

HOW JUDICIAL REVIEW PROMOTES A “THRIVING” PATENT SYSTEM

Angela Chen Griggs[†]

I. INTRODUCTION

Our patent system is a mess. New disruptive technologies, an ever-increasing number of patents, and bad actors who try to exploit the system are just some of the issues that plague the current patent law regime.¹ One of the most recent controversies surrounds a new way to challenge the validity of a patent, a way that could have wide-ranging implications on patent litigation and innovation incentives.²

Historically, the United States Patent and Trademark Office (PTO) played a limited role in post-issuance procedures and was not involved in enforcement of patents or determinations of validity after-the-fact.³ This post-issuance role has expanded over the past few decades, and this expansion is controversial precisely because it departs from the PTO’s historically limited role.⁴ In 2011, the Leahy-Smith America Invents Act (AIA) revitalized the U.S. patent system.⁵ The AIA created several new post-grant patent review proceedings, including inter partes review (IPR), a procedure used by petitioners to challenge the validity of an already-issued patent.⁶ These post-grant challenges are heard by the newly re-named Patent Trial and Appeal Board (PTAB or “Board”) and are required by statute to be filed within one year of the start of litigation between the parties. But in *Thryv Inc. v. Click-To-Call Technologies*, the Supreme

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† J.D., 2022, University of California, Berkeley School of Law.

1. See Paul R. Gugliuzza, *Patent Litigation Reform: The Courts, Congress, and the Federal Rules of Civil Procedure*, 95 B.U. L. REV. 279, 279–280 (2015).

2. See, e.g., Brief of J. Kenneth Blackwell et al. as Amici Curiae Supporting Petitioner at 21–25, *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365 (2018) (No. 16-712), 2017 WL 3888214.

3. See *McCormick Harvesting Mach. Co. v. C. Aultman & Co.*, 169 U.S. 606, 608–09 (1898), *superseded by statute*, Patent Act of 1952, Pub. L. No. 82-593, 66 Stat. 792, *as recognized in Oil States*, 138 S. Ct. at 1376.

4. See, e.g., Brief of J. Kenneth Blackwell et al., *supra* note 2, at 21–25.

5. U.S. PAT. & TRADEMARK OFF., STUDY AND REPORT ON THE IMPLEMENTATION OF THE LEAHY-SMITH AMERICA INVENTS ACT at 12 (2015).

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

Court held that decisions by the PTAB that ignore the statutorily defined one-year time bar of IPR proceedings are not appealable.⁷ This holding is the latest in a string of cases in which the Supreme Court has gradually given more and more deference to the PTO and PTAB, pushing the boundaries of long-held traditions like judicial review.⁸ This could potentially change litigant behavior and the patent litigation landscape for the worse.

Just how did *Thryv*⁹ potentially throw open the doors to greater deference to the PTO and PTAB? This Note seeks to answer this question, while arguing that those doors should be closed in order to protect patent owners. Part II gives a primer on the key components of post-grant patent review—the PTO/PTAB, IPR proceedings, and administrative law principles—including a discussion of the history and development of each and how these components have culminated in growing judicial deference to the PTO. Part III analyzes the *Thryv* case opinion, focusing on comparing the majority’s and dissent’s underlying reasons for their interpretation of § 314(d) and how it does or does not apply to § 315(b)’s time bar provision. Though at first glance this case may seem like “small potatoes,”¹⁰ the implications from *Thryv* have far-reaching effects on both litigation strategy and the bigger question of separation of powers. Part IV argues that the majority’s decision in *Thryv* creates a lack of judicial review of PTAB decisions. This leads to (1) improper strategic gaming during litigation; (2) undermining predictability and stability in the patent system, ultimately disincentivizing inventors from participating in the first place; and (3) unacceptable administrative law deference accorded to the PTO, which at its core does not operate as a true administrative agency. A contract law theory demonstrates how the PTO’s role is not to regulate the patent system but rather to serve as an agent in the offer and acceptance of a contract. In light of this understanding, this Note proposes that courts should refer back to a *de novo* standard of review when reviewing questions of law and mixed questions of law and fact from the PTO. Because a complete overhaul of the Patent Act is unlikely, a change to judicial review standards is the best avenue for this proposal.

7. *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1369 (2020).

8. *Id.*; see *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016).

9. Pronounced like “thrive.”

10. This quote is a reference to Chief Justice Roberts’s comment during oral arguments, in which he referred to the underlying issue of whether the agency should institute an inter partes review as “small potatoes” because the decision of patent validity is ultimately judicially reviewable. See Transcript of Oral Argument at 16, *Thryv*, 140 S. Ct. 1367 (No. 18-916).

Part V summarizes how the current IPR system fails to protect patent owners, as well as the various loopholes that litigants can use to their advantage. It then concludes that judicial review is the best way to restore balance to the system.

II. BACKGROUND

A. THE PTO AND THE PTAB

Created by the Patent Act of 1790, the United States Patent and Trademark Office has existed in some form since the founding of this nation.¹¹ The PTO currently operates as part of the Department of Commerce and has two basic statutory responsibilities: (1) “granting and issuing of patents and the registration of trademarks” and (2) “disseminating to the public information with respect to patents and trademarks.”¹² The PTO Director (“Director”) is “responsible for providing policy direction and management supervision for the Office” and is appointed by the President with advice and consent from the Senate.¹³

The PTAB is the PTO’s adjudicative body.¹⁴ It is charged with deciding appeals from the decisions of patent examiners and adjudicating the patentability of issued patents challenged by third parties in post-grant proceedings.¹⁵ The Board has existed in some form since the 1800s and was known as the Board of Patent Appeals and Interferences before the passing of the AIA.¹⁶ Currently, the Board consists of both statutory members and administrative patent judges.¹⁷ The statutory members of the Board include the Director, Deputy Director, Commissioner for Patents, and Commissioner for Trademarks.¹⁸ Administrative patent judges are appointed by the Secretary of Commerce and are legally and technically trained.¹⁹ These judges have extensive patent legal experience before their appointment to the Board, whether in private

11. *The Early History of the U.S. Patent Office*, LEXISNEXIS INTELL. PROP. (Oct. 26, 2015), <https://www.lexisnexisip.com/knowledge-center/the-early-history-of-the-u-s-patent-office>.

