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## A Shenanigan in IPR Denials

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# A Shenanigan in IPR Denials

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## I. INTRODUCTION

In August 2018, the United States Court of Appeals for the Federal Circuit decided a case about whether a petitioner for inter partes review (IPR) could seek judicial recourse after the United States Patent and Trademark Office (Patent Office or Agency) declined to institute the review.<sup>1</sup> In that case, *In re Power Integrations, Inc.*, the court noted that judicial review of the Agency's decision was barred by statute,<sup>2</sup> and that review under the Administrative Procedure Act's requirement for a brief explanation was inapposite to the facts of the case.<sup>3</sup> Because the Agency had provided the petitioner with a detailed explanation for its decision, the explanation requirement was satisfied.<sup>4</sup>

But what if the Agency had *not* provided a detailed explanation for declining to institute inter partes review? What if the Agency had given the petitioner no explanation at all about why the petition was denied or about how to correct any deficiencies? Unfortunately, a dissatisfied petitioner might have a difficult time convincing a court to entertain the argument that the Agency must provide an explanation. Because the Patent Act bars appeals of the Patent Office's decisions whether to institute inter partes review,<sup>5</sup> courts have been hesitant to touch any issue relating to the institution decision.

Yet such a course of action by the Patent Office likely would fit within the category of "shenanigans" that the Supreme Court has said may be reviewable, despite the appeal bar.<sup>6</sup> While a court may not review the merits of the institution decision,<sup>7</sup> this Note argues that a court may compel a brief explanation from the Agency, as such recourse is expressly contemplated by the Administrative Procedure Act (APA). Despite the Federal Circuit's rejection of the petitioner's APA argument in *Power Integrations*, the Patent Office *is* required to give a brief explanation when it denies petitions for inter partes review. The APA requires that agencies provide a brief

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1. *In re Power Integrations, Inc.*, 899 F.3d 1316 (Fed. Cir. 2018).

2. *Id.* at 1318 (citing 35 U.S.C. § 314(d) (2012)).

3. *Id.* at 1319–20 (citing 5 U.S.C. § 555(e) (2018)).

4. *Id.*

5. 35 U.S.C. § 314(d) (making the IPR institution decision "final and nonappealable").

6. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142 (2016).

7. *Power Integrations*, 899 F.3d at 1318.

statement of the grounds for denying a petition.<sup>8</sup> That an agency's decision to deny a petition is committed to its discretion does not relieve the agency from the APA's procedural requirements. Thus, even though the Patent Office has discretion to deny institution of inter partes review,<sup>9</sup> it must provide an explanation when it does so.

## II. BACKGROUND

The United States Patent and Trademark Office has statutory responsibility for granting patents.<sup>10</sup> The authority and responsibility of the Patent Office to carry out its duties regarding patents is derived from Congress's constitutional power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."<sup>11</sup> The statutory powers and duties of the Patent Office relating to patents are found in the Patent Act, codified in Title 35 of the United States Code.<sup>12</sup> Congress further defined the role of the Patent Office by passing the Leahy-Smith America Invents Act in 2011.

As a federal agency exercising executive authority, the Patent Office is generally subject to the Administrative Procedure Act.<sup>13</sup> This means that, except where the Patent Act provides an exemption from the APA, the Patent Office must meet the APA's requirements when it makes rules and carries out adjudications.

Appeals of Patent Office decisions are taken to the United States Court of Appeals for the Federal Circuit, which has exclusive appellate jurisdiction over patent matters.<sup>14</sup> In some circumstances, the Patent Act allows suits against the Patent Office in the United

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8. 5 U.S.C. § 555(e).

9. The Supreme Court of the United States has indicated that the Patent Office's decision not to institute inter partes review is committed to agency discretion by law. *Cuozzo*, 136 S. Ct. at 2140 (citing 5 U.S.C. § 701(a)(2) & 35 U.S.C. § 314(a)). This means that the tools of judicial review provided by the Administrative Procedure Act are generally unavailable to a dissatisfied petitioner for inter partes review. See 5 U.S.C. § 701(a)(2) (stating that Chapter 7 of Title 5 "applies . . . except to the extent that . . . agency action is committed to agency discretion by law").

10. 35 U.S.C. § 2(a)(1).

11. U.S. CONST. art. I, § 8, cl. 8.

12. 35 U.S.C. §§ 1-390.

13. 5 U.S.C. § 551(1).

14. 28 U.S.C. § 1295(a)(4)(A) (2012); 35 U.S.C. § 141.

States District Court for the Eastern District of Virginia.<sup>15</sup> Appeals of these suits likewise go to the Federal Circuit.<sup>16</sup> Having a single circuit for patent appeals allows patent law to develop uniformly throughout the country. As with all other circuit courts, decisions of the Federal Circuit can be appealed to the Supreme Court of the United States.<sup>17</sup>

#### A. *The America Invents Act*

In 2011, Congress passed the Leahy-Smith America Invents Act (AIA) into law.<sup>18</sup> This Act is widely considered to be the most substantial change to patent law since 1952.<sup>19</sup> A significant feature of the AIA was the creation of certain adjudicative proceedings that allow the Patent Office to reevaluate the patentability of an issued patent. These proceedings, commonly referred to as post-grant proceedings, are inter partes review,<sup>20</sup> post-grant review,<sup>21</sup> and covered business method patent review.<sup>22</sup> They are conducted by the Patent Trial and Appeal Board (Board), which is a subdivision of the Patent Office.<sup>23</sup> Post-grant proceedings have been described as an attempt by Congress to expedite disputes about a patent's validity.<sup>24</sup> The most commonly-used of these proceedings is inter partes review,<sup>25</sup> which is the subject of this Note.

Inter partes review is an administrative adjudication proceeding through which any person other than the owner can

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15. *E.g.*, 35 U.S.C. §§ 145, 146, 154(b)(4).

16. 28 U.S.C. § 1295(a)(4)(C).

17. 28 U.S.C. § 1254.

18. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified as amended primarily in scattered sections of 35 U.S.C.) [hereinafter AIA].

19. *See, e.g.*, ROBERT PATRICK MERGES & JOHN FITZGERALD DUFFY, PATENT LAW AND POLICY 18 (7th ed. 2017); Renoj Zachariah, Note, *Fighting the Troll Toll: The Case for Judicial Review of the U.S.P.T.O. Director's Denial of a Petition to Institute an Inter Partes Review*, 38 CARDOZO L. REV. 2273, 2275 (2017).

20. 35 U.S.C. § 311.

21. 35 U.S.C. § 321.

22. AIA § 18.

23. 35 U.S.C. §§ 316(c), 326(c).

24. S. REP. NO. 110-259, at 20 (2008) (“[Post-grant proceedings] will give third parties a quick, inexpensive, and reliable alternative to district court litigation to resolve questions of patent validity”).

