precluding institution where the “petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement”). Determining whether a particular entity is properly considered a “real party in interest” or a “privy” of the petitioner often will require the USPTO to exercise a significant degree of judgment. See, e.g., *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018) (“Determining whether a non-party is a ‘real party in interest’ demands a flexible approach that takes into account both equitable and practical considerations, with an eye toward determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner.”), cert. denied, 139 S. Ct. 1366 (2019).

To be sure, if the USPTO concludes that a petition is untimely under Section 315(b), the agency “may not” institute review, 35 U.S.C. 315(b), and therefore has no further discretionary decision to make. But the threshold likelihood-of-success determination required by Section 314(a), which respondent concedes is rendered unreviewable by Section 314(d), operates in the same manner. While the USPTO must exercise discretion in determining whether a petition “shows that there is a reasonable likelihood that the petitioner would prevail” in an inter partes review, the agency “may not authorize an inter partes review to be instituted” if it determines that the petitioner has failed to make that showing. 35 U.S.C. 314(a).

2. a. The government’s reading of Section 314(d) is confirmed by a comparison with Section 303(c)’s narrower bar on judicial review with respect to the USPTO’s determination to institute an ex parte reexamination.

Contrary to respondent's assertion, the two provisions do not say "effectively the same thing in only slightly different ways." Resp. Br. 10; see *id.* at 44-45. Section 303(c) precludes review of the USPTO's "determination * * * that no substantial new question of patentability has been raised." 35 U.S.C. 303(c). Section 303(c) thus establishes for *ex parte* reexamination a preclusion-of-review rule that, like the rule respondent advocates for *inter partes* review, is limited to the agency's threshold likelihood-of-success determination.

Section 314(d), by contrast, bars review of the agency's "determination * * * whether to institute an *inter partes* review." 35 U.S.C. 314(d). That determination turns in part on whether the agency finds a "reasonable likelihood that the petitioner would prevail with respect to at least 1 of the [challenged] claims." 35 U.S.C. 314(a). But as this case demonstrates, it can depend on other factors as well, just as a district court's decision whether to enter a preliminary injunction depends on factors beyond whether the plaintiff has established a likelihood of success on the merits.

Section 314(d) thus bars review of "a *specific action* by the Director," while Section 303(c) "bar[s] review of the Director's determination of a *specific issue*." *Wi-Fi One*, 878 F.3d at 1381 (Hughes, J., dissenting) (emphasis added). And where Congress "includes particular language in one section of a statute but omits it in another section of the same Act," the Court "generally presume[s] that Congress acts intentionally and purposely in the disparate inclusion or exclusion." *Russello v. United States*, 464 U.S. 16, 23 (1983) (citation omitted). This Court should give operative effect to the textual difference between the two provisions.

Respondent observes (Br. 45) that, because Section 303(c) speaks only to decisions “*declining* institution” of ex parte reexamination, Congress could not have used precisely the same language while still precluding review of “decisions *granting* institution” of inter partes review. But if Congress had intended to adopt the rule that respondent advocates, it could easily have precluded review of the USPTO’s “determination whether the petition and any response established a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” Alternatively, Congress could have barred review of “the Director’s reasonable-likelihood determination under subsection (a).” Those formulations would have encompassed decisions granting institution, while precluding review only of the agency’s likelihood-of-success determination. Congress declined to take that approach, and the Court should give effect to all of the language that Congress enacted.

Respondent’s attempt to explain the differences between former Section 312(c), concerning inter partes reexaminations, and current Section 314(d) is similarly unpersuasive. Former Section 312(c) provided:

FINAL DECISION.—A determination by the Director *under subsection (a)* shall be final and nonappealable.

35 U.S.C. 312(c) (2000) (emphasis added). Section 314(d) provides:

NO APPEAL.—The determination by the Director *whether to institute an inter partes review under this section* shall be final and nonappealable.

35 U.S.C. 314(d) (emphasis added). In describing the relationship between the two provisions, respondent

states (Br. 46) that Congress “simply replaced ‘under subsection (a)’ for Section 314(d)’s ‘under this section,’” and suggests that such a change is too “subtle” to signal an intent to adopt a substantively different rule.