12. 35 U.S.C. § 2(a).

13. *Id.* § 3(a)(1), 3(a)(2)(A).

14. See Janet Gongola, *The Patent Trial and Appeal Board: Who Are They and What do They do?*, INVENTORS EYE (2019), <https://www.uspto.gov/learning-and-resources/newsletter/inventors-eye/patent-trial-and-appeal-board-who-are-they-and-what>.

15. *Id.*

16. *Id.*

17. *Id.*

18. *New to PTAB*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/ptab-inventors>.

19. *Id.*

practice, government practice, or as in-house counsel.²⁰ The Patent Act requires that PTAB judges hear proceedings in panels of “at least 3 members,” who are chosen by the Director in each case.²¹ Because of this power, critics have been fast to point out how the Director’s influence may taint the neutrality of the selected panel or otherwise affect the PTAB’s adjudicatory decision-making.²²

B. IPR PROCEEDINGS

In addition to reforming the PTAB, the AIA also created three new fast-track proceedings for challenging issued patents: inter partes review (IPR), post-grant review, and covered business method review.²³ The goal in creating these new post-grant reviews was to reduce litigation costs, provide more certainty, and improve patent quality.²⁴

The inter partes review replaces the previous inter partes reexamination procedure and converts the process from one of examination to one of adjudication.²⁵ Unlike previous post-grant review proceedings, the IPR proceeding offers a much more robust process, as *any* third party can request an IPR of a granted patent.²⁶ As the name suggests, an IPR allows for the petitioner (i.e., the challenger to patent validity and the outside third party) to also participate in the proceedings.²⁷ In previous post-grant reviews, only the patentee was allowed to participate.²⁸ The petitioner starts the proceeding by filing a petition,²⁹ which can *only* challenge the patentability of claims under 35 U.S.C §§ 102 and 103 *solely* on the basis of patents or printed publications.³⁰ IPRs are available

20. *Id.*

21. 35 U.S.C. § 6(c).

22. *See generally* John M. Golden, *PTO Panel Stacking: Unblessed by the Federal Circuit and Likely Unlawful*, 104 IOWA L. REV. 2447 (2019) (arguing that allowing the PTO Director to configure a rehearing panel to achieve a predetermined result presents serious constitutional questions under the Due Process Clause and is unauthorized by the Patent Act).

23. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified as amended in scattered sections of Title 35 of the United States Code). This Note will not address AIA derivation proceedings.

24. Gregory Dolin & Irina D. Manta, *Taking Patents*, 73 WASH. & LEE L. REV. 719, 721–22 (2016).

25. *See* *Abbot Lab’s v. Cordis Corp.*, 710 F.3d 1318, 1326 (Fed. Cir. 2013) (“The purpose of this reform was to ‘convert[] inter partes reexamination from an examinational to an adjudicative proceeding’” (quoting H.R. REP. NO. 112-98, pt. 1, at 46–47 (2011))).

26. 35 U.S.C. § 311(a).

27. *Id.*

28. Eugene T. Perez, *Chart Summarizing Different Post Grant Proceedings*, BSKB POST GRANT PROC., <https://postgrantproceedings.com/aia-uspto-links/pgr-chart> (last visited Apr. 7, 2022).

29. 35 U.S.C. § 311(a).

30. *Id.* § 311(b).

for all issued patents with a few limits. First, a party is barred from filing a petition if the party previously filed a declaratory judgment action that challenged the validity of a claim of the patent.³¹ In other words, if a party has already challenged the validity of a patent in federal courts, they cannot seek additional relief at the PTO. Notably, this bar is not triggered where a party challenges only their alleged infringement of a patent (i.e., the party only claims that their product does not fall within the scope of the patent’s claims).³² Second, a petitioner is limited to filing a petition within a year “after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.”³³ Seemingly a straightforward rule, this time bar provision has proven quite the opposite, and its controversy and downstream effects are the focus of this Note.

After the proper and timely filing of the petition, the patent owner has three months to file a preliminary response to the petition.³⁴ The response lays out reasons why the IPR should not be instituted (a decision to institute starts the IPR proceeding) and can include supporting evidence.³⁵ The PTAB must decide within three months from receipt of the response (or, if no response is received, from expiration of the time to file one) whether to grant the petition and institute an IPR proceeding.³⁶ The Director of the PTO *may* institute an IPR if “there is a reasonable likelihood that the petitioner would prevail with respect to at least [one] of the claims challenged in the petition.”³⁷ If the PTO institutes IPR, the proceeding is conducted before a panel of three technically trained PTAB administrative patent judges.³⁸ The parties are allowed to take limited expert discovery and respond to each other’s arguments, similar to district court proceedings.³⁹ Parties also have a right to an oral hearing.⁴⁰ The PTAB must issue a final, written decision within one year from the date of

31. *Id.* § 315(a)(1).

32. *See Ariosa Diagnostics v. ISIS Innovation Ltd.*, No. IPR2012-00022 (MPT), 2013 WL 2181162, at 7–8 (P.T.A.B. Feb. 12, 2013) (holding that a declaratory judgment action for non-infringement did not bar the filing of an IPR petition, nor did the assertion of an affirmative defense of invalidity in response to the patentee’s counterclaim of infringement).

33. 35 U.S.C. § 315(b).

34. 37 C.F.R. § 42.107(b) (2020).

35. *Id.* § 42.107(a), (c).

36. 35 U.S.C. § 314(b).

37. *Id.* § 314(a).

38. *Id.* §§ 6(a)–(c), 311.

39. *Id.* § 316(a)(5).

40. *Id.* § 316(a)(10).

institution.⁴¹ After receiving the final written decision from the PTAB, the parties have the option to appeal to the Federal Circuit.⁴²

If instituted, an IPR will typically conclude within 18 months of the filing date.⁴³ In contrast, the average time from filing to the conclusion of the previous inter partes reexamination procedure ranged from 28.9 to 41.7 months.⁴⁴ In sum, an IPR provides a path to receive expert guidance from the PTO under a more-accelerated timeline than the previous inter partes reexamination proceeding.

