



THINK FORWARD

Federal Circuit Rules The USPTO's Decision to Institute Inter Partes Review is Non-Appealable

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In the first ruling of an appeal of a final decision in an inter partes review (IPR), the Court of Appeals for the Federal Circuit held in *In re Cuozzo Speed Technologies, LLC*, No. 14-1301 (Fed. Cir., Feb. 4, 2015) that it does not have jurisdiction to review the decision of the U.S. Patent and Trademark Office (PTO) to institute an IPR. In a majority opinion for the Federal Circuit authored by Judge Dyk, the court stated that all review of the decision by the PTO's Patent Trial and Appeal Board (Board) whether to institute an IPR is precluded, even after a final decision has been issued by the Board. Additionally, the court affirmed that, in an IPR proceeding, patent claims should be construed under the broadest reasonable interpretation standard. Under this standard, the court affirmed the Board's decision that the patent claims were invalid over the prior art. This decision puts to rest two major challenges to IPRs that patent owners have been advancing, and confirms the advantages of the USPTO as a forum to challenge the validity of U.S. patents.

With respect to its holding that the institution decision is non-appealable, the Federal Circuit cited 35 U.S.C. § 314(d), which states "[t]he determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable." As further support, it cited § 319 and § 141(c), which permit appeals from final decisions only. Lastly, the court discussed its decision *In re Hiniker Co.*, 150 F.3d 1362 (Fed. Cir., 1998), where it held that even without a provision similar to § 314(d), a mistake in the institution of a reexamination proceeding could not serve as grounds to set aside the final decision. The court found that § 314(d) was written to preclude appellate review of the institution decision. However, the court declined to rule on the issue of whether a petition for mandamus could be used to challenge an institution decision under different facts.

Turning to the facts in *In re Cuozzo*, Garmin petitioned for an IPR of claims 10, 14, and 17 of Cuozzo's patent, and the Board instituted an IPR for all three claims. Cuozzo argued that institution was improper for claims 10 and 14 because the Board relied on prior art that Garmin did not identify in its petition with respect to those two claims. Garmin did, however, cite the relevant prior art as grounds for instituting an IPR for claim 17. Cuozzo further argued that § 314(d) only postponed review of the institution decision until after the Board's final decision. The Federal Circuit disagreed, holding that review of the institution decision was completely precluded.

Next, the Federal Circuit confirmed that the broadest reasonable interpretation standard should be applied to claim construction in an IPR proceeding. The court discussed the PTO's century-long practice of using this standard and concluded that in enacting the America Invents Act (AIA), Congress impliedly adopted such a standard. Moreover, the AIA granted rulemaking power to the PTO, which it exercised by passing 37 C.F.R. §42.100(b). This regulation states that "[a] claim in an unexpired patent shall be given its broadest reasonable construction..." Additionally, the court stated that the Board's claim construction would be reviewed under the standards discussed in *Teva Pharmaceuticals U.S.A., Inc. v. Sandoz, Inc.*, 135 S. Ct. 831 (2015), settling the question of whether the Teva decision applies to

PTAB proceedings.

In her dissenting opinion, Judge Newman argued that the broadest reasonable interpretation standard should not be applied because inter partes review was intended to act as a substitute for district court litigation of patent validity. She argued that applying a different claim construction standard than in district court defeats the legislative purpose of IPR proceedings. The dissent further stated that the broadest reasonable interpretation standard is appropriate only in examination and reexamination proceedings, where a party may more freely amend its claims.

In re Cuozzo limits the options for directly challenging an IPR institution decision. The decision also confirms the application of the broadest reasonable interpretation standard for claim construction, which may be disadvantageous for a patentee seeking to distinguish a claimed invention from prior art. Barring any change to this decision if there is an *en banc* review or *certiorari* to the Supreme Court granted, the PTO will likely continue to be a favorable forum for patent challengers.

If you have any questions or wish to discuss how this decision may impact your company, please contact a member of the [Post-Grant Patent Practice group](#).

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