The change from “under subsection (a)” to “under this section” cannot be so easily dismissed. Respondent’s core submission in this case is that Section 314(d)’s bar on judicial review is limited to the Director’s threshold likelihood-of-success determination described in Section 314(a). If that were Congress’s intent, it would have made much more sense to retain the phrase “under subsection (a)” from former Section 312(c), rather than change it to “under this section” in Section 314(d). And respondent simply ignores that Congress *also* added to Section 314(d) the phrase “whether to institute an inter partes review.” The addition of that phrase makes crystal clear that, while former Section 312(c) may have barred review only of the threshold merits determination made “under subsection (a),” Section 314(d) is not so limited.

b. Respondent also emphasizes the number of requirements that the Board must apply in deciding whether to institute an inter partes review, and argues (Br. 21) that “[a]n expansive reading of Section 314(d)” would be “inconsistent with the AIA’s comprehensive, reticulated scheme.” But the expanded set of prerequisites to inter partes review supports the government’s reading of Section 314(d). If the USPTO concludes that a particular petitioner has shown a reasonable likelihood of proving the unpatentability of a challenged claim, but that the petitioner was sued for infringing the patent more than a year before the petition was filed, Section 315(b) directs the agency *not* to institute an inter partes review. The existence of additional statutory

limits on the USPTO's institution authority simply highlights the difference between (i) the agency's determination that one statutory prerequisite (likelihood of proving unpatentability) has been satisfied and (ii) the agency's ultimate determination "whether to institute" the requested review. And as our opening brief explains (Br. 24-25), the same Act of Congress that created the "comprehensive, reticulated" (Resp. Br. 21) set of prerequisites for inter partes review also broadened the language in the corresponding bar on judicial review from the formulations used in Section 303(c) for ex parte reexaminations and former Section 312(c) for inter partes reexaminations. Those simultaneous revisions powerfully refute any suggestion that the more expansive language in Section 314(d) should be treated as surplusage.

While respondent asks (Br. 22) "why Congress would bother adding all these mandatory restrictions if it did not intend for any court to enforce them," respondent properly recognizes elsewhere (Br. 41) that "no legislation pursues its purposes at all costs," *Rodriguez v. United States*, 480 U.S. 522, 525-526 (1987) (per curiam). In arguing that statutory limits on the USPTO's institution authority will serve no useful purpose if they are not judicially enforceable, respondent adopts an inappropriately jaundiced view of the agency's commitment to following the law as best it can. Cf. *United States Dep't of State v. Ray*, 502 U.S. 164, 178-179 (1991) ("We generally accord Government records and official conduct a presumption of legitimacy."). In the AIA, Congress sought to create a "quick and cost effective" process to "improve patent quality," H.R. Rep. No. 98, 112th Cong., 1st Sess. Pt. 1, at 40, 48 (2011) (House Re-

port), while avoiding the burdens that duplicative proceedings would have imposed on patent owners, the agency, and the courts. To strike that balance, Congress established legally binding limits on the USPTO's authority to institute an inter partes review, while focusing judicial review on the agency's ultimate patentability decision, 35 U.S.C. 314(d), 318(a), 319.

At the margins, broader judicial review of institution decisions might produce greater accuracy in the Board's application of the Act's restrictions on instituting an inter partes review. But that greater accuracy would come at the cost of potentially extending the time for completion of an inter partes review from one year to several, as the Board is forced to revisit preliminary questions; or, as in this case, at the cost of unwinding the agency's patentability determination on unrelated, case-specific grounds. Although respondent views that tradeoff as desirable, “[d]eciding what competing values will or will not be sacrificed to the achievement of a particular objective is the very essence of legislative choice,” *Rodriguez*, 480 U.S. at 526, and Congress struck a different balance.

c. Respondent argues (Br. 24-26) that applying Section 314(d) as written would be “incompatible” with Section 319, which authorizes a “party dissatisfied with the final written decision of the [Board] under section 318(a)” to “appeal the decision” to the Federal Circuit. 35 U.S.C. 319. Specifically, respondent argues (Br. 24) that a party can be “dissatisfied” with an agency decision if it believes that “the agency exceeded its authority in issuing *any* decision in the first place.” And respondent finds “no indication that Congress sought to displace” the typical rules that “non-final decisions

merge into a final order” and that “all interlocutory orders are subject to review upon ‘final agency action.’” Br. 25 (citations omitted).

