FEDERAL CIRCUIT CONFIRMS *CUOZZO* DOES NOT DISTURB § 314(D) BAR ON APPELLATE REVIEW OF PTAB RECONSIDERATION OF IPR INSTITUTIONS

Date: 24 October 2016

Intellectual Property Litigation Alert

By: Jason A. Engel

The Federal Circuit's recent decision in *Medtronic, Inc. v. Robert Bosch Healthcare Systems, Inc.*, addressed the effect of the Supreme Court's decision in *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016), on the issue of whether termination of instituted inter partes review ("IPR") proceedings based on a failure to meet the statutory filing requirements for a petition (namely, to identify all real parties-in-interest) would be barred from review by 35 U.S.C. § 314(d). The Court found that *Cuozzo* did not disturb Federal Circuit precedent as to the § 314(d) bar on review for reconsiderations of institution decisions.

BACKGROUND

Bosch sued Medtronic subsidiary Cardiocom, LLC for infringing two Bosch patents. Cardiocom filed IPR Petitions on those patents, which were denied for failure to show a reasonable likelihood that the challenged claims were unpatentable. Then, weeks before Cardiocom's § 315(b) one-year time-bar expired, Medtronic filed three IPR Petitions on the same two patents, naming itself the sole real party-in-interest. Bosch's Preliminary Response challenged institution on the basis that Cardiocom should have been named as a real party-in-interest under § 312(a), but the Patent Trial and Appeal Board (the "Board") instituted review. Bosch then moved for and was granted additional discovery into Cardiocom's status as a real party-in-interest, which revealed evidence that persuaded the Board that Medtronic was acting as a proxy for Cardiocom. Accordingly, the Board vacated the institution decisions and terminated the proceedings.

On appeal, the original panel followed Federal Circuit precedent which held that a determination to discontinue the IPR proceedings was not reviewable on appeal under § 314(d). Medtronic petitioned for rehearing and the Federal Circuit requested supplemental briefing in view of the Supreme Court's holding in *Cuozzo*.

PANEL DECISION

Under 35 U.S.C. § 314(d), a decision whether to institute an IPR is "final and nonappealable." In *Cuozzo*, the Supreme Court held that § 314(d) operates to bar review in cases where the challenge "consist[s] of questions that are closely tied" or "closely related" to "the application and interpretation of statutes related to the Patent Office's decision to initiate inter partes review." *Cuozzo*, 136 S. Ct. at 2141–42. Quoting this language from *Cuozzo*, the rehearing panel reasoned that "[i]t is very difficult to conceive of a case more 'closely related' to a decision to institute proceedings than a reconsideration of that very decision." *Medtronic, Inc. v. Robert Bosch Healthcare Systems, Inc.*, No. 15-1977, slip op. at 5 (Fed. Cir. 2016). The rehearing panel explained that

©2005-2026 K&L Gates LLP. All Rights Reserved.

questions regarding the application and interpretation of "statutes 'closely related' to the decision whether to institute are necessarily, and at least, those that define the metes and bounds of the inter partes review process" and § 312(a) is a provision that "define[s] the metes and bounds of the inter partes review process." *Id.* at 4–5 (citing *Husky Injection Molding Sys. Ltd. v. Athena Automation Ltd.*, No. 15-1726, 2016 WL 5335500, at *6 (Fed. Cir. Sept. 23, 2016)). Accordingly, the panel reaffirmed the original panel holding that the Board's reconsideration of its decision whether to institute IPR proceedings is barred from review by § 314(d). *Id.* at 4–6.

The Federal Circuit rejected Medtronic's argument that the "under this section" language of § 314(d) limits the bar on reviewability to questions arising only under § 314. For support, the Federal Circuit cited two post-*Cuozzo* Federal Circuit cases (*Husky* and *Wi-Fi One, LLC v. Broadcom Corp.*, No. 15-1944, 2016 WL 4933298, at *4 (Fed. Cir. Sept. 16, 2016)), which held that § 314(d) barred review of questions "closely related" to the institution decision, such as assignor estoppel or the time-bar of § 315(b). *Medtronic*, slip op. at 5. According to the Federal Circuit, "[n]othing in *Cuozzo* casts doubt on that interpretation of the statute, especially in light of the fact that the Supreme Court held that the particularity requirement, which is contained in section 312, is nonappealable." *Id.* at 6 (quoting *Wi-Fi One,* 2016 WL 4933298, at *4).