C. THE ADMINISTRATIVE STATE

Many believe that the PTO operates as an administrative agency and think administrative law principles should be applied.⁴⁵ However, this thinking is flawed as there are critical differences between the PTO and other administrative agencies.⁴⁶ These differences impact how we understand judicial review of agency decision-making.

1. *Historical Development*

American administrative law has a complex history. Some hail it as a visionary solution to Congress's ever-expanding duties.⁴⁷ Others believe that the administrative state has grown to be problematic, both constitutionally and practically, imposing on private rights and freedoms and restricting the relationship between government and the society it seeks to govern.⁴⁸

The late nineteenth century saw the Industrial Revolution transform American society as new industries like railroads quite literally redefined the physical and economic landscapes.⁴⁹ These new industries required government oversight and regulation, which led Congress to create administrative

41. *Id.* § 316(a)(11). This one-year period can be extended for good cause. *Id.*

42. *Id.* § 319.

43. *Id.* § 316(a)(11).

44. *See* Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48680, 48721 (Aug. 14, 2012).

45. *See, e.g.,* Stuart Minor Benjamin & Arti K. Rai, *Who's Afraid of the APA? What the Patent System can Learn from Administrative Law*, 95 GEO. L.J. 269 (2007).

46. This belief can be seen in early writing on administrative law that reflects the idea that administrative law principles should only apply when agencies are delegated rulemaking authority and act in a regulatory capacity. *See, e.g.,* Fed. Trade Comm'n v. Ruberoid Co., 343 U.S. 470, 490–91 (1952) (Jackson, J., dissenting).

47. *See* Orin S. Kerr, *Rethinking Patent Law in the Administrative State*, 42 WM. & MARY L. REV. 127, 157 (2000).

48. Christopher DeMuth, *Can the Administrative State be Tamed?*, 8 J. LEGAL ANALYSIS 121, 122 (2016).

49. *See id.* at 123.

agencies to both monitor and regulate these growing industries.⁵⁰ Unlike previous agencies that merely followed the laws set by Congress and the courts (the PTO being one of them), the new regulatory agencies had lawmaking and enforcement power.⁵¹ This effectively allowed the transfer of power from the legislative branch to the executive branch.⁵² This transfer was largely justified by the belief that these agencies contained subject matter experts who could act in broad and imaginative ways for the public interest.⁵³

With these new responsibilities came new procedures. Administrative law is governed largely by the Administrative Procedure Act of 1946 (“APA”), whose long-reaching effects govern most administrative disputes to this day.⁵⁴ In general, the APA created three categories of administrative action: (1) rulemaking, in which the agencies impose regulations; (2) adjudication, in which agencies resolve disputes by factfinding and making conclusions of law; and (3) discretionary decision making.⁵⁵ For decisions that affect interests of specific parties (e.g., granting of licenses, imposing service controls, settling disputes among parties), agencies generally follow formal adjudication procedures but with much looser evidentiary standards than judicial trials.⁵⁶ Nevertheless, formal rulemaking only takes place when a statute authorizing a new rule requires it, and only then when the statute expressly states that rulemaking must take place “on the record.”⁵⁷ Adjudications are heard by administrative law judges, and final decisions are subject to judicial review unless otherwise specified by statute.⁵⁸ Agencies typically create new rules and modify, amend, or repeal existing rules through the informal rulemaking process, which requires notice to the public and an opportunity to comment on the proposed rule.⁵⁹ These rules are subject to judicial review under an “arbitrary and capricious, an abuse of discretion, or otherwise not in accordance with law” standard.⁶⁰

50. Kerr, *supra* note 47, at 157–58; see Felix Frankfurter, *The Task of Administrative Law*, 75 U. PA. L. REV. 614, 617–18 (1927).

51. Kerr, *supra* note 47, at 159.

52. *Id.*

53. *Id.*

54. Pub. L. No. 79-404, 60 Stat. 237 (codified as amended in scattered sections of 5 U.S.C.).

55. Roni Elias, *The Legislative History of the Administrative Procedure Act*, 27 FORDHAM ENV'T L. REV. 207, 214 (2015).

56. DeMuth, *supra* note 48, at 123–24.

57. *Id.* (quoting *United States v. Fla. E. Coast Ry. Co.*, 410 U.S. 224, 234 (1973)).

58. *Id.*

59. *Formal Rulemaking*, JUSTIA (2018), <https://www.justia.com/administrative-law/rule-making-writing-agency-regulations/formal-rulemaking/#:~:text=The%20federal%20Administrative%20Procedures%20Act,requires%20notice%20to%20the%20public.>

60. DeMuth, *supra* note 48, at 124.

This standard is much more deferential than the normal *de novo* judicial review standard used by appellate courts when reviewing lower court decisions.

2. *Judicial Review Standards Under the APA*

The deferential review granted to administrative agencies is unwarranted for the PTO because the PTO does not hold actual rulemaking authority.

Judicial review of an administrative agency's decision for a question of law is reviewed for reasonableness, a standard commonly referred to as "*Chevron* deference."⁶¹ In the Supreme Court's 1984 decision in *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, the Court outlined a two-step framework for determining when a reviewing court should defer to the agency's interpretation of a statute the agency was charged with administering.⁶² Under step one, courts should examine "whether Congress has directly spoken to the precise question at issue,"⁶³ i.e., whether the statute is ambiguous. If so, this is the end of the inquiry and courts must enforce the "unambiguously expressed intent of Congress."⁶⁴ If the statute is silent or ambiguous on the issue, courts must proceed to step two, which requires courts to defer to an agency's interpretation of the statutory text so long as it is reasonable, even if the court would have reached a contrary conclusion.⁶⁵

Applying *Chevron* deference essentially declares that the agency is the authoritative interpreter of that area of law.⁶⁶ The threshold question in *Chevron* requires a court to determine if the deference accorded should apply at all; the deference is limited to agency interpretation of statutes that the agency itself administers.⁶⁷ This analysis is further limited to what is sometimes referred to as *Chevron* step zero, which asks whether Congress has delegated that authority to the agency.⁶⁸

61. *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council*, 467 U.S. 837, 842–43 (1984); Benjamin & Rai, *supra* note 45, at 295.

62. *See Chevron*, 467 U.S. at 842–43.

63. *Id.* at 842.

64. *Id.* at 842–43.

65. *Id.* at 843.