25. *See* 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, 1 (2014/2015) (noting that as of Aug. 14, 2014, 1614 IPR petitions and 204 CBM petitions had been filed).

challenge the patentability of a U.S. patent.<sup>26</sup> The scope of the proceeding is limited to grounds of novelty or nonobviousness, and the prior art that can be asserted against the challenged patent is limited to other patents and printed publications.<sup>27</sup> To seek inter partes review, a challenger files a petition with the Patent Office that identifies which claims of the patent it is challenging, and on what grounds.<sup>28</sup> The patentee may file a preliminary response, giving reasons not to institute the proceeding.<sup>29</sup> The Board then makes a decision whether to institute inter partes review of the challenged patent.<sup>30</sup> If the Board decides to institute the review, the Board and the parties follow certain procedures, some of which are defined by statute,<sup>31</sup> and others of which are codified as Patent Office regulations.<sup>32</sup> The Board must issue a final written decision within one year of the institution date.<sup>33</sup>

### *B. The Administrative Procedure Act*

Congress passed the Administrative Procedure Act in 1946.<sup>34</sup> The APA is a statutory scheme that supplies default procedures for governing administrative agencies' actions and courts' review of those actions.<sup>35</sup> It places procedural and substantive restrictions on how agencies regulate entities within their spheres of influence.<sup>36</sup> It also provides a means whereby dissatisfied parties may seek redress of grievances with the agencies through judicial review.<sup>37</sup> The chapter of the APA on judicial review, Chapter 7 of Title 5,<sup>38</sup>

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26. 35 U.S.C. § 311(a).

27. 35 U.S.C. § 311(b). Novelty is a requirement for patentability, and is governed by 35 U.S.C. § 102. Nonobviousness is also a requirement for patentability, and is governed by 35 U.S.C. § 103.

28. 35 U.S.C. §§ 311(a), 312(a)(3).

29. 35 U.S.C. § 313.

30. 35 U.S.C. § 314.

31. *See* 35 U.S.C. §§ 311–319.

32. *See* 37 C.F.R. §§ 42.1–42.123 (2018).

33. 35 U.S.C. § 316(a)(11).

34. Pub. L. No. 79-404, 60 Stat. 237 (1946) (codified as amended at 5 U.S.C. §§ 551–559, 701–706 (2012)).

35. GARY LAWSON, *FEDERAL ADMINISTRATIVE LAW* 305–06 (7th ed. 2016).

36. *Id.* at 303.

37. *See* 5 U.S.C. ch. 7 (2018).

38. This Note refers to sections and chapters of the Administrative Procedure Act by their codified numbers in Title 5 of the United States Code, rather than their numbers in Pub.

gives details of the availability, timing, form, and scope of such review.<sup>39</sup> A frequently cited provision of that chapter is the standard that agency action must be set aside by a reviewing court when the action is arbitrary or capricious.<sup>40</sup> Other standards found in the same section require that agency decisions comply with constitutional and statutory law, among other things.<sup>41</sup>

One of the procedural requirements of the APA is that agencies must provide brief explanations when they deny requested actions, including adjudication proceedings.<sup>42</sup> This requirement allows courts to compel an agency to provide such an explanation in the event the agency has failed to do so.

### III. THE IPR INSTITUTION DECISION IS NONAPPEALABLE

The Patent Office's decision whether to institute inter partes review falls outside of a court's jurisdiction to review agency action. Appeal of the decision is barred by the Patent Act, and courts have made it clear that this bar prevents them from reviewing the merits of the decision.

#### *A. Appeal of the Patent Office's IPR Institution Decision Is Barred by the Patent Act*

Statutory authority to institute inter partes review is given to the Director of the Patent Office.<sup>43</sup> The Director has delegated this authority to the Patent Trial and Appeal Board.<sup>44</sup> The Board is not required to institute a review.<sup>45</sup> Further, the Patent Act expressly bars an appeal of the decision to institute inter partes review in § 314(d), which says "[t]he determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable."<sup>46</sup>

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L. No. 79-404. For example, the section on the scope of judicial review of agency action is herein § 706 of the APA, rather than section 10(e) of the APA. This practice is common, though not exclusive, in administrative law. LAWSON, *supra* note 35, at 306 n.7.

39. LAWSON, *supra* note 35, at 305-06.

40. 5 U.S.C. § 706(2)(A).

41. 5 U.S.C. § 706(2)(A)-(D).

42. 5 U.S.C. § 555(e).

43. 35 U.S.C. § 314 (2012).

44. 37 C.F.R. § 42.4(a) (2018).

45. *See* 35 U.S.C. § 314(a).

46. 35 U.S.C. § 314(d).

B. *The Supreme Court Interprets the Patent Act's § 314(d)*

The Supreme Court has examined the IPR nonappealability provision of the Patent Act in the context of an inter partes review that was instituted on grounds other than those sought by the petitioner.<sup>47</sup> In *Cuozzo Speed Technologies, LLC v. Lee*, the Board had instituted inter partes review of certain claims on obviousness grounds that were not expressly raised by the petitioner.<sup>48</sup> The patentee objected, pointing out that the IPR statute requires a petition for inter partes review to state “with particularity” the grounds for challenging the patent.<sup>49</sup> On appeal, the Federal Circuit said that it was precluded from reviewing the Board’s institution decision because § 314(d) made that decision nonappealable.<sup>50</sup> The petitioner argued that the statute only precluded an interlocutory appeal, and that the court could review the institution decision as a review of a final order.<sup>51</sup> The Federal Circuit rejected this argument, pointing out that other sections of the Patent Act already limit appeals from an inter partes review to consideration of the Board’s final written decision, a fact that would make § 314(d) nugatory if interpreted solely to restrict interlocutory appeals.<sup>52</sup> The Supreme Court affirmed, noting that the language of § 314(d) is plain: “the ‘determination by the [Patent Office] whether to institute an inter partes review under this section shall be *final and nonappealable*.’”<sup>53</sup>

In holding that the Patent Act’s § 314(d) generally bars judicial review of the Patent Office’s IPR institution decision, the Court left open the possibility for an appeal on grounds outside of the institution decision statute.<sup>54</sup> Not surprisingly, the Court said that constitutional questions may establish permissible grounds for review of the institution decision.<sup>55</sup> The Court also said that there may be questions of statutory rights beyond § 314(d) that would

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47. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2136 (2016).

48. *Id.* at 2138.

49. *Id.* at 2139 (quoting 35 U.S.C. § 312(a)(3)).

50. *Id.*

51. *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1273 (Fed. Cir. 2015).

52. *Id.* (citing 35 U.S.C. §§ 319 & 141(c)).

53. *Cuozzo*, 136 S. Ct. at 2139 (alteration in original) (quoting 35 U.S.C. § 314(d)). Justice Alito and Justice Sotomayor agreed with the petitioner on this point; they would have held that § 314(d) precludes only interlocutory appeals. *Id.* at 2149 (Alito, J., concurring in part and dissenting in part).

54. *Id.* at 2141-42 (majority opinion).

55. *Id.* at 2141.

allow a court to review the decision. The Court noted that “constitutional questions,” questions depending on “other less closely related [to § 314(d)] statutes,” or “questions of interpretation that reach, in terms of scope and impact, well beyond” § 314 could possibly be avenues for appeal.<sup>56</sup>

One important statement from the Court in *Cuozzo* is its assertion that the decision of the Director to deny institution of inter partes review is “a matter committed to the Patent Office’s discretion.”<sup>57</sup> In so asserting, the Court cited the APA’s subsection on preclusion of judicial review.<sup>58</sup> Specifically, the Court pointed to 5 U.S.C. § 701(a)(2), which places agency decisions that are “committed to agency discretion by law” outside the reach of the APA’s judicial review provisions.<sup>59</sup> The Court reasoned that the Agency is not required to institute inter partes review in any circumstance.<sup>60</sup> While there is a threshold requirement to institute review – the Patent Office must first find that “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition”<sup>61</sup> – there is “no mandate to institute review” and thus the institution decision is “committed to [agency] discretion.”<sup>62</sup>

### C. Committed to Agency Discretion by Law

The jurisprudence on the “committed to agency discretion by law” preclusion doctrine has been described as being “as confusing as any body of doctrine in administrative law – which is saying quite a lot.”<sup>63</sup> By the APA’s terms, Chapter 7 of Title 5 is not applicable “to the extent that . . . agency action is committed to agency discretion by law.”<sup>64</sup> This means that the APA’s statutory provisions that generally direct how agency action will be reviewed by a court are not available for agency action committed to agency discretion. These provisions include the APA’s waiver of sovereign

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56. *Id.*

57. *Id.* at 2140.

