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## The Porous Court-Agency Border in Patent Law

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# THE POROUS COURT-AGENCY BORDER IN PATENT LAW

*Saurabh Vishnubhakat\**

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## ABSTRACT

*The progression toward reevaluating patent validity in the administrative, rather than judicial, setting became overtly substitutionary in the America Invents Act. No longer content to encourage court litigants to rely on Patent Office expertise for faster, cheaper, and more accurate validity decisions, Congress in the AIA took steps to force a choice. The result is an emergent border between court and agency power in the U.S. patent system. By design, the border is not*

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\* Associate Professor, Texas A&M University School of Law; Associate Professor, Texas A&M University Dwight Look College of Engineering; Fellow, Duke Law Center for Innovation Policy. The author was formerly an expert advisor at the United States Patent and Trademark Office. The arguments in this writing are the author's and should not be imputed to the USPTO or to any other organization. Sincere thanks to Dan Brean, Dennis Crouch, Ryan Holte, Camilla Hrdy, Jay Kesan, Arti Rai, Peter Yu, and participants at the 2017 Akron Law IP Scholars Forum for helpful comments, and to Calleigh Olson and Nicholas Bagnolo of the *Akron Law Review* for inviting and helping refine this paper.

*absolute. Concurrent activity in both settings over the same dispute remains possible. What is troubling is the systematic weakening of this border by Patent Office encroachments on powers Congress left to the courts. This Article traces the statutory roots of those encroachments, their initial encouragement by the Supreme Court's 2016 Cuozzo decision, and the recent resistance to their further expansion by the en banc Federal Circuit's 2018 Wi-Fi One decision. Section I introduces the institutional history that underpins these developments. Section II summarizes the reallocation of ex post validity review power from the district courts to the Patent Office over the last third of a century, putting important attributes of Patent Office review into an administrative law context. Section III describes the particular powers being reallocated and discusses the importance of these powers to a well-functioning system for governing innovation as patent law seeks to do. Section IV reviews the recent en banc Federal Circuit decision in Wi-Fi One v. Broadcom and discusses its implications for the patent powers at stake.*

## I. INTRODUCTION

The Supreme Court's renewed interest in patent law over the past 15 years reveals a striking preoccupation with administrative power. Since Professor John Duffy in 2002 predicted "a return of the Supreme Court to the field of patent law,"<sup>1</sup> the Court has decided an average of about three patent cases per year.<sup>2</sup> Of these, five decisions and the two most recent grants of certiorari were cases concerned quite directly with administrative process.<sup>3</sup> Another eight cases were about core requirements for patentability and were decided with the quality of the Patent Office administrative examination process in the mid-ground.<sup>4</sup>

This brief history of modern Supreme Court patent jurisprudence is also a mixed one. Part of the Court's administrative turn was a necessary reaction to the 2011 America Invents Act (AIA), which created a suite of new Patent Office proceedings to reevaluate the validity of issued patents.<sup>5</sup> Various features of these controversial proceedings were litigated almost immediately, and the Court could not long have avoided resolving at least some institutional questions. Yet the Court itself was a

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1. John F. Duffy, *The Festo Decision and the Return of the Supreme Court to the Bar of Patents*, 2002 SUP. CT. REV. 273, 283 (2002).

2. See Lisa Larrimore Ouellette, *Supreme Court Patent Cases*, WRITTEN DESCRIPTION BLOG, [www.writtendescription.blogspot.com/p/patents-scotus.html](http://www.writtendescription.blogspot.com/p/patents-scotus.html) [<https://perma.cc/LVP5-XEJL>].

3. *Id.*

4. *Id.*

5. Pub. L. No. 112-29, 125 Stat. 284 (2011).

significant mover toward administrative adjudication in patent law. Its 1999 decision in *Dickinson v. Zurko* rejected the relatively undeferential review that the Patent Office long received in the U.S. Court of Appeals for the Federal Circuit,<sup>6</sup> which has virtually exclusive appellate jurisdiction over patent-related cases.<sup>7</sup> The Court in *Zurko* also confirmed that the Patent Office was subject to the Administrative Procedure Act, heralding a decline in the agency's exceptional treatment amid the modern administrative state.<sup>8</sup>

Since then, academic interest in the administrative process of patent law has grown considerably. Scholars have studied many contexts where administrative law appears to treat the patent system differently and concluded either that exceptionalism is inapt<sup>9</sup> or that it is justified on the merits.<sup>10</sup> The argument from historical practice alone is ever-diminishing.

In one respect, this renewed engagement with patent law's historical insulation from administrative law was necessary. Historically, allocation of power between the Patent Office and the courts was a relatively bright-line matter. The agency had plenary power *ex ante* to examine inventions and issue or deny patents. Once a patent issued, the courts had virtually plenary power *ex post* to adjudicate infringement, give remedies, and revisit validity issues.<sup>11</sup> As the power to reevaluate patent validity *ex post* increasingly moved to the Patent Office through legislation, the salience of administrative power in patent law grew as well, forming an unmistakable break from historical practice. To manage a break of this sort requires theory, not mere habit, and one may reasonably understand

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6. *Dickinson v. Zurko*, 527 U.S. 150, 153, 165 (1999).

7. See 28 U.S.C. §§ 1295(a)(1), 1295(a)(4) (2012).

8. Peter Lee, *Supreme Assimilation in Patent Law*, 114 MICH. L. REV. 1413, 1433 (2016).

9. See, e.g., Saurabh Vishnubhakat, *The Field of Invention*, 45 HOFSTRA L. REV. 899 (2017) (arguing that Patent Office technology classifications are informal adjudications of fact merit deference under the APA); Melissa F. Wasserman, *The Changing Guard of Patent Law: Chevron Deference for the PTO*, 54 WM. & MARY L. REV. 1959 (2013) (arguing that Patent Office interpretations of core patentability requirement statutes merit *Chevron* deference); Kali Murray, *First Things First: A Principled Approach to Patent Administrative Law*, 42 J. MARSHALL L. REV. 29 (arguing, *inter alia*, that the Patent Office can—contrary to conventional wisdom in patent doctrine—engage in substantive rulemaking and receive at least some judicial deference for the rules that result).

10. See, e.g., John M. Golden, *Working Without Chevron: The PTO as Prime Mover*, 65 DUKE L.J. 1657 (2016) (arguing that even the new AIA proceedings do not delegate interpretive authority to the Patent Office, making *Chevron* deference inappropriate); Orin S. Kerr, *Rethinking Patent Law in the Administrative State*, 42 WM. & MARY L. REV. 127 (2000) (arguing that the patent system should, as a wholesale matter, resist assimilation into ordinary principles of administrative law because of conceptual and normative differences between patent law and the modern regulatory state).

11. The Patent Office retained modest powers *ex post* to reissue patents and make certain other technical corrections, but full reevaluation of the merits of the patent grant traditionally took place in Article III courts.

the literature on patent exceptionalism as a foundation for broader debate about how power should be allocated among institutions in the patent system.