66. *See, e.g., Nat'l Cable & Telecomms. Ass'n v. Brand X Internet Servs.*, 545 U.S. 967, 983 (2005) (noting that when *Chevron* applies, the agency—not the reviewing court—is "the authoritative interpreter (within the limits of reason) of such statutes").

67. *Adams Fruit Co. v. Barrett*, 494 U.S. 638, 649 (1990) ("A precondition to deference under *Chevron* is a congressional delegation of administrative authority.").

68. Thomas W. Merrill & Kristin E. Hickman, *Chevron's Domain*, 89 GEO. L.J. 833, 836 (2001).

There is a large debate in various scholarly circles about whether the PTO, and by extension the PTAB, should be accorded *Chevron* deference.⁶⁹ Step zero of *Chevron* says that deference only applies to interpretations of text that the agency has been “entrusted to administer.”⁷⁰ Yet, others argue that the PTO has historically never been entrusted to interpret the text of the Patent Act and thus should not be granted *Chevron* deference.⁷¹ The question of which standard of deference should be applied to the PTO’s interpretation of the time bar provision is a crucial determination in both the majority view and minority view in *Thryv* and sets up the bigger conversation of whether the PTO should be granted deference at all.

D. PATENT LAW AND THE APA

1. *Partial Deference: Zurko’s Influence*

While *Chevron* has largely been accepted and applied to administrative agencies, the Court of Appeals for the Federal Circuit (“Federal Circuit”) has historically declined to apply *Chevron* deference to the PTO.⁷² This decision was largely predicated on the fact that despite having the power to adjudicate patent denials, PTAB proceedings did not fully resemble formal trial-like adjudications.⁷³

It was not until the Supreme Court’s 1999 decision in *Dickinson v. Zurko* that the Federal Circuit started to apply administrative law to patent law.⁷⁴ In that decision, the Court held that the lower APA standard of “substantial evidence” applies to review of the PTO for questions of fact, in place of clear error.⁷⁵ Notably, the Federal Circuit has declined to extend the APA’s deferential review standard to questions of law, arguing that full *Chevron* deference

69. See generally John M. Golden, *The USPTO’s Soft Power: Who Needs Chevron Deference?*, 66 SMU L. REV. 541 (2013) (describing this debate as a question of substantive rulemaking authority and further proposing that the PTO can be effective even without access to *Chevron* deference).

70. *Chevron*, 467 U.S. at 844.

71. Kerr, *supra* note 47, at 165.

72. See Melissa F. Wasserman, *The Changing Guard of Patent Law: Chevron Deference for the PTO*, 54 WM. & MARY L. REV. 1959, 1975 (2013).

73. *Id.* at 1973.

74. See *Dickinson v. Zurko*, 527 U.S. 150, 152 (1999).

75. See *id.*; see also *In re Alton*, 76 F.3d 1168, 1172 (Fed. Cir. 1996) (“We review questions of fact arising from Board rejections under a clearly erroneous standard. We review questions of law *de novo*.” (citation omitted)).

is not warranted because the Patent Act did not give the PTO rulemaking authority on substantive issues of patent law.⁷⁶ However, recent Supreme Court decisions have tested that long-held assumption.⁷⁷

2. *A Move Towards Full Deference? Cuozzo and Beyond*

Perhaps the most influential driver for the majority's holding in *Thryv* comes from *Cuozzo Speed Technologies v. Lee*.⁷⁸ Four years before the Court addressed the *Thryv* case, the Court heard a case concerning the scope and reviewability of IPR proceedings.⁷⁹ Briefly, *Cuozzo* involved an appeal of the Board's decisions to institute review of three claims, which ultimately led to the claims' invalidations.⁸⁰ On appeal to the Federal Circuit, *Cuozzo* claimed that the Board erred in instituting review of two of the claims because they had not been challenged with sufficient "particularity" pursuant to § 312(a)(3).⁸¹ The Federal Circuit cited to § 314(d), which says that the Director's decision whether to institute an IPR is "non-appealable."⁸² The Supreme Court agreed, citing to both *Chevron* and *Mead* in determining that the language of the statute, as well as the practicalities of permitting challenges after institution, would have the unintended effect of validating a patent even though the Board had determined that it had been issued in error.⁸³

Many federal agencies have statutes that provide for judicial review of some agency decisions but preclude review of others.⁸⁴ For over 200 years, the Court has applied a strong presumption of judicial review and has construed preclusion statutes very narrowly.⁸⁵ The *Cuozzo* decision signals a potential that the Court is more willing to apply *Chevron* deference to the PTO, at least as far

76. *See In re Swanson*, 540 F.3d 1368, 1374 n.3 (Fed. Cir. 2008) ("[T]he Board's statutory interpretation in a particular case is given no deference . . .").

77. *See infra* Section II.D.2.

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

79. *Id.*

80. *Id.* at 2138–39.

81. *See id.* at 2139.

82. *Id.* at 2136.

83. Ronald Mann, *Opinion Analysis: Justices Validate PTO Rules for Inter Partes Review*, SCOTUSBLOG (June 20, 2016, 9:52 PM), <https://www.scotusblog.com/2016/06/opinion-analysis-justices-validate-ptu-rules-for-inter-partes-review>. *But see* *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1355 (2018) (claiming, in a majority opinion by Justice Gorsuch, that Congress had intentionally designed IPR as a "party-directed, adversarial process" that mimics civil litigation and therefore does not warrant applying *Chevron* deference).

84. Elias, *supra* note 55, at 221.

85. *See Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1378 (2020) (Gorsuch, J., dissenting).

as questions that are “closely tied to the application and interpretation of statutes related to the [PTO]’s decision.”⁸⁶ Unfortunately, the Court has provided little guidance as to what types of questions are closely tied with the decision to institute.

Some scholars argue that the passing of the AIA and the creation of the PTAB have expanded rulemaking power for the PTO.⁸⁷ The PTAB can resolve challenges in adjudicatory proceedings and has limited power to make these resolutions precedential, thereby affecting applicant behavior.⁸⁸ However, like the majority in *Thryv*, these scholars are myopically focused on the nebulous goal of “weed[ing] out bad patent claims.”⁸⁹ Notwithstanding that the focus should be to not grant bad patents in the first place, the arguments for expanding *Chevron* deference for the PTO fail to recognize the impact it has on driving innovation.