58. *Id.*

59. *Id.*

60. *Id.*

61. 35 U.S.C. § 314(a) (2012).

62. *Cuozzo*, 136 S. Ct. at 2140.

63. LAWSON, *supra* note 35, at 1003.

64. 5 U.S.C. § 701(a)(2) (2018).

immunity,<sup>65</sup> the general statutory cause of action,<sup>66</sup> and the substantive grounds for compelling or setting aside agency action.<sup>67</sup> But as this Note discusses *infra*, federal courts have held that the APA's waiver of sovereign immunity is still applicable when suing an agency for specific relief, even if judicial review is otherwise unavailable.

Because the Patent Office's decision to deny a petition for inter partes review is committed to agency discretion by law, a dissatisfied petitioner cannot get a court to review the denial under the arbitrary or capricious standard, or under any other grounds in APA § 706.<sup>68</sup>

#### D. Additional Supreme Court Precedent on the Institution Decision

The Supreme Court has heard two cases of relevance to the Patent Office's IPR institution decision since the *Cuozzo* case.<sup>69</sup> In *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, the Court reiterated its view from *Cuozzo* that "[t]he decision whether to institute inter partes review is committed to the Director's discretion."<sup>70</sup> On the same day, the Court issued a companion IPR decision to *Oil States*. In *SAS Institute, Inc. v. Iancu*, the Court did not use the language "committed to agency discretion," or any equivalent.<sup>71</sup> At its core, the case was about whether the Patent Office could institute inter partes review of some, but not all, patent claims challenged in the petition.<sup>72</sup> The Court said no; such "partial

65. 5 U.S.C. § 702.

66. 5 U.S.C. § 704.

67. 5 U.S.C. § 706.

68. Scholars have debated whether agency action that is committed to its discretion is nevertheless reviewable under § 706(2)(A)'s "abuse of discretion" standard. Ronald M. Levin, *Understanding Unreviewability in Administrative Law*, 74 MINN. L. REV. 689, 694-95 (1990). The Supreme Court has definitively stated that such action is unreviewable, even under the abuse of discretion standard. *Id.* at 700.

69. At the time of writing this Note, another case is before the Court about whether the appeal bar in 35 U.S.C. § 314(d) extends to decisions of the Patent Office to institute inter partes review after determining that the Patent Act's time bar in 35 U.S.C. § 315(b) does not apply to the case. *Thryv, Inc. v. Click-to-Call Techs., LP*, No. 18-916 (U.S. argued Dec. 9, 2019).

70. *Oil States Energy Servs., LLC v. Greene's Energy Group, LLC*, 138 S. Ct. 1365, 1371 (2018) (citing *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016)); *see also id.* at 1378 n.5 ("[T]he decision to institute review is . . . committed to [the Director's] unreviewable discretion.").

71. *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348 (2018).

72. *Id.* at 1354. The regulation establishing the Patent Office's "partial institution" practice was found at 37 C.F.R. § 42.108(a) (2018), now abrogated by *SAS Institute*.

institution” runs counter to the plain text of the Patent Act in § 318(a), which says the Board “shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner.”<sup>73</sup> The Court interpreted this statute to mean that the Board must address the patentability of all claims challenged in the petition. It thus follows that the Board, when instituting review, must do so for all challenged claims. So, the Director cannot deny institution on some claims while granting institution on other claims challenged in the same petition.<sup>74</sup>

But to say this, the Court had to overcome the argument that it had no power – because of § 314(d) of the Patent Act – to review the denial of institution on some of the challenged claims.<sup>75</sup> The Court’s ready answer was that the APA “directs courts to set aside agency action ‘not in accordance with law’ or ‘in excess of statutory jurisdiction, authority, or limitations.’”<sup>76</sup> Since partial institution was not in accordance with § 318(a) of the Patent Act, the APA gave the Court power to set aside the Patent Office’s regulation that established the partial institution practice.

*SAS Institute’s* use of the Administrative Procedure Act in the IPR institution decision context and *Cuozzo’s* language that the IPR non-institution decision is “committed to the Patent Office’s discretion”<sup>77</sup> can be reconciled. *Cuozzo* explained,

Nevertheless, in light of § 314(d)’s own text and the presumption favoring review, we emphasize that our interpretation applies where the grounds for attacking the decision to institute inter partes review consist of questions that are closely tied to the application and interpretation of statutes related to the Patent Office’s decision to initiate inter partes review. . . . This means that we need not, and do not, decide the precise effect of § 314(d) on appeals that implicate constitutional questions, that depend on other less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond “this section.”<sup>78</sup>

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73. 35 U.S.C. § 318(a) (2012); *SAS Inst.*, 138 S. Ct. at 1354.

74. *SAS Inst.*, 138 S. Ct. at 1358.

75. *Id.* at 1359.

76. *Id.* (quoting 5 U.S.C. § 706(2)(A), (C) (2018)).

77. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016).

78. *Id.* at 2141 (citation omitted).

In other words, *SAS Institute's* use of the APA to require the Patent Office to institute inter partes review (if at all) on *all* challenged claims must be read as looking well beyond § 314. In light of *SAS Institute* and *Cuozzo*, the final decision statute in § 318 of the Patent Act must have a scope and impact well beyond the institution statute in § 314. Alternatively, § 318's requirement of addressing all challenged claims in the final written decision is less closely related to § 314 than the statute at issue in *Cuozzo*. That statute was § 312 of the Patent Act, requiring that the petition for inter partes review be "pleaded 'with particularity.'"<sup>79</sup>

Last, the *Cuozzo* Court had noted that "shenanigans" of the Patent Office acting "outside its statutory limits" would allow a court to review the action under the APA in an appeal.<sup>80</sup> The Court reiterated this point in *SAS Institute*.<sup>81</sup>

#### E. The Federal Circuit Applies the Patent Act's § 314(d)

The Federal Circuit has stated that the Patent Act's bar to appealing the IPR institution decision in § 314(d) applies equally well to decisions to deny institution of inter partes review as it applies to decisions to grant institution.<sup>82</sup> In *In re Power Integrations, Inc.*, the court applied the *Cuozzo* holding in a case where the Patent Office had supplied detailed written explanations for its denials of institution of inter partes review.<sup>83</sup> The Agency had issued four written decisions, each between fifteen and twenty pages, explaining why institution was not merited in that case.<sup>84</sup> These non-institution decisions thus met the APA's requirement—found at 5 U.S.C. § 555(e)—to provide a brief statement of the grounds for denying the petition for inter partes review.<sup>85</sup> The Federal Circuit denied a petition for a writ of mandamus to have the Patent Trial

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79. *Id.* at 2142.

80. *Id.* at 2141–42.

81. *SAS Inst.*, 138 S. Ct. at 1359.