By now, the Court's stake in this broader debate is clear. In a trilogy of cases<sup>12</sup> directed to the AIA proceedings conducted in the agency's Patent Trial and Appeal Board (PTAB), the Court has taken up essential questions of administrative power, up to and including the constitutionality of post-grant administrative review. Moreover, the Court's patent jurisprudence has vindicated not only Professor Duffy's prediction of more frequent involvement in patent cases but also his suggestion that a key contribution of the Court would be to police the borders among the Patent Office, the U.S. district courts, and the Federal Circuit.<sup>13</sup> The Court would do well at border-policing precisely *because* it is relatively "detached" from the operational detail of patent law, even in a time of generous certiorari.<sup>14</sup>

This Article evaluates the borders of court and agency power in the patent system in light of the Supreme Court's ongoing supervision as well as the structural choices of the Patent Office and lower courts. Section II summarizes the progressive reallocation of *ex post* validity review power from the district courts to the Patent Office over the last third of a century, putting important attributes of Patent Office review into an administrative law context. Section III describes the particular powers being reallocated and discusses the importance of these powers to a well-functioning system for governing innovation as patent law seeks to do. Section IV reviews the recent en banc Federal Circuit decision in *Wi-Fi One v. Broadcom* and discusses its implications for the patent powers at stake.

## II. RECEDING JUDICIAL POWER IN PATENT LAW

The story of power transfer from the courts to the Patent Office is a story about favoring certain values incrementally, but persistently, over time and favoring institutions that optimize them. The values themselves are familiar in adjudication: expertise, manageable cost, and broad access. Naturally, these values come at a cost, and the arc of the story also reflects competing accounts of the overall benefit.

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12. *Oil States Energy Servs., LLC v. Greene's Energy Grp.*, *cert. granted*, 137 S. Ct. 2239 (June 12, 2017) (No. 16-712); *SAS Inst. Inc. v. Lee*, *cert. granted*, 137 S. Ct. 2160 (May 22, 2017) (No. 16-969); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016).

13. Duffy, *The Festo Decision*, *supra* note 1, at 302–03 (suggesting that "[a]rbitrating institutional claims to power" would be a task for which the Court is institutionally well suited).

14. *Id.*

### A. *Administrative Alternatives to Litigation*

The power to adjudicate patent validity *ex post* was first transferred from the courts to the Patent Office in 1980 with the creation of *ex parte* reexamination.<sup>15</sup> Until then, the validity of issued patents was reevaluated in courts, either as a defense in an infringement lawsuit<sup>16</sup> or in an action for declaratory relief.<sup>17</sup> *Ex parte* reexamination began with a petition to the Patent Office challenging the validity of one or more patent claims and explaining the grounds for the challenge.<sup>18</sup> If the petition presented a “substantial new question of patentability,” then reexamination would proceed between the patent owner and an examiner in the same *ex parte* fashion as the initial examination of a patent application.<sup>19</sup> The next transfer of power came in 1999 with *inter partes* reexamination, which kept both the ability of third parties to request review and the need for a substantial new question of patentability.<sup>20</sup> It also added a party into the mix. Although each step in an *inter partes* reexamination began with an Office action by the examiner and a response by the patent owner—in a familiar *ex parte* colloquy—the third-party requester was now able to file comments addressing the examiner’s and patent owner’s arguments.<sup>21</sup>

The principal motivations for these administrative mechanisms were the relative inexpertise of judges and juries in technical matters, the cost of litigation, and constrained access from Article III standing requirements.<sup>22</sup> As an agency extensively populated with trained scientists and engineers and experienced in applying the rules of patent law to technical inventions, the Patent Office reflected a more expert forum.<sup>23</sup> With respect to cost, reexamination did offer a cheaper alternative. In 2004–2005, the typical (median) cost of legal services for an *ex parte* proceeding was \$7,500.<sup>24</sup> For an *inter partes* proceeding inclusive of all

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15. Act of Dec. 12, 1980, Pub. L. No. 96-517, 94 Stat. 3015.

16. 35 U.S.C. § 282(b)(2) (2012).

17. 28 U.S.C. § 2201(a) (2012). *See also* Walker Process Equip., Inc. v. Food Mach. & Chem. Corp., 382 U.S. 172, 176 (1965).

18. 35 U.S.C. § 302 (2012).

19. *Id.* §§ 303(a), 305.

20. Act of Nov. 29, 1999, Pub. L. No. 106-113, 113 Stat. 1501; 35 U.S.C. §§ 311, 312(a) (2010).

21. 35 U.S.C. § 314(b)(2) (2010).

22. Saurabh Vishnubhakat, Arti K. Rai & Jay P. Kesan, *Strategic Decision Making in Dual PTAB and District Court Proceedings*, 31 BERKELEY TECH. L.J. 45, 51–55 (2016) (discussing motivations for administrative, rather than judicial, review of patent validity).

23. *See* Vishnubhakat, *The Field of Invention*, *supra* note 9, at 903–04 (describing the substantive expertise of patent examiners).

24. AM. INTELL. PROP. L. ASS’N, REPORT OF THE ECONOMIC SURVEY 18 (2005).

patent owner responses, the cost was \$40,000.<sup>25</sup> By contrast, for the lowest-stakes category of litigation, where less than \$1 million was at stake, the typical cost of legal services was higher by an order of magnitude; \$350,000 through the end of discovery and \$650,000 total.<sup>26</sup> Access to agency review was universal. Reexamination could be requested by “any person at any time,” including the patent owner, in *ex parte*<sup>27</sup> as well as *inter partes* proceedings.<sup>28</sup> Unsuccessful challengers who wished to appeal to the Federal Circuit still had to show Article III standing,<sup>29</sup> but the agency’s door was quite open. Significantly, *ex parte* reexamination could also be initiated on the Director’s initiative.<sup>30</sup> Although rare, Director-initiated reexamination bypassed the need for a reexamination petition and could take place at any time during the term of the patent.<sup>31</sup>

The adjudicatory virtues—expertise, reduced cost, and broad access—that these reexamination proceedings embody are even more pronounced and actively tailored in AIA patent validity reviews.<sup>32</sup> Rather than patent examiner staff in the Central Reexamination Unit, AIA proceedings are conducted right from the start before panels of three administrative patent judges, lending even greater competence in patent law and expertise in technical subject matter.<sup>33</sup> By investing authority in the agency’s PTAB to conduct full administrative trials, the AIA makes administrative adjudication a realistic choice not just for low-stakes disputes but also for patent litigation involving tens of millions of dollars. In comparison to those amounts in controversy, PTAB reviews often reflect even greater relative savings in cost.

As to broad access, however, PTAB reviews under the AIA are more nuanced than reexamination. In all three types of AIA proceedings, the patent owner may not seek review.<sup>34</sup> Those who have previously filed

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25. *Id.* at 23.

26. *Id.* at 22.

27. 35 U.S.C. § 301 (2012).

28. *Id.* § 311 (1999).

29. *Consumer Watchdog v. Wis. Alumni Research Found.*, 753 F.3d 1258 (Fed. Cir. 2014).

30. 37 C.F.R. § 1.520 (2018).

31. USPTO, Manual of Patent Examining Procedure § 2239 (9th ed. 2015).

32. See Vishnubhakat, Rai & Kesan, *supra* note 22, at 58–64 (discussing the features of *inter partes* review, covered business method review, and post-grant review under the AIA).