That argument is contrary both to the plain text of Section 314(d) and to this Court’s decision in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016). Section 314(d) states that the agency’s determination “whether to institute an inter partes review under this section shall be final and nonappealable,” 35 U.S.C. 314(d), even though the agency’s institution decision is a necessary predicate to the eventual issuance of a “final written decision” on patentability under Section 318(a). Respondent’s argument also logically suggests that, in reviewing the USPTO’s final written decision, the Federal Circuit can entertain arguments that the USPTO should not have instituted a review because the petitioner failed to demonstrate the requisite likelihood of success under Section 314(a), or did not meet the particularity requirement under Section 312(a)(3). See 35 U.S.C. 312(a) (defining requirements that must be met before an inter partes review petition “may be considered”). The Court in *Cuozzo* squarely held, however, that such challenges cannot be raised on review of the USPTO’s final written decision. See 136 S. Ct. at 2139.

Respondent further argues (Br. 42-43) that, at least when the USPTO’s final written decision actually discusses a patent owner’s Section 315(b) arguments, the Federal Circuit can review that aspect of the agency’s final written decision in an appeal under Section 319. But the right to appeal a final decision does not inevitably include a right to challenge every aspect of that decision, much less every aspect of the process leading up to it. See 5 U.S.C. 701(a)(1) (precluding review of final

agency action “to the extent that * * * statutes preclude judicial review”). Even in cases where the USPTO chooses to discuss Section 315(b) in its final written decision, that provision speaks only to the propriety of the institution decision, not to the patentability of the challenged claims. And Section 314(d) makes clear that, regardless of where the USPTO articulates its reasoning, the institution determination is “final and nonappealable.” 35 U.S.C. 314(d).

d. Respondent suggests (Br. 22-23) that Section 314(d) should not foreclose its Section 315(b) challenge to the USPTO’s institution decision because the USPTO “has no expertise in deciding the meaning of general provisions of federal law.” But Section 315(b) is not a “general provision[] of federal law.” It is a provision of the Patent Act, the USPTO’s organic statute, which that agency implements and enforces. See, *e.g.*, 35 U.S.C. 316(a). Section 315(b) speaks solely to the question whether an inter partes review may lawfully be instituted, a determination that is entrusted to the USPTO. And, contrary to respondent’s suggestion (Br. 23 n.11), the agency’s rulemaking authority includes the power to promulgate regulations governing “the relationship of [inter partes] review to other proceedings under this title,” 35 U.S.C. 316(a)(4), which include the district-court patent litigation that creates the time bar, *e.g.*, 35 U.S.C. 281, 290.

3. Respondent repeatedly emphasizes the presumption of judicial review and the need for clarity in any limits on that review. Resp. Br. 11-14, 28-31; see also *id.* at 15, 19, 23-24, 27-28, 31, 31-33, 35, 43. As to the latter, respondent significantly overstates the ambiguity in the government’s interpretation of Section 314(d). In the mine run of cases, it will be abundantly clear

whether judicial review is barred under our rule. If a patent owner raises “an ordinary dispute” about the application of the AIA’s various limitations on the Board’s authority to institute an inter partes review, Section 314(d) bars its challenge. *Cuozzo*, 136 S. Ct. at 2139. While the *Cuozzo* Court left open the possibility of a narrow exception for appeals that “implicate constitutional questions, that depend on other less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond” Section 314, that possibility did not preclude the Court from giving Section 314(d) its natural reading in that case. *Id.* at 2141. It should not prevent the Court from doing so here.