82. *In re Power Integrations, Inc.*, 899 F.3d 1316, 1318 (Fed. Cir. 2018) (citing *Cuozzo*, 136 S. Ct. at 2140). The Federal Circuit's reading of *Cuozzo* on this point appears flawed, because it conflates agency decisions that are "committed to agency discretion by law" and agency decisions for which "statutes preclude judicial review." See 5 U.S.C. § 701(a). The end result is the same, however, because both conditions lead to the unavailability of Chapter 7 of Title 5.

83. *Id.* at 1320.

84. *Id.*

85. *Id.*

and Appeal Board reconsider its denials, evaluate certain evidence that the petitioner alleged the Board had not adequately weighed, and “provide an adequate explanation for its non-institution decisions” as required by § 555(e).<sup>86</sup> The court pointed out that the statute prohibits judicial review of the substance of the Board’s decision, and asserted that asking for mandamus was just an attempt to bypass the statutory prohibition of review.<sup>87</sup>

The court’s rejection of the petitioner’s § 555(e) argument in *Power Integrations* can fairly be viewed as saying that the explanations provided by the Board in that case satisfied the requirement of § 555(e), rather than that § 555(e) does not apply to the institution decision. Because the Patent Office had provided detailed explanations for its denial of a petition, there was nothing more for § 555(e) to do.

In an earlier case, *St. Jude Medical, Cardiology Division, Inc. v. Volcano Corp.*, the Federal Circuit dismissed an appeal of the Patent Office’s non-institution decision.<sup>88</sup> The court pointed out that the Patent Act authorizes appeals of IPR cases to the Federal Circuit only after the Board has issued a “final written decision.”<sup>89</sup> A non-institution decision is not a “final written decision” within the meaning of the IPR statutes.<sup>90</sup> In such cases, inter partes review has not been instituted and conducted, two conditions contemplated by the final decision statute in § 318(a) of the Patent Act.<sup>91</sup> Furthermore, the court noted that the statute expressly bars an appeal of the institution decision.<sup>92</sup> The court speculated, but did not decide, that review by *any* route may be precluded by § 314(d).<sup>93</sup>

The Federal Circuit has since treaded more carefully with such speculation; in *Power Integrations*, the court noted possible avenues for appellate review or mandamus, citing the possibilities that *Cuozzo* left open, including “constitutional issues, issues involving

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86. *Id.* at 1319–21.

87. *Id.*

88. *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1376 (Fed. Cir. 2014).

89. *Id.* at 1375 (citing 35 U.S.C. § 319 (2012)).

90. *Id.* (citing 35 U.S.C. § 318(a)).

91. *Id.* at 1375–76.

92. *Id.* at 1376 (citing 35 U.S.C. § 314(d)).

93. *Id.*

questions outside the scope of section 314(d), and actions by the agency beyond its statutory limits.”<sup>94</sup>

#### IV. SECTION 555(E) OF THE ADMINISTRATIVE PROCEDURE ACT IS APPLICABLE TO THE PATENT OFFICE’S NON-INSTITUTION DECISION

As noted above, the Supreme Court has invoked the Administrative Procedure Act as a basis for correcting the Patent Office’s practice of “partial institution” of inter partes review.<sup>95</sup> In the Court’s reasoning in *SAS Institute*, the partial institution practice was counter to the Patent Act’s requirement in § 318(a) of providing a final decision on any challenged claim.<sup>96</sup> Therefore, the APA’s requirement in § 706(2) that agency action accord with law was apropos for overturning the Patent Office’s partial institution practice.<sup>97</sup>

It is interesting that the Court did not hesitate to use § 706 of the APA to review a Patent Office action (the partial institution practice) in a context related to the decision of whether to institute inter partes review, despite the decision being unappealable and committed to agency discretion. This indicates that there can be scenarios in which a statute not “closely related” to the institution statute, § 314, can be invoked while seeking review of a Patent Office action in a context that is related to institution.

The APA’s § 555(e) is such a statute.

##### A. What Does the Administrative Procedure Act Generally Require?

The Supreme Court in *SAS Institute* said that “agency action ‘not in accordance with law’ or ‘in excess of statutory jurisdiction, authority, or limitations’” can be set aside pursuant to the Administrative Procedure Act.<sup>98</sup> This language is found in the APA’s section on the scope of judicial review of agency action.<sup>99</sup> That section provides additional grounds for setting aside agency action, including action that is “arbitrary, capricious, [or] an abuse

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94. *In re Power Integrations, Inc.*, 899 F.3d 1316, 1321 (Fed. Cir. 2018).

95. *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1359 (2018).

96. *Id.* at 1357.

97. *Id.* at 1359.

98. *Id.* (quoting 5 U.S.C. § 706(2)(A), (C) (2018)).

99. 5 U.S.C. ch. 7.

of discretion,”<sup>100</sup> “contrary to constitutional right,”<sup>101</sup> “short of statutory right,”<sup>102</sup> and “without observance of procedure required by law.”<sup>103</sup> These additional grounds were cited by the Supreme Court in *Cuozzo* as possible means to review a Patent Office action related to the IPR institution decision.<sup>104</sup>

In addition to complying with these standards under which a court generally may set aside agency action, an agency must follow certain procedures required by statute. The APA provides a default set of procedures for agency actions.<sup>105</sup> One such procedure is the requirement of § 555(e) that an agency provide a brief explanation for denying a petition.<sup>106</sup> This requirement can be another possible ground for asserting that the Patent Office has not followed the law, under circumstances where the Agency denies a petition and fails to provide an explanation for its decision.

Admittedly, the requirement of § 555(e) is “modest.”<sup>107</sup> Nevertheless, it is a statutory requirement, and the Patent Act does not indicate that Congress intended to exempt the Patent Office from it.

*B. Does the Patent Act Foreclose a Remedy  
Under the Administrative Procedure Act’s § 555(e)?*

The fact that the Patent Act bars an appeal of the Patent Office’s IPR institution decision might seem to indicate there is also no remedy under the APA when a petitioner is unsatisfied with a decision not to institute review and when the Patent Office has not explained its denial. Indeed, there are two reasons the APA might be unavailable as a litigation tool in this context. First, the Patent Act expressly states that the decision is “final and nonappealable.”<sup>108</sup> This fits within the APA’s removal of its judicial

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100. 5 U.S.C. § 706(2)(A).

101. 5 U.S.C. § 706(2)(B).

102. 5 U.S.C. § 706(2)(C).

103. 5 U.S.C. § 706(2)(D).

104. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142 (2016).

105. *E.g.*, 5 U.S.C. § 555 (2018). The Supreme Court has held that this section constitutes the extent of the APA’s procedural requirements for informal adjudications. *Pension Benefit Guar. Corp. v. LTV Corp.*, 496 U.S. 633, 655–56 (1990).

106. 5 U.S.C. § 555(e).

107. *In re Power Integrations, Inc.*, 899 F.3d 1316, 1320 (Fed. Cir. 2018) (quoting *Roelofs v. Sec’y of Air Force*, 628 F.2d 594, 601 (D.C. Cir. 1980)).