33. Saurabh Vishnubhakat, *The Youngest Patent Validity Proceeding: Evaluating Post-Grant Review*, 24 TEX. INTELL. PROP. L.J. 333, 347 (2016); Eric C. Cohen, *A Primer on Inter Partes Review, Covered Business Method Review, and Post-Grant Review before the Patent Trial and Appeal Board*, 24 FED. CIR. B.J. 1, 26 (2014); 35 U.S.C. § 6(a) (2012).

34. The ability of patent owners to buttress the legal strength of their patents is the subject of a fourth AIA proceeding, supplemental examination, whose purpose is limited to providing additional

civil actions challenging the patent in court cannot obtain *inter partes* review<sup>35</sup> or post-grant review.<sup>36</sup> Meanwhile, those who have been charged with infringing a patent can obtain *inter partes* review on that patent only within one year after being served with the complaint.<sup>37</sup> Conversely, those who seek covered business method review must first have been charged with infringing the patent at issue—non-defendants need not apply.<sup>38</sup>

These features of access point toward a more explicitly substitutionary purpose for PTAB validity reviews. The drafters of the *ex parte* reexamination statute showed a light touch with regard to supplanting the courts in patent disputes. For example, the legislative history indicated the desirability of reexamination but declined to impose mandatory stays of litigation pending reexamination.<sup>39</sup> By the time of the AIA's enactment, however, Congress was prepared to shape the border between courts and the Patent Office more actively through the use of time bars, bars against a prior civil action in certain cases, and requirements for a prior civil action in other cases as just discussed. Congress was also prepared to impose estoppel against future proceedings in both court<sup>40</sup> and agency<sup>41</sup> settings.

### B. Court-Agency Substitution Under the PTAB

Recent detailed empirical research on usage of the PTAB, particularly *inter partes* review, shows that the intended substitution of agency review for traditional litigation is, indeed, how litigants actually use the system.<sup>42</sup> Two principal modes of substitution predominate.<sup>43</sup> One is the standard model, whereby a party charged with patent infringement in a U.S. district court action challenges the validity of the patent as a

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disclosures of information material to patentability and avoid later charges of inequitable conduct that might invalidate the patent. *See generally* Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 12, 125 Stat. 284, 325-27 (2011) (codified at 35 U.S.C. § 257 (2012)).

35. 35 U.S.C. § 315(a) (2012).

36. *Id.* § 325(a).

37. *Id.* § 315(b).

38. America Invents Act § 18(a)(1)(B).

39. *See* H.R. REP. NO. 96-1307(I) (1980), *as reprinted in* 1980 U.S.C.C.A.N. 6460, 6463 ("The reexamination of issued patents could be conducted with a fraction of the time and cost of formal legal proceedings. . . . [S]tay provisions are unnecessary in that such power already resides with the court to prevent costly pretrial maneuvering which attempts to circumvent the reexamination procedure.").

40. 35 U.S.C. §§ 315(e)(2), 325(e)(2) (2012).

41. *Id.* §§ 315(e)(1), 325(e)(1).

42. Vishnubhakat, Rai & Kesan, *supra* note 22, at 49.

43. *Id.*



defensive response.<sup>44</sup> The other is the nonstandard model, where a party that has not been sued on a given patent, at least not yet, nevertheless brings a PTAB petition to challenge the patent.<sup>45</sup> Both models are observed to a significant degree. Some 70% of those who challenge patents in *inter partes* review are standard petitioners, and 30% are nonstandard.<sup>46</sup>

Nonstandard petitioners, moreover, represent an important strategic puzzle given their posture as preemptive strikers. Those who were imminently about to be sued in U.S. district court and simply happened to file first in the PTAB are rare (about 3%).<sup>47</sup> Somewhat less rare, and more counterintuitive, are PTAB cases with no observed parallel litigation in the federal courts (about 13%).<sup>48</sup> On first impression, especially in the case of *inter partes* review, these latter cases would seem simply to call undesired attention to the petitioner's potentially infringing activity.<sup>49</sup> There are two partial explanations to this substitutionary puzzle as well as a larger, more strategic trend at work.

One partial explanation is that the lack of observed parallel litigation is merely temporary and that patent owners whose rights are challenged will soon file responsive litigation. Such litigation would be stayed by statute, at least initially,<sup>50</sup> but would at least reveal additional valuable information about the parties' intentions. This explanation is not a complete account, however, as PTAB petitions without any counterpart litigation have been observed since the earliest days of AIA review.<sup>51</sup>

A second partial explanation is that these cases may reflect a selection of disputes where petitioner arguments about patent invalidity are strong and patent owner arguments about infringement are weak.<sup>52</sup> This type of selection would require that both sides have adequate and symmetric *ex ante* information about the relative merits of each other's arguments.<sup>53</sup> This sort of clarity is more likely for chemical (drugs and medical) and potentially electrical and mechanical-related patents, as these fields benefit from standard technical nomenclature and offer more

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44. *Id.* at 73–74.

45. *Id.* at 74.

46. *Id.* at 73–74.

47. *Id.* at 70 (discussing PTAB cases with a parallel litigation in the offing).

48. *Id.* at 71 (discussing PTAB cases with no related litigation).

49. *Id.*

50. 35 U.S.C. § 315(a)(2) (2012).

51. Vishnubhakat, Rai & Kesan, *supra* note 22, at 71 (“[I]t is still possible, but increasingly unlikely, that a patent owner who has not asserted a patent against an IPR or CBM challenger will do so now.”).

52. *Id.*

53. *Id.* at 71–72.

easily discernible inventive boundaries.<sup>54</sup> This is, indeed, what the data suggest.<sup>55</sup>

The larger strategic dynamic, however, requires looking not only at nonstandard petitions or nonstandard petitioners in isolation but at both together. The very conception of the PTAB as a substitute for the federal courts contains within it an ambiguous choice about timing. Standard substitution is a choice of agency over court after the patent owner's intent to sue has been realized, whereas nonstandard substitution is the same choice, but before (or instead of) going to court at all. The principal difference between these choices is information about litigation risk, and it stands to reason that coordinating with other, similarly situated actors in the same technology or market may produce this information. Combined data on petitions and petitioners reveals how powerful this coordination is in practice.

Within certain technologies, there are significant disparities between the share of *inter partes* review petitioners who were previously sued on the patents that they now challenge and the share of *inter partes* review petitions where at least one petitioner was previously a defendant on the patent in question.<sup>56</sup> For example, the disparity among drugs and medical-related patents is 48.5% (petitioners) vs. 70.8% (petitions).<sup>57</sup> Among mechanical-related patents, it is 53.1% vs. 70.2%.<sup>58</sup> These disparities reveal that nonstandard petitioners, who *are not* prior defendants, are joining standard petitions, filed by parties who *are* prior defendants.<sup>59</sup> This pattern of strategic joinder appears to be a mix of socially beneficial collective action by patent validity challengers as well as undesirable harassment of patent owners through serial challenges in the PTAB.<sup>60</sup> Disentangling the two is now the subject of an extensive follow-on empirical effort.<sup>61</sup>

In all, court-agency substitution in the wake of the AIA highlights a decisive shift in favor of the Patent Office as a guarantor of expertise, lower cost, and broader access. The observed evidence of this substitution shows that the court-agency border envisioned by the AIA's statutory time

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54. *Id.* at 72.