The Federal Circuit also rejected Medtronic's argument that the Board lacked authority to reconsider its earlier decisions. The Federal Circuit reasoned that a proceeding can be "dismissed" after it is instituted under § 318(a), and the Board has "inherent authority to reconsider its decisions"; therefore, the Board did not exceed its authority in reconsidering its institution decisions. *Id.* at 6–7. The Federal Circuit also concluded that there was no colorable constitutional issue in this case. *Id*. at 7.

Finally, in response to Medtronic's alternative request to treat its appeal as a petition for a writ of mandamus, the Federal Circuit determined once again that Medtronic was not entitled to mandamus relief because there is no "clear and indisputable" right to relief in view of the statutory scheme precluding review of non-institution decisions. *Id*. at 8.

PRACTICAL IMPLICATIONS

The recent Supreme Court and Federal Circuit decisions in the below table illustrate the types of challenges which the courts have found to be "closely related" to a decision whether to institute an IPR for which review is barred by § 314(d):

Case	Related Statutes	Challenge at issue
Cuozzo Speed Techs., LLC v. Lee, 136 S. Ct. 2131 (2016)	§ 312(a)(3) ("particularity" requirement)	Whether the Board's decision to initiate the IPR proceeding is reviewable when the Board instituted claims not pleaded "with particularity" as required by § 312(a)(3), but only implicitly pleaded in the petition.
Wi-Fi One, LLC v. Broadcom Corp., No. 15-1944, 2016 WL 4933298 (Fed. Cir. Sept. 16, 2016)	§ 315(b) (time-bar)	Whether the Board's decision to initiate the IPR proceeding based on its assessment of the time-bar of § 315(b) is reviewable when the Board improperly allowed a privy of a time-barred district court litigant to pursue an IPR.

©2005-2026 K&L Gates LLP. All Rights Reserved.

Husky Injection Molding Sys. Ltd. v. Athena Automation Ltd., No. 15-1726, 2016 WL 5335500 (Fed. Cir. Sept. 23, 2016)	assignor estoppel (common law); § 311 ("a person who is not the owner of a patent")	Whether the Board's decision during the institution phase that assignor estoppel cannot bar an assignor or his or her privies from petitioning for IPR is reviewable.
Medtronic, Inc. v. Robert Bosch Healthcare Systems, Inc., No. 2015-1977 (Fed. Cir. Oct. 20, 2016)	§ 312(a)(2) (identity of all real parties-in-interest)	Whether the Board's reconsideration of a decision whether to institute IPR proceedings would be reviewable when the reconsideration was predicated on a failure to identify real parties-in-interest as required by § 312(a)(2).

Thus, it appears that the Federal Circuit post-*Cuozzo* considers statutes related to IPR filing procedures and requirements to be "closely related" to the decision to institute. This may mean that other procedure-related statutes, such as § 312(a)(1) (payment of the fee), § 315(a)(1) (time-bar when the petitioner filed a civil action), or § 319(e)(1) (petitioner estoppel), will be also considered "closely related" to a decision to institute IPR proceedings (and, therefore, will not be reviewable on appeal), assuming that cases involving a decision to institute or terminate IPR proceedings on these procedural grounds are not related to due process issues (*e.g.*, insufficient notice) and that the Board does not act outside its statutory limits, for example, by finding a patent claim unpatentable under 101 or 112 inan IPR. *See Cuozzo,* 136 S. Ct. at 2141–2142 ("[W]e do not categorically preclude review of a final decision where a petition fails to give 'sufficient notice' such that there is a due process problem with the entire proceeding, nor does our interpretation enable the agency to act outside its statutory limits by, for example, canceling a patent claim for 'indefiniteness under § 112' in inter partes review").

KEY CONTACTS



JASON A. ENGEL
LEAD PRACTICE AREA LEADER - INTELLECTUAL PROPERTY

CHICAGO
+1.312.807.4236
JASON.ENGEL@KLGATES.COM

This publication/newsletter is for informational purposes and does not contain or convey legal advice. The information herein should not be used or relied upon in regard to any particular facts or circumstances without first consulting a lawyer. Any views expressed herein are those of the author(s) and not necessarily those of the law firm's clients.

©2005-2026 K&L Gates LLP. All Rights Reserved.