Respondent emphasizes this Court’s statement that the presumption of judicial review may be dislodged only by “clear and convincing evidence.” Resp. Br. 11 (citation omitted). Respondent asserts (*id.* at 31) that Congress therefore must “speak in ‘clear and convincing’ terms to overcome” the presumption. But the presumption is not a clear-statement rule, and the Court has never required “clear and convincing” proof of “congressional intent * * * in the traditional evidentiary sense.” *Block v. Community Nutrition Inst.*, 467 U.S. 340, 350 (1984). “Rather, the Court has found the standard met, and the presumption favoring judicial review overcome, whenever the congressional intent to preclude judicial review is ‘fairly discernible in the statutory scheme.’” *Id.* at 350 (citation omitted); see *Smith v. Berryhill*, 139 S. Ct. 1765, 1776-1777 (2019) (explaining that the presumption “fails when a statute’s language or structure demonstrates that Congress wanted an agency to police its own conduct”) (citation omitted); *Cuozzo*, 136 S. Ct. at 2140-2141.

In any event, there is no ambiguity in Section 314(d)'s directive that the USPTO's decision "whether to institute an inter partes review under [Section 314] shall be final and nonappealable." 35 U.S.C. 314(d). Section 314(d)'s structure and history simply underscore that the provision means what it says. And this Court has already held that the standard for overcoming the presumption "is met" at least with respect to challenges that are grounded in statutory provisions "closely related" to the institution decision. *Cuozzo*, 136 S. Ct. at 2140-2142. Respondent's repeated invocations of the presumption of judicial review therefore fail.

B. This Court's Precedent Strongly Supports The Government's Reading Of Section 314(d)

1. The Court's most extensive discussion of Section 314(d), in *Cuozzo, supra*, strongly supports the conclusion the Section 315(b) determinations are not reviewable. In *Cuozzo*, this Court held that, on appeal from the Board's final written decision, Section 314(d) barred judicial review of the patent owner's claim that the Board had erred in determining that the inter partes review petition met Section 312(a)(3)'s particularity requirement. 136 S. Ct. at 2139. Specifically, the Court stated:

[W]here a patent holder merely challenges the Patent Office's "determin[ation] that the information presented in the petition . . . shows that there is a reasonable likelihood" of success "with respect to at least 1 of the claims challenged," § 314(a), or where a patent holder grounds its claim in a statute closely related to that decision to institute inter partes review, § 314(d) bars judicial review.

Id. at 2142 (second set of brackets in original).

In this case, respondent “grounds its claim” against the USPTO’s institution decision in Section 315(b). *Cuozzo*, 136 S. Ct. at 2142. Respondent does not dispute that Section 315(b) is “closely related to that decision to institute inter partes review,” *ibid.*, and it could not plausibly do so, since the provision’s sole function is to define circumstances when “[a]n inter partes review may not be instituted,” 35 U.S.C. 315(b). If *Cuozzo* remains good law, respondent’s challenge therefore must fail. See Gov’t Br. 26-29.

Respondent suggests (Br. 29-30) that any attempt to distinguish between provisions that are and are not “closely related” to the institution decision will be “unprincipled and unworkable.” But the Court in *Cuozzo* offered the “closely related” standard as a possible *limitation* on Section 314(d)’s scope, *i.e.*, as a basis for allowing some challenges to go forward if they are premised on laws sufficiently removed from the agency’s institution decision, even if the challenger attacks a USPTO decision “whether to institute an inter partes review.” 35 U.S.C. 314(d). If the “closely related” standard ultimately proves to be unworkable, the correct response would be to give Section 314(d) its full literal coverage, not to decline to enforce the statutory bar.

2. The Court’s decision in *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018), is not to the contrary. As it did at the certiorari stage, respondent contends (Br. 31-35) that, despite *Cuozzo*’s holding, the Court in *SAS Institute* “effectively” resolved the question presented here. Contrary to respondent’s suggestion, the Court did not silently overrule *Cuozzo* just two Terms later, without a single Justice taking notice or dissenting from the Court’s reviewability determination.