55. *Id.* (discussing technology-specific proportions among patents involved only in PTAB review, those involved only in federal-court litigation, and those involved in both).

56. *Id.* at 74.

57. *Id.*

58. *Id.*

59. *Id.*

60. *Id.* at 74–75.

61. Jay P. Kesan, Saurabh Vishnubhakat & Alan C. Marco, *Serial Petitioning at the PTAB: Joinder, Denial, Precedent and Finality*, in progress.

bars, prior civil action bars, and estoppel provisions has had a real and meaningful effect. Naturally, these adjudicatory virtues carry important costs as well. For example, a more widely accessible and affordable forum is also more susceptible to abuse by those with strategic or even nefarious purposes, such as using the threat of a PTAB challenge, with its ease of entry and lower burdens of proof, to extract nuisance settlements from a patent owner, to deliberately affect the stock price of the patent owner for profit, or both.<sup>62</sup> An even more significant tradeoff is that the Patent Office, though an expert agency, is subject to considerable political influence that may distort its adjudicatory process whereas the Article III courts, though lacking technical expertise, are better protected from such political distortions.

### C. *Unreviewable Agency Discretion*

The potential for political distortion in Patent Office adjudication is especially salient because of how Congress in the AIA delegated powers to review patent validity.<sup>63</sup> The power actually to adjudicate the validity of patents that are selected for review was delegated directly to the PTAB.<sup>64</sup> Meanwhile, the power to screen initial requests for review was delegated to the Director, the politically appointed head of the agency.<sup>65</sup> It is the Director who currently sub-delegates the screening power to the PTAB, allowing each three-judge panel both to screen a petition for merit and, if the case is selected, to conduct the actual review.<sup>66</sup> Moreover, the AIA makes the Director's screening determinations "final and nonappealable."<sup>67</sup> The actual adjudication of selected cases remains judicially reviewable,<sup>68</sup> but a sphere of initial agency decision-making is beyond the reach of the Federal Circuit to oversee.

There are two problems, then, with making screening decisions nonappealable. One is that threshold choices about what kinds of patents will be more or less aggressively targeted for scrutiny will be made in the

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62. See, e.g., Rochelle Cooper Dreyfuss, *Giving the Federal Circuit a Run for Its Money: Challenging Patents in the PTAB*, 91 NOTRE DAME L. REV. 235, 284–85 (2015); Gregory Dölin, *Dubious Patent Reform*, 56 B.C. L. REV. 881, 933 (2015).

63. The arguments in this section are laid out more fully in Saurabh Vishnubhakat, *Disguised Patent Policymaking*, 104 IOWA L. REV. (forthcoming).

64. 35 U.S.C. §§ 316(c), 326(c) (2012) (providing expressly that the "Patent Trial and Appeal Board"—not the Director—shall conduct the administrative review proceedings).

65. *Id.* §§ 314, 324 (providing expressly that the "Director" shall be the one to determine whether PTAB review is appropriate, and prescribing standards for the Director's determinations).

66. 37 C.F.R. § 42.4(a) (2018).

67. 35 U.S.C. §§ 314(d), 324(e) (2012).

68. *Id.* §§ 319, 329.

politically inflected setting of the Patent Office, with no judicial check on the agency's destabilizing treatment of patent property rights.<sup>69</sup> This is a direct systemic cost of empowering the Patent Office out of a desire for the agency's technical expertise. Still, whether this cost is likely to be outweighed by the benefit is ultimately a policy question, and it is one that Congress answered when crafting the AIA.

The second, more troubling problem with the nonappealability of screening decisions is that it creates opportunities for the Patent Office to evade even the ordinary judicial review to which it would otherwise be subjected. Both requiring PTAB petitions to be screened for merit and immunizing the screening decisions from review rest on the same concern: conserving agency resources.<sup>70</sup> Accordingly, the various criteria by which petitions are accepted for the various kinds of AIA reviews all require essentially the same thing: sufficient likelihood of success on the merits.<sup>71</sup> For screening to look ahead to merits adjudication in this way, however, means that one may frame certain issues either as pertaining to screening (and so being nonappealable) or as pertaining to adjudication (and so being appealable). To evade judicial review, the Patent Office need only do the former consistently.

It has done just that. As to whether petitions for *inter partes* review, including the legal grounds for challenge and supporting evidence, have been pled with the necessary "particularity,"<sup>72</sup> the agency has argued that its initial evaluations are exercises of its screening power and so are immune from judicial review, even after a final agency decision has been

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69. See John F. Duffy, *The Federal Circuit in the Shadow of the Solicitor General*, 78 GEO. WASH. L. REV. 518, 548 (2010) (arguing that the political exercise of power by the Patent Office over substantive patent rights would create a regime "too uncertain to foster the kinds of investments that patent property rights are intended to foster"). Importantly, Duffy's argument about *stability* in property rights is altogether distinct from the broader claim, beyond the scope of this Article, that the government would be constitutionally constrained or forbidden from disrupting patent property rights. See, e.g., Adam Mossoff, *Patents as Constitutional Private Property: The Historical Protection of Patents under the Takings Clause*, 87 B.U. L. REV. 689 (2007).

70. This was carried forward from the earlier reexaminations and their requirements of a "substantial new question of patentability," see *supra* notes 18–20 and accompanying text, as a way to avoid merely rehashing issues that the original patent examiner already and adequately decided. See generally Mark D. Janis, *Rethinking Reexamination: Toward a Viable Administrative Revocation System for U.S. Patent Law*, 11 HARV. J.L. & TECH 1, 45–46 (1997).

71. For *inter partes* review, this means a "reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." 35 U.S.C. § 314(a) (2012). For covered business method review and post-grant review, it must be "more likely than not that at least 1 of the claims challenged in the petition is unpatentable." *Id.* § 324(a).

72. *Id.* § 312(a).

entered on the merits of the case.<sup>73</sup> The soundness of legal argument and the quality of evidence underlying a decision can, of course, be properly understood as pertaining to adjudication, but the Supreme Court read the statutory text as supporting the agency's position.<sup>74</sup> This was the *Cuozzo* decision, the first in the Court's PTAB trilogy.<sup>75</sup> Since then, the Patent Office has persistently made the same argument in other contexts as well.<sup>76</sup> These efforts have met with varying success, but following the favorable baseline set in *Cuozzo*, the agency exercises considerable latitude for the time being in its decisions over the validity of patents.

The result is that judicial unreviewability of screening does more than exacerbate the costs of imposing a horizontal border between the district courts and the Patent Office as substitutes for each other. It also erects a second, vertical border between the Federal Circuit and the political leadership of the Patent Office as competing overseers.

### III. EMERGING COURT-AGENCY BORDERS

The foregoing account of administrative ascendancy in patent law implicates three significant powers. First is the power to adjudicate patent validity, and it is allocated across a horizontal border between the district courts and the Patent Office.<sup>77</sup> Second is the power to oversee the administrative adjudication of patent validity, and it is allocated across a vertical border between the Patent Office leadership and the traditional supervision of the Federal Circuit.<sup>78</sup> Third, and related to the second, is the power to interrogate the agency's reasoning and the quality of its decision-making process. This last power is somewhat, but not solely, an aspect of the dichotomy between internal agency oversight and external judicial oversight. Even if the ordinary ambiguities regarding nonappealability are resolved in the agency's favor, the Federal Circuit may still have a further, more fundamental role in ensuring the fidelity of the Patent Office to adjudicatory norms and the rule of law.