III. THRYV INC. V. CLICK-TO-CALL TECHNOLOGIES

The *Thryv* case is the Court’s latest foray into judicial reviewability of PTAB decision-making. The majority’s decision is rooted in the belief that one of the main goals of the AIA is to create a forum to efficiently challenge the validity of patents, thereby improving the overall quality of existing patents. The dissent’s argument looks at broader policy concerns and how IPRs can be used to harass patent owners. These competing concerns between efficiency and downstream effects on patentees sets the stage for Part IV’s discussion of how deference to the PTO can deter innovation.

Three points are key before delving into this Part. First, IPR proceedings were created with efficiency and administrability in mind, primarily in an effort to have patent challenges adjudicated in a forum similar yet superior to what district courts can provide. Second, administrative law principles are based on assumptions of expertise and delegation of regulatory rulemaking power. And third, the PTO has never been fully delegated regulatory rulemaking power.

A. UNDERLYING DISPUTE AND PROCEDURAL HISTORY

On April 20, 2020, the Supreme Court held in *Thryv, Inc. v. Click-To-Call Technologies* that the Director’s decision as to when and if the time bar under

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

87. Rebecca S. Eisenberg, *A Functional Approach to Judicial Review of PTAB Rulings on Mixed Questions of Law and Fact*, 104 IOWA L. REV. 2387, 2389–90 (2019).

88. Saurabh Vishnubhakat, *Disguised Patent Policymaking*, 76 WASH. & LEE L. REV. 1667, 1719–20 (2019).

89. *See Thryv*, 140 S. Ct. at 1374.

§ 315(b) was triggered is non-appealable.⁹⁰ Justice Ginsburg delivered the opinion of the Court and was joined by Chief Justice Roberts and Justices Breyer, Kagan, Kavanaugh, Thomas, and Alito (with the latter two refusing to join Part III-C).⁹¹ Justice Gorsuch wrote a dissenting opinion, which Justice Sotomayor joined in part.⁹²

The underlying dispute in this case concerned a patent, owned by respondent Click-to-Call, relating to a technology for anonymous telephone calls.⁹³ Thryv Inc. petitioned for an IPR in 2013, challenging several of the patent's claims as invalid.⁹⁴ Click-to-Call referred the Board to an infringement suit that was filed back in 2001 as evidence that Thryv was "served with a complaint alleging infringement of the patent."⁹⁵ Click-to-Call argued that this infringement suit triggered the § 315(b) time bar, which provides in relevant part: "An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent."⁹⁶ The Board disagreed and said that a complaint dismissed without prejudice does not trigger the one-year limit to file an IPR.⁹⁷ The Board instituted the review and ultimately canceled thirteen claims as obvious or lacking novelty.⁹⁸ Click-to-Call challenged the Board's determination, arguing that the bar on appeal under § 314(d) is limited to the agency's threshold determination under § 314(a) that addresses only the question of whether the petitioner has a reasonable likelihood of prevailing.⁹⁹ The Federal Circuit dismissed the appeal for lack of jurisdiction due to § 314(d)'s bar on appeal, which provides that "[t]he determination by the [PTO] Director whether to institute an inter partes review under this section shall be final and nonappealable."¹⁰⁰ Click-to-Call then petitioned for certiorari, but the Supreme Court cited to their intervening decision in *Cuozz*, vacated the judgment, and remanded the case back down to the Federal Circuit, which again dismissed the appeal on the same ground.¹⁰¹

90. *Id.* at 1377.

91. *Id.* at 1369.

92. *Id.* at 1378 (Gorsuch, J., dissenting). Justice Sotomayor joined Justice Gorsuch's dissent, except as to Part V.

93. *Id.* at 1371 (majority opinion).

94. *Id.*

95. *Id.* (quoting 35 U.S.C. § 315(b)).

96. 35 U.S.C. § 315(b).

97. *Thryv*, 140 S. Ct. at 1371.

98. *Id.*

99. *Id.*

100. *Id.* at 1370 (quoting 35 U.S.C. § 314(d)).

101. *Id.*

During this time, the Federal Circuit held en banc in another case that § 315(d)'s time bar determination is reviewable, despite the language of § 314(d).¹⁰² The Federal Circuit determined that nothing displaces the usual presumption of favoring judicial review if a party appeals based on the time bar provision.¹⁰³ In light of this decision, the Federal Circuit reheard Click-to-Call's appeal and vacated the Board's final written decision, holding that the petition for IPR was untimely because the 2001 infringement complaint had started the one-year clock.¹⁰⁴ It is on this convoluted backdrop that Thryv petitioned the Supreme Court to hear the case.

B. THE MAJORITY WANTS TO KEEP OUT BAD PATENTS

Justice Ginsburg's majority opinion focused primarily on the statutory language of § 314(d), which renders “final and nonappealable” the Director's decision whether to institute an IPR.¹⁰⁵ The Court explained that the text of § 314(d) clearly states that determinations whether to institute IPR are final and non-appealable and “preclud[es] review of the Patent Office's institution decisions with sufficient clarity to overcome the strong presumption in favor of judicial review.”¹⁰⁶ The Court noted that its *Cuozzo* decision did not address whether § 314(d) would bar appeals reaching beyond the decision to institute an IPR; the Court declined to address whether appeals implicate constitutional questions.¹⁰⁷ Instead, the Court narrowed its holding to preclude appeal in instances where the PTAB's decision to institute an IPR involved questions that are “closely tied to the application and interpretation of statutes related to the Patent Office's decision to initiate inter partes review.”¹⁰⁸

The majority found that § 315(b)'s time limitation is an integral condition of institution of an IPR (i.e., a condition that determines whether an IPR proceeding should proceed) and sets forth a parameter under which an IPR may not be instituted.¹⁰⁹ Because the time bar provision “governs institution and nothing more,” a challenge to a petitioner's timeliness in filing the petition falls

102. *Id.* at 1370; see *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364 (Fed. Cir. 2018) (en banc) (holding that, for § 315(b) appeals, § 314(d) does not dispel with the presumption of judicial review), *abrogated by Thryv*, 140 S. Ct. at 1367.