The Court in *SAS Institute* held that, if the USPTO chooses to institute an inter partes review, Section 318(a) requires the Board’s “final written decision” to address every patent claim challenged in the petition. 138 S. Ct. at 1354; see Gov’t Br. 32. Based on that interpretation of Section 318(a), the Court concluded that Section 314(d) did not preclude the Federal Circuit from reviewing the Board’s final written decision for compliance with Section 318(a)’s requirements. See *SAS Inst.*, 138 S. Ct. at 1359 (“[N]othing in § 314(d) or *Cuozzo* withdraws our power to ensure that an inter partes review proceeds in accordance with the law’s demands.”). The Court also observed that Section 314 speaks only to the Director’s decision “‘whether’ to institute the requested review—not ‘whether *and to what extent*’ review should proceed.” *Id.* at 1356 (quoting 35 U.S.C. 314(b)). Here, by contrast, respondent does not challenge the scope of the inter partes review proceeding, but contends that the agency should not have instituted inter partes review at all.

In contesting the government’s reading of *SAS Institute*, respondent observes (Br. 33) that the Court’s interpretations of Sections 318(a) and 314(b) appear in “an entirely different section of the opinion” than the Court’s discussion of Section 314(d). Respondent is correct that the *SAS Institute* Court addressed the merits (see 138 S. Ct. at 1354-1359) and reviewability (see *id.* at 1359-1360) issues in different sections of its opinion. But the Court’s description of its merits holding—and, in particular, its conclusion that “the plain text of § 318(a)” required the Board’s final written decision to address every patent claim challenged in the petition, *id.* at 1354—sheds substantial light on its determination that Section 314(d) did not bar judicial review of that

challenge. Respondent's challenge to the Board's institution decision is not based on any similar deviation from Section 318(a)'s requirements. Respondent rightly observes (Br. 33) that the Court in *SAS Institute* declined to hold that Section 314(d) barred judicial review of *every* "legal question bearing on the institution of inter partes review." *SAS Inst.*, 138 S. Ct. at 1359. But it does not follow (and *SAS Institute* did not hold) that Section 314(d) allows judicial review of the particular "legal question bearing on the institution of inter partes review" that is at issue here. *Ibid.*

**C. Precluding Review Of Section 315(b) Determinations
Furtheres The AIA's Purposes**

Focusing judicial review on the Board's ultimate patentability determination, rather than on preliminary decisions unrelated to patentability, furthers the AIA's purposes. That approach avoids squandering the time and resources spent in adjudicating (and re-adjudicating) the merits of a challenge to patent validity; focuses judicial review on the question that matters most to the patent system as a whole; and avoids the uncertainty that would result if a USPTO decision finding an issued patent invalid were vacated based on a procedural error unrelated to the agency's patentability analysis. Gov't Br. 33-35.

Respondent suggests that "enforcing Congress's limits on the Board's power" can never undermine Congress's objectives. Resp. Br. 37 (emphasis omitted). But the Court in *Cuozzo* reached the opposite conclusion, recognizing that judicial review of ordinary USPTO institution decisions "would undercut [the] important congressional objective" to give "the Patent Office significant power to revisit and revise earlier patent grants." 136 S. Ct. at 2139-2140. The Court found it

doubtful “that Congress would have granted the Patent Office this authority, including, for example, the ability to continue proceedings even after the original petitioner settles and drops out, § 317(a), if it had thought that the agency’s final decision could be unwound” under Section 312(a)(3). *Id.* at 2140.

It is similarly doubtful that Congress intended for such a decision to be undone under Section 315(b). As respondent acknowledges (Br. 37), Section 315(b) is designed to mitigate the burdens of potentially duplicative procedures, not to impose some absolute limit on the Director’s authority to revisit any particular patent grant. Thus, if the agency had concluded that Section 315(b) barred institution of an inter partes review at petitioner’s behest, the Director could have instituted ex parte reexamination of respondent’s patent on “his own initiative.” 35 U.S.C. 303(a). It would make little sense to treat the agency’s misapplication of Section 315(b) as a ground for undoing a final Board decision and thereby requiring *additional* duplicative proceedings.