108. 35 U.S.C. § 314(d) (2012).

review tools when a statute “preclude[s] judicial review.”<sup>109</sup> Second, the Supreme Court has interpreted the Patent Office’s authority to deny institution of inter partes review as “a matter committed to the Patent Office’s discretion.”<sup>110</sup> This categorization would remove the APA’s judicial review tools from review of denials based on the APA’s clause covering “agency action [that] is committed to agency discretion by law.”<sup>111</sup>

But these potential barriers to judicial review in the context of an IPR denial should not apply when a petitioner is only seeking an explanation for the denial. A petitioner for inter partes review who does not receive an explanation from the Patent Office for a denial should be able to successfully appeal on the basis of the Agency’s failure to briefly state the grounds for the denial. A failure to state the grounds for a denial is logically distinct from the decision itself to deny the petition. Under this theory, the APA’s standards for judicial review would apply in full force to the explanation requirement of § 555(e), even though the decision is unreviewable.

An alternative route for a dissatisfied petitioner is to ask a court to compel the Agency to provide a brief explanation for the denial as a matter of legal right. That is, the petitioner would sue the Patent Office to get the explanation. But this path would be complicated by the APA’s preclusion clauses.

*1. Is judicial review of the decision whether to institute inter partes review precluded by statute, or is the decision “committed to agency discretion by law”?*

Section 701(a)(1) of the APA makes Chapter 7 of Title 5 (the judicial review chapter) inapplicable to an agency decision “to the extent that . . . statutes preclude judicial review.”<sup>112</sup> This is intuitive; how could standards intended for judicial review apply when judicial review is precluded in the first place? The Patent Act’s § 314(d) seems to provide just such a preclusion by making the IPR institution decision “final and nonappealable.”<sup>113</sup> This alone would

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109. 5 U.S.C. § 701(a)(1).

110. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016).

111. 5 U.S.C. § 701(a)(2).

112. 5 U.S.C. § 701(a)(1).

113. 35 U.S.C. § 314(d).

be enough to make the APA's Chapter 7 standards inapplicable to the institution decision. But the Supreme Court has reinforced—arguably unnecessarily—Chapter 7's unavailability to the IPR denial decision by invoking in *Cuozzo* the committed to agency discretion language.

In *Cuozzo Speed Technologies, LLC v. Lee*, the Supreme Court noted that the Patent Office's decision to deny a petition for inter partes review is "committed to the Patent Office's discretion," citing § 701(a)(2).<sup>114</sup> Just like § 701(a)(1), the APA's § 701(a)(2) forecloses the use of the judicial review tools for reviewing agency actions that are deemed "committed to agency discretion by law."<sup>115</sup>

It is worth pointing out that the Supreme Court has made an effort to give both clauses of § 701(a) effect, meaning that "committed to agency discretion by law" is necessarily a status that does *not* stem from a statute making the agency decision unreviewable.<sup>116</sup> So if the Court's language in *Cuozzo* about § 701(a)(2) of the APA is consistent with prior Court precedent, then an IPR non-institution decision is *not* unreviewable because of the appeal bar in the Patent Act's § 314(d), but rather because the Patent Act does not require the Patent Office to institute inter partes review in any given case.<sup>117</sup> In other words, a non-institution decision is "committed to agency discretion by law" because the Patent Office may deny inter partes review for any reason.<sup>118</sup> This is in contrast with a decision to *grant* institution, for which the Patent Office must first find that there is a "reasonable likelihood" that at least one claim challenged will be found unpatentable.<sup>119</sup> So for decisions to grant a petition for inter partes review, institution is not "committed to agency discretion." But these decisions squarely fall within the Patent Act's § 314(d) appeal bar. Of course, the end result is the same; Chapter 7 of the Administrative Procedure Act does not apply to the institution decision, whether the justification falls under § 701(a)(1) or under § 701(a)(2).

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114. *Cuozzo*, 136 S. Ct. at 2140.

115. 5 U.S.C. § 701(a)(2).

116. See Levin, *supra* note 68, at 700 n.50.

117. See *Cuozzo*, 136 S. Ct. at 2140 (citing 35 U.S.C. § 314(a)) (noting there is "no mandate to institute review").

118. See *id.*

119. 35 U.S.C. § 314(a).

2. Does either status foreclose § 555(e) arguments?

An agency decision that is “committed to agency discretion by law,”<sup>120</sup> or for which judicial review is precluded, should not be immune to the APA’s general requirement that the agency provide a brief explanation for denying a petition. Although Chapter 7 of Title 5 is foreclosed by its own terms to a court reviewing such an agency decision, the other APA provisions remain available. Thus, because § 555(e) is found in Chapter 5 of Title 5, rather than Chapter 7, it is not foreclosed—at least according to the plain text of § 701(a)—for those agency actions that are made unreviewable by statute or that are “committed to agency discretion by law.”<sup>121</sup>

Even if the Patent Office has absolute discretion to deny institution of inter partes review (which it does), including denying a completely meritorious petition (which it can), the Patent Office must still give reasons for its denial. In other words, the Patent Office does not have discretion to not explain its decision denying institution.

Admittedly, this proposition is disputed by some judges. For example, the United States Court of Appeals for the Tenth Circuit has held that the APA’s § 555(e) does not apply to an agency decision for which there is no right of review available to the plaintiff.<sup>122</sup> The court reasoned that the purpose of § 555(e) is “to allow a reviewing court to assess the agency’s decision,” and that when there is no right of review available, a plaintiff suffers no prejudice “that would entitle them to relief.”<sup>123</sup> In other words, the Tenth Circuit views the explanation required by § 555(e) as an aid only to a court reviewing an agency’s decision.

But other courts have found more purposes behind § 555(e). The United States Court of Appeals for the D.C. Circuit has noted that the APA’s requirement for a brief statement of the grounds for denying a petition not only aids a reviewing court, but also “ensures the agency’s careful consideration” of petitions, and allows a petitioner to inform the agency “of any errors it may have made.”<sup>124</sup>

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120. 5 U.S.C. § 701(a)(2).

121. *Id.*

122. *High Country Citizens All. v. Clarke*, 454 F.3d 1177, 1192 (10th Cir. 2006).

123. *Id.*

124. *Tourus Records, Inc. v. DEA*, 259 F.3d 731, 737 (D.C. Cir. 2001).

Some judges have expressly opined that § 555(e) does create a legal requirement for an agency to provide a brief statement of grounds for denying a petition, even when the underlying decision is not reviewable. In one case, the U.S. Board of Parole had appealed a district court order that required the Board to provide written reasons for denying parole applications.<sup>125</sup> Concurring with the majority, Judge Leventhal said that “[the APA]’s procedural provisions for notice, opportunity to make a presentation, and a brief statement of reasons apply even where the action is fully ‘committed to agency discretion’ and thus not judicially reviewable.”<sup>126</sup> The court affirmed that the Parole Board must provide written reasons for denying applications for parole, but reached that result on constitutional grounds.<sup>127</sup> Judge Leventhal concurred in the result, but noted that he would have decided the case on statutory grounds under the APA.<sup>128</sup> He argued that § 555(e) applies even without Chapter 7 because the Parole Board “does not have discretion to withhold a statement of reasons for denying parole,” even if the decision itself is committed to agency discretion.<sup>129</sup>

In another case, then-Justice Rehnquist said that the statement of reasons requirement under the APA is independent of the availability of judicial review.<sup>130</sup> In that case, the Supreme Court ruled that an agency-specific statute required an explanation, which the agency had not adequately given.<sup>131</sup> Justice Rehnquist reached that result as well, but under the APA.<sup>132</sup> In addition, the lower court in that case had noted that one of the reasons for § 555(e), “assuring careful administrative consideration” of an agency decision, “would be relevant even if the [agency’s] decision were unreviewable.”<sup>133</sup>

In addition to some judges—who were well versed in administrative law—asserting that § 555(e) applies even for agency

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125. Childs v. U.S. Bd. of Parole, 511 F.2d 1270, 1272 (D.C. Cir. 1974).