103. *Thryv*, 140 S. Ct. at 1372.

104. *Id.*

105. *Id.* at 1373.

106. *Id.* at 1373 (quoting *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140–41 (2016)) (internal quotations omitted).

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

108. *Thryv*, 140 S. Ct. at 1373 (quoting *Cuozzo*, 136 S. Ct. at 2141).

109. *Id.*

under “an ordinary dispute about the application of an institution-related statute.”¹¹⁰ In essence, the Court held that the provisions of § 314(d) are not limited to a reasonable likelihood determination and instead encompass the *entire* determination to institute IPR.

To support its positions, the majority also pointed to the AIA’s purpose and design of enabling a more efficient and streamlined patent system.¹¹¹ The majority reasoned that allowing § 315(b) appeals would go against that objective and waste resources on resolving patentability, potentially inducing patentees to use the appeal as a way to resurrect and save “bad patent claims.”¹¹² This “unwind[ing] [of] the agency’s merits decision” could potentially negate the Board’s determination of patentability and “leave bad patents enforceable.”¹¹³ Moreover, the Court rationalized that allowing for judicial review of the time bar would not serve other goals, such as minimizing the burden and overlap between IPRs and district court litigation, something that both parties agreed is a crucial goal of IPR proceedings.¹¹⁴

The Court found Click-to-Call’s argument that the bar on judicial review applies only to the threshold determination under § 314(a) unpersuasive in light of *Cuozz*.¹¹⁵ Nor was the Court persuaded by Click-to-Call’s invocation of the decision in *SAS Institute Inc. v. Iancu*, where the Court held that if the Director initiates an IPR, the IPR must decide every claim challenged by the petitioner.¹¹⁶ That decision, the Court said, was inapplicable to this case because *SAS* applies to challenges made *after* IPR institution, rather than the question of whether institution should have happened in the first place.¹¹⁷

Finally, the majority deftly dismissed Click-to-Call’s alternative argument that § 319 permits appeal of the final written decision.¹¹⁸ The Court held that respondents mischaracterized that provision in the sense that § 314(d) would still bar review of the time bar, since respondents’ arguments still only concerned whether or not the Board should have instituted IPR.¹¹⁹ The majority here brought multiple different rationales into its opinion and holding, including statutory interpretation, reading of congressional intent and purpose, and general policy concerns. In the end, the majority extended its *Cuozz* holding

110. *Id.* (quoting *Cuozz*, 136 S. Ct. at 2139).

111. *Id.* at 1374.

112. *Id.*

113. *See id.*

114. *Id.*

115. *Id.* at 1373–74.

116. *Id.* at 1376.

117. *Id.*

118. *Id.* at 1377.

119. *Id.*

and cabined the issue to specific timeframes: decisions made before institution of IPR versus decisions made after IPR has begun. However, the majority’s decision left practitioners, patent owners, and challengers continually questioning the ever-changing legal effects of an already unstable patent system.

C. THE DISSENT WANTS TO PROTECT PATENT OWNERS

The *Thryv* dissent focused much of its analysis on upholding patent policy and long-held traditions of judicial review.¹²⁰ Justice Gorsuch authored the dissent with Justice Sotomayor joining in all but Part V. Justice Gorsuch stood alone in his views that patent rights are private, personal rights akin to property.¹²¹

First, the dissent was unable to find textual support in the statutory language for the majority’s construction.¹²² On its face, § 314(d) says that the Director’s determination of whether to institute an IPR “under this section” is not reviewable.¹²³ The dissent argued that to interpret “under this section” to mean more than one determination invites both linguistic and practical nonsense.¹²⁴ Not only would a second determination require looking at a completely separate section, but § 314’s “reasonable likelihood” determination relates to the *merits* and thus would naturally be reviewed by both the Board and the courts throughout the progression of the case.¹²⁵ Conversely, the Director’s application of the time bar is a *procedural* issue.¹²⁶ Under the majority’s view, application of § 315(b) effectively has no review. The Director has the final say on the matter, even if wrongly applied, and this could effectively close the IPR process altogether for some petitioners.¹²⁷

Second, the dissent reminded the Court that the long-held presumption of judicial review serves an important purpose.¹²⁸ Here, the dissent posited that judicial review would provide some repose to the patent owner.¹²⁹ In doing so, the dissent recognized that “[p]atents typically last 20 years; what happens to the incentive to invent if litigation over them lasts even longer . . . ?”¹³⁰ The system of checks and balances between the three branches of government specifically tasked the judiciary with providing a remedy to aggrieved parties by

120. *Id.* at 1378–88 (Gorsuch, J., dissenting).

121. *Id.* at 1378.

122. *Id.* at 1380.

123. 35 U.S.C. § 314(d).

124. *Thryv*, 140 S. Ct. at 1381 (Gorsuch, J., dissenting).

125. *Id.*

126. *Id.*

127. *Id.*

128. *Id.* at 1383.

129. *Id.* at 1379.

130. *Id.* at 1379–80.

allowing review of decisions made in the other branches.¹³¹ The majority's decision takes away this check on the system. Unlike the majority, the dissent rejected Thryv's argument that Congress's main purpose for creating the IPR was to "weed out poor quality patents."¹³² Instead, the dissent said that Congress also sought to protect the rights of patent owners and preserve the value of their patents.¹³³ There is a balance, the dissent argued, whereby giving the PTAB power to cancel patents must be offset by at least some protections for patent owners.¹³⁴ Thryv asked the Court to consider the AIA as a whole in its argument but, in doing so, caused the Court to singularly focus on what the dissent deemed the efficient canceling of patents.¹³⁵

Finally, the dissent addressed the issue of precedent, or rather the lack thereof.¹³⁶ The Court held in *Cuozz* that claims closely related to the decision to institute IPR would be shielded from judicial review. Nonetheless, the dissent here felt that the strong presumption of judicial review should override the *Cuozz* holding.¹³⁷ Standing alone in the final section of the dissent, Justice Gorsuch reiterated his view that the majority's decision "takes us further down the road of handing over judicial powers involving the disposition of individual rights to executive agency officials."¹³⁸ This is not the first time that Justice Gorsuch has expressed this view. He also dissented from the Court's decision in *Oil States Energy Services LLC v. Greene's Energy Group, LLC*.¹³⁹ There, the Justice lamented the consequences of the majority's decision that patent rights are public rights rather than private property, saying that society would not agree to allow the government to "cancel[]" a person's right to his farm, and thus society should not allow the Patent Office to do so for patents.¹⁴⁰ Justice Gorsuch worried that through this line of cases, deference had been misapplied and that in reality, the Court was abdicating its judicial duty to an agency that is wholly unable to provide inventors the type of protection that incentivizes

131. *Id.* at 1389 ("[T]he Executive Branch assumed responsibilities long reserved to the Judiciary. In so doing, we denied inventors the right to have their claims tried before independent judges and juries.").