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73. See generally Brief for the Respondent in Opposition, *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016) (No. 15-446).

74. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016).

75. See *supra* note 12 and accompanying text.

76. Notable among these contexts are the statutory time bar for U.S. district court defendants to come to the PTAB within one year of being sued, or forgo administrative altogether, as well as the agency's obligations to issue final written decisions. See *infra* Section III.B (discussing relevant post-*Cuozzo* cases).

77. See *supra* Section II.B (discussing standard and nonstandard substitution).

78. See *supra* Section II.C (discussing judicial unreviewability of agency screening).

### A. Patent Powers at Stake

The border between district courts and the agency in exercising the power to adjudicate patent validity means something more than just the differences in the intrinsic attributes of these forums. By their own terms, various provisions of the AIA that empower the Patent Office to adjudicate patent validity limit that adjudicatory power. *Inter partes* reviews are limited in scope and in the availability of evidence<sup>79</sup> but far less limited in time, extending even to patents that were issued prior to the AIA.<sup>80</sup> Covered business method review and post-grant review are much broader in scope and evidence,<sup>81</sup> and while post-grant review is strictly limited in time and applies only to post-AIA patents,<sup>82</sup> covered business method review also extends to pre-AIA patents.<sup>83</sup> By contrast, ordinary judicial reevaluation of a patent's validity carries no inherent limitations on the scope of review, the available evidence, or the types of patents that can be reevaluated, though the court may defer to the agency on certain burdens of proof or persuasion.

Instead, the border consists of structural provisions that direct certain parties and disputes into one forum rather than the other through actual mandates or prohibitions. For example, review is barred in all three AIA proceedings where the party challenging the patent previously filed a civil action challenging the same patent.<sup>84</sup> *Inter partes* review cannot be had if the party challenging the patent waited more than one year since being served with a district court complaint alleging infringement of the patent in question.<sup>85</sup> That is, nonstandard petitioners can come at any time, but standard petitioners can wait no more than a year. By contrast, covered business method review can be had only if the party challenging the patent has previously been sued for infringing the patent.<sup>86</sup> Only standard petitioners are allowed; nonstandard petitioners are barred altogether. And all three proceedings create various estoppel effects against future relitigation in the courts, or in the Patent Office itself, on grounds that were raised or reasonably could have been raised during the first proceeding.<sup>87</sup>

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79. 35 U.S.C. § 311(b) (2012).

80. *Id.* § 311(c).

81. *Id.* § 321(b).

82. *Id.* § 321(c).

83. Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18(a)(2), 125 Stat. 284, 330 (2011).

84. 35 U.S.C. §§ 315(a)(1), 325(a)(1) (2012).

85. *Id.* § 315(b).

86. America Invents Act § 18(a)(1)(B).

87. *See* 35 U.S.C. §§ 315(e), 325(e); America Invents Act § 18(a)(1)(A).

Importantly, some of these structural border provisions are initially enforced in the agency, such as the prior civil action bars, the prior civil action requirement, and the one-year time bar. Others, such as the agency-court estoppel provisions, can initially be enforced only in the court after an AIA proceeding has already taken place and the prior patent validity challenger tries to relitigate an issue in a later civil action. The proper enforcement of the latter is not particularly problematic, as it would be subject to ordinary appellate correction in the Federal Circuit,<sup>88</sup> and the Federal Circuit's own potential pathologies would be subject to Supreme Court correction.<sup>89</sup>

However, those provisions that are initially enforced in the Patent Office may remain outside the reach of the Federal Circuit's ability to correct. The potential for this agency indiscipline is especially stark in light of the nonappealability statutes that protect screening decisions about which patent validity challenges to accept for review and in light of Patent Office efforts to recast adjudication-related issues as screening-related in order to resist judicial oversight.<sup>90</sup> Indeed, one such border provision has already been the subject of these efforts: the one-year time bar for *inter partes* review.

The problem with a lack of judicial supervision over the AIA's court-agency border provisions would not be that internal oversight by the agency's political leadership is necessarily inferior at producing particular desired results. To the contrary, the Patent Office can be quite politically responsive, and stakeholder complaints about disfavored agency policies can lead to dramatic reversals.<sup>91</sup> Rather, the problem would be that making even the underlying structure of patent validity review so directly beholden to shifting political winds undermines the central purpose of the AIA, which was to provide an improved alternative to court litigation for reevaluating patent property rights,<sup>92</sup> not to replace it with industrial policy.

The related potential effect of a Federal Circuit retreat from the AIA's nonappealability provisions would be further, separate agency

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88. See 28 U.S.C. § 1295(a)(1) (2012).

89. See Duffy, *The Festo Decision*, *supra* notes 13–14 and accompanying text.

90. See *supra* Section II.C.

91. See, e.g., Dennis Crouch, *USPTO Removes Rule Changes*, PATENTLYO (Oct. 14, 2009), [www.patentlyo.com/patent/2009/10/uspto-removes-rule-changes.html](http://www.patentlyo.com/patent/2009/10/uspto-removes-rule-changes.html) [https://perma.cc/FU2B-VA36] (discussing the withdrawal of a controversial rule change governing continuation practice, even though litigation was still pending, citing a preference for “other initiatives that would garner more of a consensus with the patent user community”).

92. See Vishnubhakat, Rai & Kesan, *supra* note 22, at 49 (discussing the substitutionary purpose of PTAB review).

indiscipline in explaining its decision-making. Even if all those court-agency border provisions that are enforced initially in the Patent Office were overseen only internally by the agency's own political leadership—a state of affairs that would be far from proper—the PTAB's otherwise unreviewable decisions would still be required to give adequate and coherent reasons and to rest on legitimate decision-making processes.<sup>93</sup> This, too, has been a source of controversy in recent Patent Office practice under the AIA.

In a slew of screening decisions that now number in the hundreds, the PTAB has declined to hear otherwise meritorious challenges to patent validity on the grounds that they are “redundant” to other challenges that are contained in the same petition.<sup>94</sup> When pressed to explain the nature of, and authority for, its redundancy-based logic, the Patent Office simply pointed to the AIA's nonappealability provisions and claimed absolute discretion in exercising the screening power.<sup>95</sup> The key request in the appeal—a petition for a writ of mandamus directing the PTAB to “reconsider its redundancy decision”—was denied.<sup>96</sup> Nevertheless, Judge Reyna wrote separately to express his grave concern that the agency's argument amounted to a “claim to unchecked discretionary authority” and was “unprecedented.”<sup>97</sup> Still, the practice remains unchecked by any conclusive contrary Federal Circuit holding and is instead supervised at most by internal agency leadership.

These three powers—adjudicating patent validity, overseeing agency adjudication of patents, and interrogating agency reasoning—are highly interrelated in how they span the border between the Patent Office and the courts: both the district courts that now compete with the agency and the Federal Circuit that actively supervised it before the AIA. The ways in which parties, patents, or disputes may still traverse from court to agency or vice-versa beyond what the AIA envisioned are still in flux, making the border porous for the present. But solidification appears to be on the horizon with cases that have followed *Cuozzo* in clarifying the procedural structure of the PTAB.