126. *Id.* at 1288 n.8 (Leventhal, J., concurring).

127. *Id.* at 1279 (opinion of the court).

128. *Id.* at 1288 n.8 (Leventhal, J., concurring).

129. *Id.*

130. Dunlop v. Bachowski, 421 U.S. 560, 593–94 (1975) (Rehnquist, J., concurring in the result in part and dissenting in part).

131. *Id.* at 573 (majority opinion).

132. *Id.* at 593–94 (Rehnquist, J., concurring in the result in part and dissenting in part).

133. Bachowski v. Brennan, 502 F.2d 79, 88 n.14 (3d Cir. 1974), *rev’d*, 421 U.S. 560 (1975).

decisions that are unreviewable, at least one scholar has argued the same.<sup>134</sup> While discussing “reviewable” issues in the context of otherwise-unreviewable agency action, Ronald Levin says that “[a]t a minimum, courts presumably may enforce the APA’s requirement that an agency’s denial of a request to commence a proceeding be accompanied by a ‘brief statement of the grounds for denial.’”<sup>135</sup>

Though there is debate over whether the APA’s § 555(e) applies to agency decisions that are unreviewable, courts should err on the side of requiring brief explanations from agencies because doing so will increase the thoughtfulness of agency decisions and consequently advance the development of rational legal rules. In patent law, requiring the Patent Office to provide explanations when it denies petitions for inter partes review will increase the patent bar’s collective knowledge of how the requirements for patentability are applied by the Patent Office. This in turn will increase the quality of representation before the Patent Office generally and allow for more efficient resolution of disputes during inter partes review specifically.

#### V. SEEKING JUDICIAL REDRESS WHEN NO EXPLANATION IS PROVIDED

In the previous Part, this Note argues that a dissatisfied petitioner for inter partes review has a legal right under § 555(e) of the Administrative Procedure Act to receive a brief explanation from the Patent Office for its non-institution decision. But there is also a question of whether the petitioner will be able to secure a remedy for that legal right. The petitioner will likely face some hurdles persuading a court to grant redress.

As part of the justiciability requirement of standing, an IPR petitioner must establish that a concrete legal injury resulted from not receiving an explanation.<sup>136</sup> The petitioner must also have a recognized cause of action to pursue.<sup>137</sup> Another important consideration is the choice of venue in which to pursue the action.<sup>138</sup>

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134. Levin, *supra* note 68, at 762.

135. *Id.*

136. Lujan v. Nat’l Wildlife Fed’n, 497 U.S. 871, 882 (1990).

137. See FED. R. CIV. P. 8(a)(2).

138. See FED. R. CIV. P. 12(b)(3) (allowing a court to dismiss a case for improper venue).

That choice may depend on the particular cause of action pursued. Next, the petitioner must demonstrate that the government has waived sovereign immunity to allow the suit. Finally, even if the petitioner surpasses all justiciability and procedural hurdles, a court might hesitate to exercise power over the Patent Office due to a line-drawing problem: At what point does compelling the Patent Office to supply an explanation for a denial become a front for reviewing the Office's decision? This Note addresses each of these concerns in turn.

*A. Is There a Concrete Injury?*

Receiving a brief explanation for a denial of a petition for inter partes review is more than just procedural fairness. An explanation actually aids the petitioner in addressing problems with the petition and pursuing a different course of action going forward. For example, petitioners may request the Board reconsider a petition after the Board has decided not to institute the inter partes review.<sup>139</sup> If the initial petition for inter partes review is denied without explanation, the petitioner lacks key information to correct legal deficiencies that the original petition may have had.

In addition to the possibility of requesting a rehearing by the Board, the petitioner can simply file new petitions with a narrower challenge to the patent.<sup>140</sup> This scenario was contemplated by the Supreme Court in *SAS Institute*.<sup>141</sup> The Court did not address whether simply repetitively filing would comply with the IPR statutes, but recognized that it might be a way for the Patent Office to achieve increased efficiency.<sup>142</sup> The Patent Office could, for example, inform the petitioner that the petition was overbroad in certain claim challenges, and that it might entertain a narrower scope in a new petition.

One of the points made by the dissent in *SAS Institute* was that such back-and-forth between the Patent Office and the petitioner would be unnecessarily wasteful. In theory, the Board could deny

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139. 37 C.F.R. § 42.71(d) (2018).

140. See 35 U.S.C. § 315(e)(1) (2012) (providing that a petitioner is estopped from pursuing additional proceedings with respect to a particular claim *after* the Board issues a final written decision in an inter partes review of that claim).

141. *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1358 n.\* (2018).

142. *Id.*

a petition and notify the petitioner that it did not think much of some of the challenges made in the petition, but that if the petitioner refiled with a narrower focus, the Board would reconsider the petitioner's challenge to the patent.<sup>143</sup> The dissenting Justices viewed this possibility as a waste of time when, in their opinion, it was lawful for the Patent Office to institute partial review (the practice at issue in *SAS Institute*). Justice Ginsburg had strong words for such a result: there is no reason "to believe Congress wanted the Board to spend its time so uselessly."<sup>144</sup>

The Justices in the majority did not address whether it would be legally problematic for the Patent Office to hint to a petitioner which claims challenged and grounds asserted in the petition were most plausible.<sup>145</sup> They pointed out that if such a tactic is compliant with the Patent Act, it gives the Patent Office a lawful means of achieving the effect of partial institution.<sup>146</sup>

This point supports the policy of requiring the Patent Office to provide explanations for its non-institution decisions. The Patent Office is likely to view *SAS Institute's* holding—requiring institution of inter partes review on all challenged claims—as an added burden. This might incentivize the Patent Office to increase its denial rate—thus increasing the number of injuries to petitioners—to offset the increased burden. While the Patent Office has the legal discretion to do just that, it ought to provide detailed explanations of the denials so that petitioners can assess whether they should petition again with fewer challenges. Doing so would serve to mitigate the injuries petitioners face when they would otherwise lack understanding of the Agency's denials.

#### *B. What Cause of Action Should Be Used?*

Of course, the potential injury a petitioner would face by not receiving an explanation for a denial would be redressable only if a court could compel the Patent Office to provide the explanation. One critical procedural consideration in pursuing an explanation for a non-institution decision through the courts is what cause of action to use. Potential causes of action are a suit under the

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143. *Id.* at 1360 (Ginsburg, J., dissenting).

144. *Id.*

145. *Id.* at 1358 n.\* (majority opinion).

146. *Id.*

Administrative Procedure Act, an appeal from the Agency's decision, a petition for a writ of mandamus under the All Writs Act, and a suit in the nature of mandamus. Each of these potential routes requires that the petitioner successfully distinguish the sought-after explanation from the Patent Office's actual decision of non-institution, as the decision itself is made nonappealable by § 314(d) of the Patent Act.<sup>147</sup>

To the first possible cause of action, if a petitioner successfully distinguishes the Patent Office's decision not to institute review from the Office's failure to provide the required explanation for its decision, there is a viable argument that the APA's judicial review provisions would then apply to the failure to provide the explanation. Under this theory, the petitioner could sue the Patent Office in district court for an explanation. In this case, the petitioner would not be appealing the Office's decision *not to institute*, but instead would be asserting a right to a brief explanation for the denial through the general review provisions of the APA.