132. *Id.* at 1384 (quoting Brief for Petitioner at 24, *Thryv*, 140 S. Ct. 1367 (No. 18-916)).

133. *Id.* at 1385.

134. *Id.* at 1384.

135. *Id.* at 1385.

136. *Id.* at 1385–86.

137. *Id.* at 1386.

138. *Id.* at 1387.

139. *See Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365, 1380–81 (2018) (Gorsuch, J., dissenting).

140. *Id.*

the patent system.¹⁴¹ Justice Gorsuch was particularly concerned that the majority’s holding would subject patent owners to the mercy of a political bureaucratic system, without recourse in the courts.¹⁴²

While the *Thryv* majority focused on the minutiae of the time bar and the immediate goals of the AIA, the dissent took a much broader view and focused on the bigger goals of the patent system as a whole. In a way, the dissent better understood that the ultimate goal of the patent system is to provide incentives for inventors to share their ideas and promote further innovation. The focus is the individual inventor, and it is important that they be provided a fair forum in which to protect their already-issued patent rights. This dynamic between inventors and incentives to invent is something the majority missed in its holding, focusing instead on the institutionalization of the patent system and the administration of patent laws.¹⁴³ The majority’s systematic and rather clinical view of patent law did not factor in the behavior of the very people that make up the patent system. This can lead to consequences that threaten to further destabilize and undermine the patent regime.

IV. JUDICIAL REVIEW PROMOTES A FAIR AND STABLE PATENT SYSTEM

A lack of judicial review allows litigants to take advantage of IPR proceedings, especially with relation to parallel district court proceedings. Currently, rules surrounding IPRs lack certain limits, and this creates loopholes that litigants can take advantage of to continually try to invalidate patents. The concerns raised in Justice Gorsuch’s *Thryv* dissent point to how this lack of judicial review leads to an unreliable patent system that can ultimately disincentivize innovation. A patent exceptionalism theory based in contract law, where patent law is exempt from administrative law deference principles, could help to address these concerns and provide some protection for patent owners against relentless challenges to their patents.

A. NO JUDICIAL REVIEW LEADS TO IMPROPER STRATEGIC GAMING

1. *How IPRs Intersect with District Courts*

The main goal of the AIA and of the new post-grant review process was not only efficiency, but also “effective[ness] at thwarting some strategic behavior in patent litigation.”¹⁴⁴ With the advent of the new fast-tracked proceedings,

141. *Thryv*, 140 S. Ct. at 1386–87 (Gorsuch, J., dissenting).

142. *Id.* at 1378.

143. *See supra* Section III.B.

144. 152 CONG. REC. 16998 (2006) (statement of Sen. Patrick Leahy) (discussing S. 3818, 109th Cong. (2006), one of the many predecessor bills to the AIA).

litigants are now faced with the question of whether, when, and where to challenge the validity of patent claims.¹⁴⁵ Administrative ex post review by the PTAB was designed to be an efficient and preferable substitute for Article III litigation.¹⁴⁶ Notably, IPRs allow for the petitioner to potentially preemptively challenge patent validity at the PTAB before any district court litigation, or even to bring retaliatory challenges.¹⁴⁷ The interplay between an IPR and district court litigation is also exemplified in estoppel effects.¹⁴⁸ The final decision resulting from an IPR precludes the petitioner from asserting any claim the PTO, the federal courts, or the International Trade Commission that the petitioner raised or could have raised in the IPR proceeding.¹⁴⁹ If a petitioner has previously filed a civil action challenging a patent, then the petitioner cannot challenge that same patent in an IPR.¹⁵⁰ In addition, IPRs trigger automatic stays of co-pending or later-filed declaratory judgment litigation by that petitioner (or real party in interest).¹⁵¹ If a party files a civil action in district court *after* the IPR petition, that action is automatically stayed.¹⁵² The stay can only be lifted at the patent owner's request if the patent owner claims or counterclaims infringement against the petitioner or if the petitioner dismisses its civil action.¹⁵³ District courts also have the discretion to stay existing infringement litigation brought by a patent owner pending the outcome of an IPR.¹⁵⁴ In other words, there is no mandatory stay of district court litigation when a parallel IPR is filed. Consequently, stays are not always granted and often result in costly duplication, rather than efficiency.¹⁵⁵ This is especially true in districts that have gained a reputation for moving fast on patent validity determinations.¹⁵⁶

145. See 35 U.S.C. § 315.

146. 152 CONG. REC. 16997 (2006) (statement of Sen. Orrin Hatch) (“I believe that by adopting a more robust post-grant review proceeding we are providing a more efficient means of challenging a patent’s validity in an administrative proceeding.”).

147. See Saurabh Vishnubhakat, Arti K. Rai & Jay P. Kesan, *Strategic Decision Making in Dual PTAB and District Court Proceedings*, 31 BERKELEY TECH. L.J. 45, 48 (2016) (noting two co-existing frameworks of resulting patent disputes: infringement litigation and declaratory judgment actions in Article III courts vs. administrative invalidation actions in the PTAB).

148. 35 U.S.C. § 315(e).

149. *Id.*

150. *Id.* § 315(a)(1).

151. *Id.* § 315(a)(2); see Vishnubhakat et al., *supra* note 147, at 50.

152. 35 U.S.C. § 315(a)(2).

153. *Id.*

154. Vishnubhakat et al., *supra* note 147, at 63.

155. *Id.* at 56.

156. *Id.* at 53 (noting that certain districts see a disproportionately greater number of patent cases and have gained the reputation of being “rocket docket” that resolve patent cases quickly).

