JONES DAY

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COMMENTARY

Appellate Review of Patent Trial and Appeal Board Decisions

Given the statutory mandate that post-grant proceedings before the United States Patent and Trademark Office's ("USPTO") newly instituted Patent Trial and Appeal Board ("PTAB") conclude within one year of institution of the patent's review, appeals from PTAB decisions, and decisions in those appeals, will become increasingly routine. Indeed, statistics show that, whether an *inter partes* review ("IPR"), covered business method ("CBM") review, or post-grant review ("PGR"), PTAB proceedings are regularly being appealed. Currently, at least 60 percent of PTAB final written decisions have been appealed by one or both parties. All of these appeals will be heard by the United States Court of Appeals for the Federal Circuit. In the America Invents Act that created these new proceedings, Congress granted the Federal Circuit exclusive jurisdiction over appeals from IPRs, CBM reviews, and PGRs.[1]

Because the result of any post-grant proceeding is likely to be appealed, it is important to understand in advance how to perfect such an appeal and what an appeal to the Federal Circuit entails. Although IPR, CBM review, and PGR are trial-like proceedings, an appeal from these proceedings differs in many significant respects from an appeal of a district court decision. This *Commentary* provides an overview of the process of appealing a final written decision in a PTAB proceeding. Perfecting an appeal requires an understanding of certain deadlines, which may change if a request for rehearing is filed with the PTAB, as well as an understanding of the different filings that must be made in several different venues.[2] This *Commentary* also addresses the current state of Federal Circuit review in PTAB appeals thus far.

The Deadlines for Filing a Request for Rehearing and a Notice of Appeal

The first important deadline after the PTAB issues a final written decision is the deadline for filing a request for rehearing of the decision. A request for rehearing is not an appeal; instead, it provides a party dissatisfied with the final written decision an opportunity to ask the PTAB to reconsider its decision in view of matters that the PTAB may have misapprehended or overlooked.[3] The request for rehearing must be filed within 30 days of the date on which the PTAB issued the final written decision, and the party requesting rehearing does not need to seek prior authorization from the PTAB to file the request.[4] Within the allotted 15 pages, the party seeking rehearing "must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a

reply."[5] "The burden of showing a decision should be modified lies with the party challenging the decision."[6]

If a request for rehearing is not filed, then a notice of appeal must be filed within 63 days from when the PTAB issued its final written decision.[7] If a request for rehearing is filed, however, the deadline for filing a notice of appeal depends on when that request is decided. Instead of the 63-day appeal period being triggered upon issuance of the final written decision, that period is stayed until the PTAB acts on the request for rehearing.[8] Thus, a request for rehearing generally extends the time for filing an appeal, and often by as much as 30 to 45 days if the PTAB takes that long to decide the rehearing request.