Alternatively, and to the second possible cause of action, the petitioner might appeal to the Federal Circuit. Under the "shenanigans" rule from *Cuozzo*<sup>148</sup>—reinvoked by the Supreme Court in *SAS Institute*<sup>149</sup>—the appellate court could hear the appeal by treating the Agency's failure to explain its denial as a "shenanigan" that violates the APA's explanation requirement. The court might agree that § 555(e) of the APA is "less closely related" to § 314 of the Patent Act and that it provides grounds for appellate review.

To the third possible cause of action, mandamus could potentially provide relief for a violation of § 555(e) of the APA. Under the All Writs Act, a court can issue a writ "necessary or appropriate in aid of [its] respective jurisdiction[]." <sup>150</sup> This statute indicates that issuance of a writ of mandamus could be proper—by a district or appellate court—when the court otherwise has jurisdiction over the matter before it. But the All Writs Act does not itself confer jurisdiction.<sup>151</sup> Accordingly, the petitioner for the writ

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147. 35 U.S.C. § 314(d) (2012).

148. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142 (2016).

149. *SAS Inst.*, 138 S. Ct. at 1359.

150. 28 U.S.C. § 1651(a) (2012).

151. *Syngenta Crop Prot., Inc. v. Henson*, 537 U.S. 28, 33 (2002).

must cite another statute that grants subject matter jurisdiction to the court, or else the court will be powerless to exercise the writ.<sup>152</sup>

To the fourth possible cause of action, a more plausible choice for mandamus in an unexplained non-institution situation is an action filed in district court under the Mandamus Act.<sup>153</sup> Unlike the All Writs Act, the Mandamus Act does confer subject matter jurisdiction on the district courts, stating “[t]he district courts shall have original jurisdiction of any action in the nature of mandamus to compel an officer or employee of the United States or any agency thereof to perform a duty owed to the plaintiff.”<sup>154</sup> This cause of action would seem to be a suitable choice for an IPR non-institution decision that goes without a statement of explanation, so long as the requirements for mandamus can be satisfied. But these requirements are quite stringent.

There are three requirements that a petitioner for a writ of mandamus must satisfy in order to merit an issuance of the writ.<sup>155</sup> First, there must be no adequate alternative through legal channels to obtain the remedy sought.<sup>156</sup> Second, the petitioner must demonstrate that its right to the writ is “clear and indisputable.”<sup>157</sup> Third, the court issuing the writ must find that it “is appropriate under the circumstances.”<sup>158</sup>

The first requirement that there be no adequate alternative appears fairly straightforward to satisfy if there is no explanation for a non-institution decision: but for the court’s compulsion on the Agency, the petitioner will not receive the required explanation. The second and third requirements, however, are more tenuous. The fact that reasonable minds can disagree whether the APA’s § 555(e) applies to agency decisions committed to agency discretion indicates that the right to the writ might not be clear and indisputable. Mandamus is an action for ministerial duties, rather than for discretionary acts.<sup>159</sup> If the action is discretionary, then mandamus will not be granted.

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152. *Id.*

153. 28 U.S.C. § 1361.

154. *Id.*

155. *Cheney v. U.S. Dist. Court*, 542 U.S. 367, 380–81 (2004) (citation omitted).

156. *Id.*

157. *Id.* (quoting *Kerr v. U.S. Dist. Court*, 426 U.S. 394, 403 (1976)).

158. *Id.* at 381 (citation omitted).

159. *Heckler v. Ringer*, 466 U.S. 602, 616 (1984).

Furthermore, mandamus requires that the remedy be clearly appropriate to the circumstances. A court might find that mandamus in an IPR non-institution case is not appropriate under the circumstances for policy reasons of maximizing efficiency at the Patent Office and deferring to the Office's decisions about its capacity to take on more inter partes reviews.

*In re Power Integrations, Inc.* provides an example in which the Federal Circuit dealt with a mandamus petition after the Patent Office denied petitions for inter partes review.<sup>160</sup> The petitioner sought a writ of mandamus to compel the Patent Office to reconsider its non-institution decisions.<sup>161</sup> The cause of action that the petitioner used was the All Writs Act.<sup>162</sup> The petitioner specifically asked the court to instruct the Patent Office to provide a reasoned decision after considering all the evidence and applying correct legal standards.<sup>163</sup> The petitioner invoked the APA, § 555(e), as the basis on which the court could so instruct.<sup>164</sup> But in that case, the Patent Office had not only provided explanations for its decisions, those explanations were "detailed."<sup>165</sup> This fact left § 555(e) with nothing more to do; the low bar of a "brief statement of the grounds for denial" had been met. The court saw the petition for a writ of mandamus as a request to review the Patent Office's decisions on the merits.<sup>166</sup> This request, the court observed, was "just the camel's nose under the tent."<sup>167</sup> The Agency's explanations were sufficient to inform the petitioner of the Agency's reasoning, and anything more would necessarily be a review of the merits of the decisions.<sup>168</sup>

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160. *In re Power Integrations, Inc.*, 899 F.3d 1316 (Fed. Cir. 2018).

161. *Id.* at 1316–17.

162. Petition for Writ of Mandamus to the Dir. of the U.S. Patent & Trademark Office at 1, *Power Integrations*, 899 F.3d 1316 (No. 18-00147). Strangely, the petitioner cited 28 U.S.C. § 1651 as the basis for the court's jurisdiction, without providing an independent jurisdictional ground for the mandamus petition. *Id.*

163. *Power Integrations*, 899 F.3d at 1319.

164. *Id.*

165. *Id.* at 1320.

166. *Id.*

167. *Id.*

168. *Id.*

*C. What Venue Would Be Proper?*

Next, an important procedural consideration for a dissatisfied IPR petitioner seeking an explanation for a denial is where to bring the cause of action. If the proper cause of action to pursue is an appeal, then the proper venue would be the Federal Circuit, which is the court with jurisdiction to hear appeals from inter partes review proceedings.<sup>169</sup> One obstacle that the petitioner would face in appealing the Patent Office's choice not to provide an explanation for its decision is that there has not been an inter partes review. By definition, a non-institution decision means that inter partes review was never instituted. Therefore, there arguably is nothing to appeal, at least as far as the Federal Circuit's appellate jurisdiction over inter partes reviews can reach.

If the cause of action pursued by the petitioner is a suit against the Agency under the Administrative Procedure Act, then the proper venue would be a district court. Assuming that Chapter 7 of the APA applies, the proper venue under § 703 is "a court of competent jurisdiction."<sup>170</sup> This is most likely the Eastern District of Virginia because that is the venue where the Patent Office resides and where other patent statutes assign suits against the Patent Office.<sup>171</sup>

If the proper cause of action is in the nature of mandamus, then a petitioner could try either the Federal Circuit or a district court. The district court is arguably the best choice because the Mandamus Act gives the district courts "original jurisdiction of any action in the nature of mandamus to compel . . . any agency [of the United States] to perform a duty owed to the plaintiff."<sup>172</sup> This statute is thus a grant of subject matter jurisdiction and a provision of a cause of action.

Alternatively, the petitioner could try getting mandamus at a district court or the Federal Circuit under the All Writs Act.<sup>173</sup> But this statute does not provide a grant of jurisdiction, so the petitioner would need to independently establish subject matter jurisdiction.

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169. 28 U.S.C. § 1295(a)(4)(A) (2012); 35 U.S.C. § 141(c) (2012).

170. 5 U.S.C. § 703 (2018).