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93. See 5 U.S.C. § 557(c) (2012).

94. The discussion that follows is detailed and theorized more fully in Saurabh Vishnubhakat, *The Non-Doctrine of Redundancy*, BERKELEY TECH. L.J. (forthcoming).

95. *Shaw Indus. Grp., Inc. v. Automated Creel Sys, Inc.*, 817 F.3d 1293, 1302–03 (Reyna, J., concurring).

96. *Id.* at 1299, 1302 (majority opinion).

97. *Id.* at 1303 (Reyna, J., concurring).



### B. *Cuozzo and Its Progeny*

The Court's conclusion in *Cuozzo* about the scope of nonappealability rested on two important premises. One was the proper characterization of the agency action itself. The other was the practical effect of the action. To the first point, the Court explained that evaluating whether the petition had been pled with particularity was quintessentially related to institution, the screening and selection of cases for PTAB review.<sup>98</sup> These sorts of "mine-run" claims, the Court held, are part and parcel of the agency's decision "under this section [§ 314]" whether to proceed, and accordingly they are nonappealable.<sup>99</sup> From this, it followed that review may still be available for other statutes less-closely related to institution, i.e., for decisions that look less like screening and more like adjudication.<sup>100</sup> To the second point, the Court explained further that review may also be available for "appeals that implicate constitutional questions" as well as for "questions of interpretation that reach, in terms of scope and impact, well beyond [§ 314]."<sup>101</sup>

These self-imposed limitations on the logic and limits of *Cuozzo* have since manifested in two follow-on cases. One is *SAS Institute v. Iancu*, now pending before the Court<sup>102</sup> and another part of the PTAB trilogy.<sup>103</sup> The other is *Wi-Fi One v. Broadcom Corp.*, just decided by the en banc Federal Circuit.<sup>104</sup>

Though it is already before the Court and therefore has greater potential to extend or even alter the *Cuozzo* framework, *SAS Institute* is a somewhat easier case than *Wi-Fi One*, at least with respect to judicial unreviewability. The question in *SAS Institute* is whether the PTAB must issue a final written decision as to every patent claim that was challenged in a PTAB petition seeking review, or merely as to every patent claim on which the PTAB actually granted review.<sup>105</sup>

Answering this question requires evaluating first the effect of requiring additional final written decisions about patent claims that are challenged but not accepted for review. Because these additional patent

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98. See *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2139 (2016) ("[The particularity requirement] is an ordinary dispute about the application of certain relevant patent statutes concerning the Patent Office's decision to institute *inter partes* review.").

99. *Id.* at 2136, 2141.

100. *Id.* at 2141.

101. *Id.*

102. No. 16-969 (Sup. Ct., filed Jan. 31, 2017).

103. See *supra* note 12 and accompanying text.

104. 878 F.3d 1364 (Fed. Cir. 2018) (en banc).

105. See Petition for a Writ of Certiorari, *SAS Inst. Inc. v. Iancu* (U.S. Jan. 31, 2017) (No. 16-969).

claims were initially screened out, directing the agency to go back and address them anyway would, in the view of the Patent Office, violate the nonappealability statute.<sup>106</sup> Under *Cuozzo*, however, the agency's obligation to issue a complete, statutorily compliant final written decision is considerably "less closely related" to institution under § 314 than was the particularity requirement of § 312.<sup>107</sup> Put another way, the agency's final decision is unconcerned with screening and squarely concerned with adjudication.

The "scope and impact" of the final written decision, too, extends well beyond the institution decision—indeed, beyond the agency itself. It is the issuance of a final written decision that triggers estoppel,<sup>108</sup> a structural feature of the court-agency border that necessarily implicates subsequent court proceedings. Conversely, even if the agency's obligations as to the final written decision were to be constrained by what arguments the PTAB initially rejected, that exercise of the screening power would, by the same token, have a scope and impact that were deeply felt throughout the proceeding as well as in estoppel effects upon subsequent proceedings. This, too, would counsel review under *Cuozzo*.

The closer case, albeit not yet before the Court,<sup>109</sup> is *Wi-Fi One*. The question in that case was whether the one-year time bar for *inter partes* review is subject to the nonappealability provision that governs PTAB decisions of whether to grant review.<sup>110</sup> The position of the Patent Office remained that the time bar provision defines a category of cases for which review "may not be instituted"<sup>111</sup> and is screening-related, just as the particularity requirement in *Cuozzo* was.<sup>112</sup>

There are at least two notable problems with this reading.<sup>113</sup> One is that it assumes the conclusion of relatedness under *Cuozzo*. That

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106. See Brief for the Federal Respondents in Opposition, *SAS Inst. Inc. v. Iancu* (U.S. Apr. 5, 2017) (No. 16-969).

107. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2141 (2016).

108. 35 U.S.C. §§ 315(e), 325(e) (2012).

109. The en banc decision was handed down on January 4, 2018. 878 F.3d 1364. The deadline for certiorari, meanwhile, will run 90 days from the Federal Circuit's entry of judgment. SUP. CT. R. 13.

110. *Wi-Fi One, LLC v. Broadcom Corp.*, 851 F.3d 1241 (Fed. Cir. 2017) (granting the petition for rehearing en banc and setting forth the en banc question).

111. 35 U.S.C. § 315(b) (2012).

112. See En Banc Brief for Intervenor Michelle K. Lee, Director, United States Patent and Trademark Office, *Wi-Fi One, LLC v. Broadcom Corp.*, Nos. 2015-1944, -1945, -1946, 2017 WL 1132930, \*9 (Fed. Cir. Mar. 1, 2017) ("Section 315(b) exemplifies the kind of institution-specific determination for which Congress intended to foreclose appeals.")

113. The arguments first developed in this Article, then a working paper, were the basis for an en banc amicus curiae brief in *Wi-Fi One*. See Brief of Amici Curiae Professors of Patent and Administrative Law in Support of Neither Party, *Wi-Fi One, LLC v. Broadcom Corp.*, Nos. 2015-

conclusion, however, must begin with what the statutory provision actually achieves and must then relate to institution “under this section [§ 314].”<sup>114</sup> For example, the reason why the particularity requirement at issue in *Cuozzo* was related to institution is that evaluating a petition’s requisite likelihood of success under § 314(a), one must consider the contents of the petition, and the particularity requirement was one of several statutory prescriptions for that content.<sup>115</sup>

By contrast, applying the one-year time bar does not similarly contribute to the evaluation, under § 314(a), of whether a petition is likely to succeed on the merits. A petition may be virtually certain to result in the cancellation of all the challenged patent claims—and still be barred from going forward—if the party seeking review was sued on the same patent more than one year earlier. Thus, the relation of the one-year time bar to the actual screening decision is minimal. At most, one can say that they both take place during the same initial phase of PTAB review.