Respondent argues (Br. 40) that relitigating patent-validity disputes that the Board has previously resolved would not waste substantial resources, because subsequent litigation will likely involve the “same attorneys” litigating the “same patentability issues,” and the parties may be able to repurpose their experts, expert reports, and potentially even their previous depositions. That argument vividly illustrates why reviewing Section 315(b) determinations after the completion of inter partes review would undermine Congress’s objective to “limit unnecessary and counterproductive litigation costs.” House Report 40. Unnecessary, duplicative litigation is precisely what respondent envisions.

In any event, respondent offers no sound reason to suppose that the parties to an inter partes review proceeding will simply re-introduce the same evidence to a district court if the Board’s final written decision is vacated based on grounds unrelated to the merits. An entire inter partes review proceeding must be completed within a year after institution (or 18 months for good cause). 35 U.S.C. 316(a)(11). To accommodate that schedule, the standard for discovery in that expedited proceeding is “significantly different from the scope of discovery generally available under the Federal Rules of Civil Procedure.” *Garmin Int’l, Inc. v. Cuozzo Speed Techs., LLC*, IPR2012-1, 5 (PTAB Mar. 5, 2013); see 35 U.S.C. 316(a)(5) (providing for “limited” discovery); 37 C.F.R. 42.51-42.53; Edward D. Manzo, *The America Invents Act: A Guide to Patent Litigation and Patent Procedure* § 15:48 (Dec. ed. 2018). It is unrealistic to expect that the patent owner, whose patent was found invalid by the Board’s vacated decision, will not take every advantage of the expanded discovery available in a subsequent district-court proceeding, or that the patent challenger will not respond in kind. And even if the parties to a particular suit chose to rely on the pre-existing record, the duplicative proceedings would waste the resources of the district court and the Board.

As the government’s opening brief explains (at 34-35), respondent’s approach would subject potential infringers and the public to prolonged uncertainty by allowing contested patents to remain in force, even after the USPTO has found them to be invalid, based on agency procedural errors that are unrelated to patentability. In seeking to dismiss those concerns, respondent suggests (Br. 38) that in about a quarter of such cases, the USPTO’s decisions would be reversed on the

merits even if Section 314(d) were held to bar review of the institution decisions. But that is the point. In those cases, vacatur based on institution-stage error will deny the parties and the public the greater clarity that a merits reversal would have produced. And in the remaining cases, the effect of vacatur based on error in the institution decisions will be to retain in effect patent claims that would otherwise have been cancelled once judicial review was complete.

Respondent also argues (Br. 35-36) that its approach will produce greater clarity as to the rules that govern the USPTO's institution decisions, by allowing the Federal Circuit to issue binding interpretations of provisions like Section 315(b). As our opening brief explains (Br. 5-6, 37), the USPTO has recently created a procedure for a special panel of the Board—generally consisting of the Director, the Commissioner for Patents, and the Chief Administrative Patent Judge, or their delegates—to review and rehear institution decisions that present significant procedural questions. Decisions of this Precedential Opinion Panel are binding on the agency in all future inter partes review proceedings, and can provide the clarity that respondent seeks without an additional layer of judicial review that Congress precluded. The USPTO's continual refinement and improvement of its internal procedures reflects the agency's commitment to “police its own conduct” in this sphere. *Mach Mining, LLC v. EEOC*, 135 S. Ct. 1645, 1651 (2015).

Regardless, Section 314(d) reflects Congress's unambiguous balancing of the competing interests that are implicated here. Congress evidently chose to forgo whatever law-clarifying effects judicial review of the USPTO's institution-stage decisions might produce, in

order to make inter partes review a more expeditious and effective process for clarifying substantive patent rights. This Court should respect and enforce Congress's judgment.

* * * * *

For the foregoing reasons and those stated in our opening brief, the judgment of the court of appeals should be reversed.

Respectfully submitted.

NOEL J. FRANCISCO
Solicitor General

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