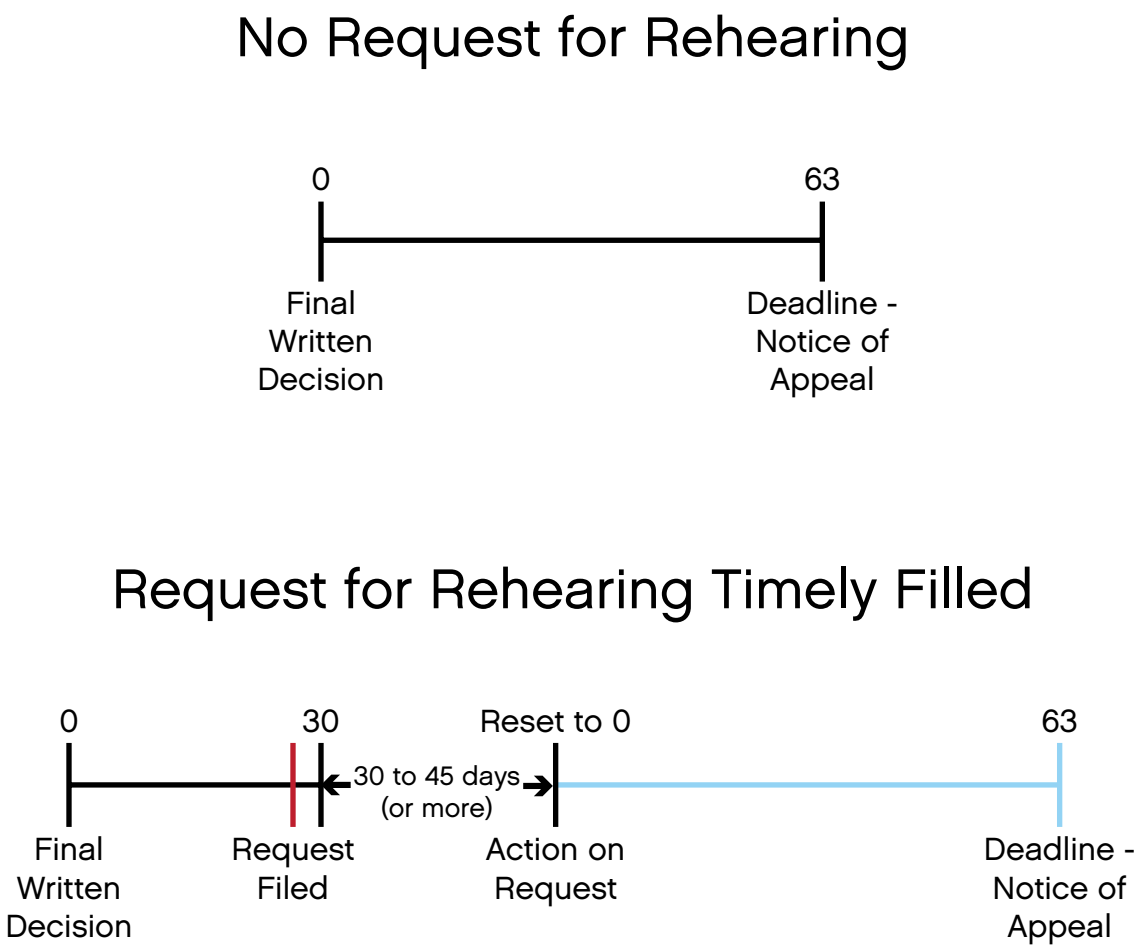

Fig. 1 – The Effect of a Request for Rehearing on the Notice of Appeal Deadline

The time for filing an appeal may also be extended if another party files a notice of appeal first. Under PTAB regulations, "[a]ny notice of cross-appeal is controlled by Rule 4(a)(3) of the Federal Rules of Appellate Procedure, and any other requirement imposed by the Rules of the United States Court of Appeals for the Federal Circuit."[9] Federal Rule of Appellate Procedure 4(a)(3) provides that "[i]f one party timely files a notice of appeal, any other party may file a notice of appeal within 14 days after the date when the first notice was filed, or within the time otherwise prescribed by this Rule 4(a), whichever period ends later." Accordingly, if another party timely files a notice of appeal within the 63-day period, but with less than 14 days until the end of that period, the time for any other party to appeal (i.e., a "cross-appeal") will extend beyond that period by enough days to provide that party at least 14 days to file its notice of cross-appeal.

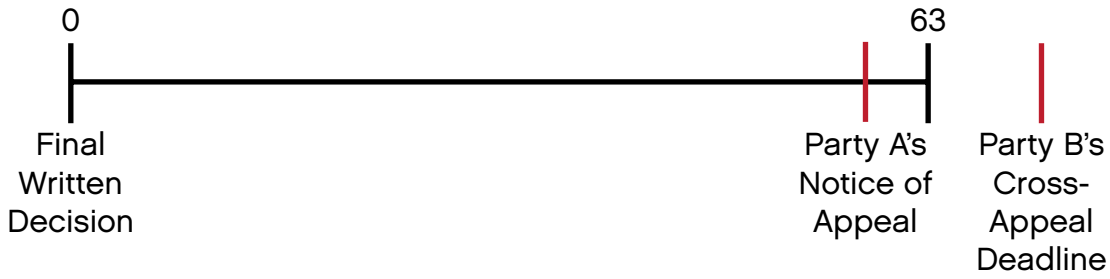

Fig. 2 – Possible Extension of the Notice of Appeal Deadline for a Notice of Cross-Appeal

The Necessary Venues and Requirements for Filing a Notice of Appeal

Once a party decides to appeal to the Federal Circuit, it must file a notice of appeal in several different venues that complies with various requirements of the USPTO and the Federal Circuit. This differs from district court litigation in which the notice of appeal and filing fee are filed only in the district court.