Moreover, the one-year time bar is one of the procedural pillars on which rests the border that allocates power between the courts and the Patent Office. Just as the estoppel-triggering effect of a final written decision in *SAS Institute* bears out significant scope and impact, so also do the exclusionary effects of the one-year time bar. Allowing a patent to be challenged in the Patent Office more than one year after it was asserted against the would-be challenger is not a choice that can be contained within the agency. Its impacts necessarily reach well outside the agency and into the district courts, where it frustrates the ability of patent owners to find repose against new parallel disputes in the PTAB.<sup>116</sup> It also frustrates the ability of courts themselves to manage resources effectively when, even after considerable judicial investment in a case, the Patent Office can still allow the defendant to start again as a PTAB petitioner.<sup>117</sup>

The year-and-a-half since the Court decided *Cuozzo* was a significant transition period for the PTAB, especially because the outcome in that first case vindicated the expansive position that the Patent Office had staked out. Had the outcome been a finding of reviewability, for example, it is likely that the Patent Office’s subsequent campaign to conflate screening and adjudication in order to resist judicial review would have

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1944, -1945, -1946 (Fed. Cir. Feb. 23, 2017), [www.ssrn.com/abstract=2923316](http://www.ssrn.com/abstract=2923316) [<https://perma.cc/D5AR-9JGP>] [hereinafter Professors’ Brief].

114. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016).

115. *Id.* at 2142 (“*Cuozzo*’s claim that Garmin’s petition was not pleaded ‘with particularity’ under § 312 is little more than a challenge to the Patent Office’s conclusion, under § 314(a), that the ‘information presented in the petition’ warranted review.”).

116. Professors’ Brief, *supra* note 113, at 14.

117. *Id.*

been more muted or even have stopped. Instead, the court-agency border has become more porous, not less, through the agency's arguments about its discretion, immunity from judicial review, and ability to self-supervise. Now at the end of this transition period, *SAS Institute* has some potential to elaborate the outer bounds of *Cuozzo*. The more revealing lesson and solidifying force, however, seems to be the Federal Circuit's en banc opinion in *Wi-Fi One*, released early this year.

#### IV. *WI-FI ONE* AND THE WAY FORWARD

In *Wi-Fi One*, the nine-judge en banc majority concluded that the one-year time bar for *inter partes* review is, indeed, subject to judicial review notwithstanding the nonappealability provision.<sup>118</sup> The opinion offers clarifications about the practical reach of *Cuozzo* as well as indications of how effectively the court-agency border contemplated by the AIA is likely to serve its purposes in the future.<sup>119</sup>

##### A. *The En Banc Decision*

The focus of the opinion was primarily the balance of adjudicatory power between the district courts and the Patent Office. The majority recognized that by forbidding *inter partes* review where the petition comes more than one year after the petitioner has been served with a district court complaint for infringement, the time bar forces a substitutionary choice.<sup>120</sup> That choice is to come to the agency within a year, or else not to come at all.<sup>121</sup> In the court's view, this border-enforcing function makes the time bar qualitatively—indeed, “fundamentally”—different from requirements, such as particularity, that pertain to the contents of a petition.<sup>122</sup>

In addition to the relatedness inquiry of *Cuozzo*, the en banc majority in *Wi-Fi One* briefly addressed two other issues. One was the “scope and impact” inquiry, which is also satisfied by the one-year time bar. The other

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118. *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1372 (Fed. Cir. 2018) (en banc).

119. The discussion that follows in this section was simplified and separately published as a blog post shortly after the en banc decision was issued. See Saurabh Vishnubhakat, *Shenanigans, Time Bars, and Federal Circuit Oversight*, PATENTLYO (Jan. 10, 2018), [www.patentlyo.com/patent/2018/01/shenanigans-federal-oversight.html](http://www.patentlyo.com/patent/2018/01/shenanigans-federal-oversight.html) [https://perma.cc/3P35-UZRF].

120. See *Wi-Fi One*, 878 F.3d at 1374 (“[The one-year time bar] governs the relation of IPRs to other proceedings or actions, including actions taken in district court.”).

121. *Id.*

122. *Id.*

issue was whether *Cuozzo* had changed the baseline for precluding judicial review.

Because the Court in *Cuozzo* had held that routine determinations, “mine-run claims,” and the like were unreviewable, the exceptions that the Court took care to enumerate attracted considerable attention. Review could still be available, the *Cuozzo* majority reassured, for constitutional issues, for less closely institution-related statutes, for issues of broader scope and impact, and for plainly *ultra vires* agency actions.<sup>123</sup> These so-called “shenanigans” would not escape judicial scrutiny.<sup>124</sup> Consequently, much of the debate surrounding *Wi-Fi One* was over whether the time bar, or anything else, was a shenanigan that could fit into one of these itemized exceptions.

The en banc majority explained, however, that the inquiry did not begin with *Cuozzo*’s exceptions. Rather, the APA baseline is still the presumed availability of judicial review.<sup>125</sup> The presumption was overcome in *Cuozzo* by the requisite “clear and convincing evidence.”<sup>126</sup> *Broadcom*, however, still had to overcome the presumption from scratch in the present case, and ultimately did not carry its burden.<sup>127</sup> This jurisprudential point is a valuable reference marker in the en banc majority opinion, as it reiterated that the presumption of reviewability remains the default rule.<sup>128</sup>

Meanwhile, the case also drew a four-judge dissent.<sup>129</sup> In it, Judge Hughes read the nonappealability language of § 314(d) broadly, embracing all decisions whether to institute, not just decisions that turn on the petition’s reasonable likelihood of success.<sup>130</sup> In support, the dissent drew a textual comparison to threshold determinations in reexamination, which were also nonappealable.<sup>131</sup> In reexamination, however, what were shielded from judicial scrutiny were affirmative determinations to proceed but not negative determinations to withhold review.<sup>132</sup> The text of *inter partes* review’s nonappealability, by contrast,

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123. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2141–42 (2016).

124. *Id.* at 2142.

125. *Id.* at 2140.

126. *Id.*

127. *Wi-Fi One*, 878 F.3d at 1367.

128. Saurabh Vishnubhakat, *Court-Agency Allocations of Power and the Limits of Cuozzo*, PATENTLYO (May 5, 2017), [www.patentlyo.com/patent/2017/05/agency-allocations-limits.html](http://www.patentlyo.com/patent/2017/05/agency-allocations-limits.html) [<https://perma.cc/D8NC-BAYQ>].

129. *Wi-Fi One*, 878 F.3d at 1377 (Hughes, J., dissenting).

130. *Id.* at 1379.

131. *Id.* at 1380–81.

132. *Id.*

shields all determinations whether positive *or* negative.<sup>133</sup> This textual difference, the dissent said, meant that the unreviewability of an AIA screening decision did not depend on its outcome and so should not depend on its origins, either.<sup>134</sup> Whether based on likelihood of success, timeliness, or any other input, decisions about institution should be beyond judicial reach.<sup>135</sup>

The dissent also raised an interesting argument, counseling against judicial review, based on a colloquy in *Cuozzo* itself between Justice Breyer's opinion for the majority and Justice Alito's dissent.<sup>136</sup> The dissent had complained of how broadly the majority had swept in finding unreviewability, arguing specifically as an example that the majority's reasoning would prohibit judicial review of the one-year time bar as well.<sup>137</sup> The reason for this, according to Justice Alito, was that "the petition's timeliness, no less than the particularity of its allegations, is closely tied to the application and interpretation of statutes related to the Patent Office's decision to initiate . . . review."<sup>138</sup> The *Cuozzo* majority, meanwhile, pushed back against the dissent's other negative predictions but remained silent about timeliness.<sup>139</sup> By the time of *Wi-Fi One*, this colloquy from *Cuozzo* suggested a potential consensus on the Court that the one-year time bar was, like the particularity requirement, also judicially unreviewable.<sup>140</sup>

One rejoinder to this argument is that Justice Alito's comparison to the one-year time bar was a rhetorical position aimed at building a majority and, once it was clear that he would be in dissent, aimed at limiting the impact of the majority's reasoning.<sup>141</sup> The *Cuozzo* majority, after all, took pains to enumerate the many issues that it did *not* decide.<sup>142</sup> To infer from the majority's silence a consensus about an even more nuanced issue would be simply implausible.