171. 35 U.S.C. § 145 (civil action to obtain patent); 35 U.S.C. § 154(b)(4)(A) (civil action to challenge determination of patent term adjustment).

172. 28 U.S.C. § 1361.

173. 28 U.S.C. § 1651.

The most likely independent basis for jurisdiction would be 28 U.S.C. § 1295(a)(4)(A), but that jurisdictional basis may be inadequate on its terms; it is for appeals from the Board's decision with respect to inter partes review.<sup>174</sup> If the petitioner argues that this provides a basis to come before the court about the non-institution decision's missing explanation, the court might view the language of § 1295(a)(4)(A) as contemplating that an appeal may not arise after a non-institution decision. After all, the Patent Act states that the Director makes the decision to institute, not the Board.<sup>175</sup> Even though the Director has delegated by regulation that institution authority to the Board,<sup>176</sup> the statutory scheme might not allow the Federal Circuit to take an appeal arising from a procedural posture in which inter partes review has not been instituted.

For this reason, likely the best option for a dissatisfied petitioner is filing an action in the nature of mandamus in the Eastern District of Virginia to compel the Patent Office to provide the needed brief statement of the grounds for denying the IPR petition.

#### *D. Can the Patent Office Assert Sovereign Immunity?*

Yet another hurdle that a petitioner must overcome is sovereign immunity. As an agency of the United States Government, the Patent Office is immune from suit unless Congress has waived immunity for a particular cause of action. A plaintiff must provide a waiver statute to overcome an agency's defense of sovereign immunity.<sup>177</sup>

For suits under the APA's general cause of action, a waiver of sovereign immunity is provided in § 702.<sup>178</sup> However, there is a question whether the APA's waiver can apply for suits over an agency decision committed to agency discretion by law. Section 702 says that it does not "affect[] other limitations on judicial review."<sup>179</sup> Additionally, this waiver of sovereign immunity is in Chapter 7 of

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174. 28 U.S.C. § 1295(a)(4)(A).

175. 35 U.S.C. § 314(b).

176. 37 C.F.R. § 42.4(a) (2018).

177. See LAWSON, *supra* note 35, at 982.

178. 5 U.S.C. § 702 (2018).

179. *Id.*

Title 5, which on its face does not apply to agency actions committed to agency discretion by law.<sup>180</sup>

Perhaps surprisingly, federal courts have generally held that the APA's waiver of sovereign immunity applies to review of agency action, even when the review does not arise under the APA itself. For example, the D.C. Circuit has "'repeatedly' and 'expressly' held in the broadest terms that 'the APA's waiver of sovereign immunity applies to any suit whether under the APA or not.'"<sup>181</sup> In another example, the Federal Circuit said "[w]e hold that section 702 of the APA waives sovereign immunity for non-monetary claims against federal agencies, subject to the limitations in subsections (1) and (2). It is not limited to 'agency action' or 'final agency action,' as those terms are defined in the APA."<sup>182</sup>

Applying the APA's waiver of sovereign immunity in an action to compel the Patent Office to provide a brief explanation for its IPR non-institution decision is consistent with the waiver's limit that it only apply in cases where specific relief, rather than monetary relief, is sought.<sup>183</sup>

#### *E. What About the Line-Drawing Problem?*

Assuming that the right to the explanation is clear, and a proper venue and cause of action can be found, a court still might hesitate to grant the remedy that a dissatisfied IPR petitioner seeks. Requiring the Patent Office to explain its denial, even if only briefly, creates a line-drawing problem: When does review of the explanation turn into review of the decision? In other words, what should a brief statement look like? If the Agency provided no explanation whatsoever, then the case is simple: the court compels the Agency to give a brief explanation. But what happens if the Agency did give some written reason?

Suppose the Board were to give a brief statement of its reasons for denying a petition, but that the statement was not a "detailed explanation" like in *Power Integrations*. For example, what if the

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180. 5 U.S.C. § 701(a)(2).

181. *Perry Capital LLC v. Mnuchin*, 864 F.3d 591, 620 (D.C. Cir. 2017) (quoting *Trudeau v. Fed. Trade Comm'n*, 456 F.3d 178, 186 (D.C. Cir. 2006)).

182. *Delano Farms Co. v. Cal. Table Grape Comm'n*, 655 F.3d 1337, 1344 (Fed. Cir. 2011).

183. *See Dep't of Army v. Blue Fox, Inc.*, 525 U.S. 255, 262 (1999).

Agency wrote, “Your petition for inter partes review is denied because the time required to address the petition was needed by the Board to go out to lunch”? This hypothetical reason obviously would not be contemplated by the statutory scheme that bases inter partes review on novelty and nonobviousness considerations. It is easy to say that such an explanation would really be no explanation at all. But would a court be overstepping its bounds—into territory of reviewing the decision itself—by requiring the Patent Office to give something more?

As another example, what if the Patent Office issued a non-institution decision that read, “The petition for inter partes review is denied because it did not present a reasonable likelihood that the challenged claims are unpatentable on novelty or nonobviousness grounds.” This second example lacks legal analysis. It is simply a conclusion that references the legal standard for institution. Would such a conclusory statement be sufficient to meet the modest APA explanation requirement? Reasonable minds may differ. Some would say that the lack of analysis and reasoning makes the explanation pointless. Others might say that the explanation adequately meets the APA requirement by invoking the novelty and nonobviousness grounds on which the Patent Office is supposed to evaluate petitions for inter partes review. Whatever the correct answer is, it is by no means clear-cut. The murky line between testing whether the Patent Office stated the grounds for its decision (which is what § 555(e) of the APA is for) and reviewing the Patent Office’s rationale for making a non-institution decision (which is prohibited by the Patent Act’s § 314(d)) might cause a court to avoid the question entirely. The court might invoke § 314(d)’s bar on appealing the institution decision as justification for refusing to compel the Agency to provide the statement of explanation.

An adequate statement should explain—even if briefly—the Patent Office’s actual rationale for denying a petition for inter partes review. The explanation should not be merely conclusory but should include analysis that touches on why the grounds for review sought by the petitioner are not merited. This would satisfy the purpose of § 555(e) of the APA.

## VI. CONCLUSION

When the United States Patent and Trademark Office denies a petition for inter partes review, the petitioner has a legal right to a brief explanation for the denial. This right stems from § 555(e) of the Administrative Procedure Act, which requires agencies to provide a brief statement of the grounds for denying a petition. While judicial review of the Patent Office's decision to deny a petition is itself unavailable, the Patent Act does not remove the APA's requirement that the Agency provide a brief explanation.

Because a petitioner for inter partes review has a legal right to a brief explanation when the Patent Office denies the petition, the petitioner should also have a legal remedy. Whether the most likely remedy is a suit in district court or an appeal at the Federal Circuit, courts should not deny the remedy under the pretense that it is barred by the Patent Act. There is a distinction between the non-institution decision, which cannot be reviewed, and a failure to provide an explanation for the non-institution decision, which would be contrary to the APA.

By requiring the Patent Office to give brief explanations when denying petitions for inter partes review, the APA ensures that the Office gives thoughtful consideration to its decisions. Furthermore, such explanations help to advance patent law's development into a more coherent and better understood body of law. Last, these explanations help petitioners improve their petitions to more effectively raise meritorious grounds for inter partes review, while omitting tenuous grounds, thus saving the patent owner the trouble of fighting petitions that have a low chance of success but nevertheless require attention in an adversarial process.

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