With respect to its contents, the notice of appeal must specify the party or parties taking the appeal, designate the decision(s) that are being appealed, identify the Federal Circuit as the court to which the appeal is taken, and contain the counsel's name, current address, and telephone number.[10] Additionally, the notice must provide sufficient information to allow the USPTO director to determine whether to intervene in the appeal.[11] Typically, to comply with these requirements, the notice of appeal will specify the PTAB decisions that are being appealed as well as list the issues on appeal.

As for where to file and serve the notice of appeal, the appellant must file the notice with the USPTO director by mailing it to, or serving it by hand upon, the Office of General Counsel of the USPTO.[12] The appellant must also file a copy of the notice with the PTAB, doing so electronically via the USPTO's Patent Review Processing System.[13] The notice also must be served on each opposing party.[14] Finally, simultaneously with filing the notice in the USPTO, the appellant must provide three copies of the notice to the Clerk of the Court for the Federal Circuit, along with the docketing fee.[15] Currently, the docketing fee is $500.[16]

The Record on Appeal

In a PTAB appeal, the record on appeal is limited to (i) the order involved, (ii) any findings or reports on which the order is based, and (iii) the pleadings, evidence, and other parts of the proceedings before the PTAB.[17] Within 40 days of receiving a notice of appeal, the USPTO director must transmit to the Federal Circuit a certified list of documents comprising the record.[18]

Before briefing or compiling the appendix, the parties are required to review the record to determine whether any material previously under seal may be unsealed and made public for the appeal, and to certify to the Federal Circuit their compliance with this requirement.[19]

Briefing and Arguing an Appeal

Once the Federal Circuit receives the certified list from the USPTO, it dockets the appeal, and at that point the appeal will generally take between nine and 12 months to reach a decision resolving the appeal. The date of docketing triggers several deadlines. First, each party to the appeal must file entries of appearance and a certificate of interest within two weeks of the date of docketing. The date of docketing also triggers the briefing schedule.

Unless the parties seek extensions or request a different briefing schedule for their case, the briefing schedule proceeds as follows: The appellant's opening brief is due within 60 days of docketing, the appellee's response brief is due 40 days after the appellant's brief is served, and the appellant

may then serve and file a reply brief within 14 days after service of the appellee's brief.[20] Additionally, the appellant must file and serve a joint appendix within seven days after the last reply brief is filed.[21]

In the case of a cross-appeal, the briefing schedule is extended somewhat and includes four briefs rather than three. After the appellant's opening brief, the cross-appellant's brief, still due within 40 days, includes its response to the appellant's brief and the cross-appellant's own issues; the appellant's reply brief, now due within 40 days, includes its reply and its response to the cross-appellant's issues. Thereafter, the cross-appellant may file a reply brief on its issues within 14 days.[22] Given the additional issues on appeal, the page and word limits are extended somewhat.[23]

The USPTO has a right to intervene in an appeal from the PTAB.[24] If it does, the deadline for its brief would generally track the brief of the party it is supporting.

Under the Federal Rules, the Federal Circuit has discretion to decline oral argument if the panel unanimously agrees that argument is unnecessary,[25] but in practice, the court orders argument in all patent cases if requested by the parties and they are available for argument. When oral argument is held, it typically will be set within three months of the filing of the joint appendix, and the parties will receive notice of the argument date approximately six weeks in advance. Given the influx of appeals from PTAB proceedings, it remains to be seen whether the Federal Circuit will decide some cases on the briefs and if the length of an appeal increases due to a backlog for oral argument.

Federal Circuit Review in PTAB Appeals Thus Far

The Federal Circuit's February 4, 2015, decision in *In re Cuozzo Speed Technologies, LLC* was its first decision addressing a final written decision of the PTAB in a post-grant proceeding.[26] *Cuozzo Speed* decided two important issues for IPRs. First, the court held that 35 U.S.C. § 314(d) "prohibits review of the decision to institute IPR even after a final decision," based on the statutory text of the AIA.[27] Second, the court held that the PTAB is permitted to apply the broadest reasonable interpretation standard in claim construction for unexpired patents in IPRs.[28]