Notably, the dissent did not address the "scope and impact" inquiry with respect to the one-year time bar.<sup>143</sup> Functional considerations about interbranch respect for the relation between the Patent Office and the

133. *Id.* at 1381.

134. Vishnubhakat, *Shenanigans*, *supra* note 119.

135. *Id.*

136. See Vishnubhakat, *Court-Agency Allocations of Power*, *supra* note 128.

137. *Id.*

138. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2155 (2016) (Alito, J., dissenting).

139. *Id.* at 2141–42 (majority opinion).

140. Judge Chen raised this point explicitly during the Federal Circuit's en banc oral argument. Vishnubhakat, *Court-Agency Allocations of Power*, *supra* note 128.

141. *Id.*

142. *Cuozzo*, 136 S. Ct. at 2141–42.

143. Vishnubhakat, *Shenanigans*, *supra* note 119.

courts, which were salient to both Justice Breyer's majority opinion in *Cuozzo* and Judge Reyna's en banc majority opinion in *Wi-Fi One*, were absent from Judge Hughes's dissent.<sup>144</sup>

### B. Patent Power Effects

The *Wi-Fi One* decision represents a specific and informative Federal Circuit understanding of nonappealability in PTAB review. Being "closely related"<sup>145</sup> to institution for *Cuozzo* purposes will generally be satisfied by showing logical relation between the statute in question and the "reasonable likelihood" standard for screening petitions under § 314(a).<sup>146</sup> A reasonable likelihood, in turn, is "clearly about whether the claims are unpatentable on the grounds asserted."<sup>147</sup> Those statutory requirements that bear on anticipating the substantive outcome will more likely be found "closely related," and vice-versa.<sup>148</sup>

This approach suggests two important implications for the emergent border between the courts and the Patent Office. The first pertains to judicial review over other structural provisions that make up the court-agency border after the AIA. The second pertains to potential next steps for a growing body of case decisions that offer compelling guidance on these issues.

The analytical framework of *Cuozzo* and the elaboration from *Wi-Fi One*, taken together, generally counsel in favor of judicial review over the other structural provisions that primarily make up the post-AIA border between the courts and the Patent Office. For example, the bars on prior civil actions by the alleged infringer in *inter partes* review<sup>149</sup> and post-grant review<sup>150</sup> are both likely to be reviewable. Both provisions are unrelated to the screening of cases under § 314(a) because neither pertains to whether a patent is likely to be found unpatentable in the present PTAB challenge. Instead, these statutory bars pertain to litigation activity by the would-be petitioner.

Likewise, the requirement in covered business method review of a prior offensive civil action by the patent owner against the petitioner<sup>151</sup> is

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144. *Id.*

145. *Cuozzo*, 136 S. Ct. at 2141.

146. *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1373 (Fed. Cir. 2018) (en banc).

147. *Id.* (citing *Cuozzo*, 136 S. Ct. at 2140) (internal quotation marks omitted).

148. *Id.*

149. 35 U.S.C. § 315(a) (2012).

150. *Id.* § 325(a).

151. Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18(a)(1)(B), 125 Stat. 284, 330 (2011).

likely to be judicially reviewable. This provision, too, is unrelated to whether a patent is likely to be found unpatentable. Both sets of statutory provisions, like the one-year time bar, pertain to the litigation activity of parties (i.e., attributes extrinsic to the substance of the petition and the validity of the patent).

This is even more true for the provisions that govern agency-agency estoppel and agency-court estoppel.<sup>152</sup> Far from being related to the likelihood that a challenged patent will be found partly or fully invalid, these provisions are not even triggered until after a final written decision has been entered on the case at hand. They are entirely forward-looking and are also both likely to be reviewable under *Cuozzo* and *Wi-Fi One*.

As for next steps, it is certainly possible that Broadcom will seek review in the Supreme Court.<sup>153</sup> However, given the decision in *Cuozzo* itself and the pending controversy in *SAS Institute*, granting certiorari in *Wi-Fi One* would bring the Court for a third time into the specific issue of nonappealability and Federal Circuit oversight.<sup>154</sup> Although the en banc dissent presents a plausible line of argument in support of certiorari, either outcome in *SAS Institute* may render moot the need for more clarification. Having reached a decision of unreviewability in *Cuozzo*, a decision in *SAS Institute* for judicial review would leave *Wi-Fi One* an unnecessary third case. This would especially hold true if the Court saw *SAS Institute* as a closer case than *Wi-Fi One*, as the facts of the latter case would do little to clarify the line between review and no review.

By contrast, if *SAS Institute* came out the other way, in favor of unreviewability, then the result would be two Supreme Court holdings that denied review and one en banc Federal Circuit holding that granted it. The Court could also reasonably regard this as sufficient guidance on the question of Federal Circuit oversight in cases of PTAB validity review. The result would be the same: a denial of certiorari in *Wi-Fi One*.

## V. CONCLUSION

The *Wi-Fi One* decision reflects a welcome recognition by the Federal Circuit of the vital procedural structure that stands between the federal courts and the Patent Office. This court-agency border is a bulwark against the capacious view that the agency has taken of its own discretion and immunity from judicial oversight in conducting patent validity reviews under the AIA. Moreover, this border represents the intention of

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152. 35 U.S.C. §§ 315(e), 325(e).

153. See *supra* note 109 and accompanying text.

154. Vishnubhakat, *Shenanigans*, *supra* note 119.



Congress to allocate power differently between the courts and the Patent Office, but not to divest either institution completely.

Understood in this way, even a porous court-agency border remains a valuable antidote to a perceived mandate for the agency to govern itself unaccountable to any judicial power. The tendency of the Patent Office as an administrative agency to push the limits of its jurisdiction and to aggrandize itself, even in service of sincerely held policy goals, is understandable, perhaps even commonplace in the modern administrative state.<sup>155</sup> Nevertheless, unlike agencies that routinely exercise this sort of power, the ability to make substantive legal pronouncements is still new in the patent system's experience, and the window for reform has not passed.

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155. See, e.g., Alexander Sales & Jonathan H. Adler, *The Rest Is Silence: Chevron Deference, Agency Jurisdiction, and Statutory Silences*, 2009 U. ILL. L. REV. 1497, 1503–07 (2009); *Perez v. Mortg. Bankers Ass'n*, 135 S. Ct. 1199, 1210 (2015) (Alito, J., concurring in part and concurring in the judgment).