Cuozzo Speed was also one of the first Federal Circuit decisions to apply the more deferential standard of review for claim construction set forth by the U.S. Supreme Court in *Teva Pharmaceuticals U.S.A., Inc. v. Sandoz, Inc*.[29] Specifically, the court will "review underlying factual determinations concerning extrinsic evidence for substantial evidence and the ultimate construction of the claim de novo."[30] On the merits, the Federal Circuit will similarly "review the Board's factual findings for substantial evidence and review[s] its legal conclusions de novo."[31] "Substantial evidence means 'such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.'"[32]

Before *Cuozzo Speed*, decisions by the Federal Circuit in PTAB proceedings all concerned issues before a final written decision—namely, challenges to the PTAB's decision whether to institute trial in a post-grant proceeding or evidentiary or other interim rulings, such as the denial of a motion requesting additional discovery or a motion to submit supplemental information.[33] Whether made by a writ of mandamus or a direct appeal, to date the Federal Circuit has rejected these efforts, reserving them for appeals after a final written decision issues. As the Federal Circuit continues to issue decisions in appeals from the PTAB's final written decisions, the jurisprudence in this area will grow, providing further guidance to parties in PTAB proceedings and in appeals from those proceedings.

Lawyer Contacts

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Endnotes

1 35 U.S.C. § 141(c) (2012); *see also id.* §§ 319, 329.

2 35 U.S.C. §§ 318(a), 328(a).

3 *See* 37 C.F.R. § 42.71(d) (2013).

4 *Id.*

5 *Id.* §§ 42.2, 42.24(a)(v), 42.71(d).

6 *Id.* § 42.71(d).

7 *Id.* § 90.3(a)(1).

8 *Id.* § 90.3(b)(1). Typically the PTAB acts on requests for rehearing within 30 to 45 days of filing the request.

9 *Id.* § 90.3(a)(1).

10 Fed. R. App. P. 3(c)(1); Fed. Cir. R. 15(a)(3).

11 37 C.F.R. § 90.2(a)(3)(ii); *see also* 35 U.S.C. § 143 (granting the director of the USPTO "the right to intervene in an appeal from a decision entered by the Patent Trial and Appeal Board … in an inter partes review or post-grant review").

12 37 C.F.R. §§ 90.2(a)(1), 104.2(a)-(b).

13 35 U.S.C. § 142; 37 C.F.R. §§ 42.6(b)(1), 90.2(a)(1).

14 37 C.F.R. § 42.6(e)(2).

15 *Id.* § 90.2(a)(2); Fed. Cir. R. 15(a)(1), 52(a)(2).

16 Fed. Cir. R. 52(a)(3)(A); http://www.cafc.uscourts.gov/images/stories/rules-of-practice/notices/New__Fee__Schedule__Eff__12-1-2013.pdf.

17 *See* Fed. R. App. P. 16.

18 35 U.S.C. § 143; Fed. Cir. R. 17(b)(1).

19 Fed. Cir. R. 11(d).

20 Fed. R. App. P. 31(a).

21 Fed. Cir. R. 30(a)(4).

22 Fed. Cir. R. 31(a)(3).

23 Fed. Cir. R. 28.1(3).

24 35 U.S.C. § 143.

25 Fed. R. App. P. 34(a)(2) (argument is unnecessary if the panel agrees that the appeal is frivolous, the issues have been authoritatively decided, or the facts and legal arguments are adequately presented in the briefs and record).

26 *In re Cuozzo Speed Techs., LLC*, No. 2014-1301, 2015 U.S. App. LEXIS 1699 (Fed. Cir. Feb. 4, 2015).

27 *Id.* at *7–8.

28 *Id.* at *21, *24.

29 *Id.* at *24.

30 *Id.*

31 *Id.* at *27.

32 *In re Bimeda Research & Dev. Ltd.*, 724 F.3d 1320, 1323 (Fed. Cir. 2013) (quoting *Consol. Edison Co. v. Nat'l Labor Relations Bd.*, 305 U.S. 197, 229 (1939)).

33 *E.g.*, *In re Telefonaktiebolaget LM Ericsson*, Nos. 2014-127, 2014-128, 2014-129, 2014 U.S. App. LEXIS 8527, at *2–4 (Fed. Cir. May 5, 2014); *In re Procter & Gamble Co.*, 749 F.3d 1376, 1378–79 (Fed. Cir. 2014); *In re Redline Detection, LLC*, 547 F. App'x 994, 995 (Fed. Cir. 2013).