All of these rules impact how parties approach litigation strategy. One study in particular looks in part at how the time-bar affects litigant behavior.¹⁵⁷ Mapping this effect onto what we know about common human behavior, the study suggests that giving discretionary and non-appealable control over § 315(b)'s time bar to the PTO may lead to lax enforcement over time, leading to deleterious downstream effects.¹⁵⁸

2. *Strategic Decision Making Between the Agency or the Court*

Having litigants make a conscious choice between the PTAB and the courts is a process of mutual substitution that Congress intended with the passing of the AIA.¹⁵⁹ There are two approaches: (1) standard substitution, where a defendant in district court litigation defensively challenges the validity of the asserted patent in an IPR; or (2) nonstandard substitution, where the petitioner of the IPR has not yet been sued in district court and challenges the patent preemptively.¹⁶⁰ Descriptive statistics performed during the first few years of IPR proceedings saw a large and rapid increase in IPR petition filings. There were twenty petitions per month in September 2012, with the number rising to approximately 140 petitions per month by the end of June 2015.¹⁶¹ During this time, nearly 70 percent of petitioners were standard petitioners, meaning the parties were previously sued on the patents they were now challenging at the PTAB.¹⁶² The same study also saw an increase in district court patent cases filed, rising from 150 cases per month in September 2011 to over 500 cases filed per month in June 2015.¹⁶³ More recent data show that roughly 80% of IPRs involve patents that are currently in litigation in parallel district court cases, while 20% of IPRs involve non-litigated patents.¹⁶⁴ These results suggest that many petitioners are using the PTAB as a means to challenge patent validity in connection with the threat or reality of infringement litigation.

157. *See id.* at 105 fig. 17 (demonstrating that most IPR petitions are distributed symmetrically on a median lag of six months, with a modal spike at the one-year deadline).

158. *See* Motion for Leave to File Brief of *Amici Curiae* and Brief of *Amici Curiae* Professors of Patent and Administrative Law in Support of Respondent Click-To-Call Technologies, LP at 13–14, *Thryv., Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367 (2020) (No. 18-916).

159. Vishnubhakat et al., *supra* note 147, at 49 (“A major normative argument for administrative ex post review is that it should be an efficient, accessible, and accurate substitute for Article III litigation over patent validity.”).

160. *Id.* at 49.

161. *Id.* at 69.

162. *Id.* at 73.

163. *Id.* at 69.

164. *See* Roshan S. Mansinghani & Robert K. Jain, *Frequent Filers? What the Data Says About Parallel PTAB Cases*, 12 LANDSLIDE, Sept./Oct. 2019, at 41, 42 (“80 to 90 percent of AIA challenges involve patents asserted in district court litigation . . .”).

As discussed in the previous Sections, the statute dictates that a petition for IPR cannot be filed more than a year after a petitioner has been sued for infringing a particular patent unless the petition includes a request for joinder.¹⁶⁵ Empirical data show that most IPR petitions fall within the zero-to-one year range, distributed symmetrically with a median lag time of six months.¹⁶⁶ More importantly, lag time between the filing of the district court suit and the filing of the IPR petition produces a notable spike at the one-year mark, jumping from around 100 IPR petitions sought at 0.0 to 0.7 years to over 300 IPR petitions sought at 0.9 to 1.0 years.¹⁶⁷ These data are consistent with petitioners seeking IPR within the one-year statutory deadline set by § 315(b).¹⁶⁸ By these numbers alone, the IPR's one year time bar plays an important role in determining litigant behavior and strategy. This is especially poignant given that the data show the majority of IPR validity challenges are a defensive response to existing litigation.¹⁶⁹ Currently, litigants must adhere to the one-year bar and adjust their strategies regarding the PTAB and district courts accordingly. However, this could all change if a judicially unsupervised agency is allowed to weaken or completely ignore the enforcement of the time bar.¹⁷⁰

If the one-year time bar is not strictly enforced, the lag time between PTAB and district court filings could potentially increase because a petitioner will take as much time as the PTAB allows.¹⁷¹ The dispute in *Thryv* centered on the Board's determination that an infringement suit dismissed without prejudice does not trigger the time bar.¹⁷² This holding further insulates from review a Director's discretionary interpretation of the time bar, which opens the door to strategic attacks. If a suit dismissed without prejudice is allowed to bypass this gate, what else could the Director turn a blind eye to, effectively giving petitioners more proverbial bites at the apple? If these discretionary decisions cannot be reviewed by a court of law, patent owners have little redress against these constant attacks from challengers.

The statutory language of IPRs currently does not have a standing requirement, nor does it preclude potential collective petitioner action through the

165. See 35 U.S.C. § 315(b).

166. Vishnubhakat et al., *supra* note 147, at 76.

167. *Id.* at 105.

168. *Id.* at 76.

169. *Id.*

170. See Motion for Leave to File Brief of *Amici Curiae* and Brief of *Amici Curiae* Professors of Patent and Administrative Law in Support of Respondent Click-To-Call Technologies, LP at 13, *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367 (2020) (No. 18-916).

171. *Id.* at 14.

172. *Thryv*, 140 S. Ct. at 1371.

use of joinder to an existing petition.¹⁷³ Recent IPR filings in the pharmaceutical industry demonstrate how parties can use this as a tactical advantage. The biotech giant Genentech owns a U.S. patent on a method for making humanized antibodies. This patent has been challenged in no less than twenty-one separate actions, including eleven district court litigations.¹⁷⁴ Notably, this patent has been the subject of ten IPR petitions filed by various pharmaceutical companies, such as Mylan Pharmaceuticals and Pfizer.¹⁷⁵ This example shows how IPRs can lead to a patent being challenged *too* many times with potentially no upper limit. As such, administrative adjudicatory bodies like the PTAB may end up providing an additional forum in which to harass patent owners. A challenger (or group of challengers) can relentlessly and repeatedly attack a patent until it is held to be invalid.¹⁷⁶

Allowing petitioners to take advantage of an important checkpoint like the IPR time bar has downstream effects on both parties and the courts. Patent owners who cannot afford the time and expense of a drawn-out litigation in court find themselves in parallel disputes in the PTAB.¹⁷⁷ Even patent owners with monetary means can nonetheless be whittled down by constant attacks. Courts may find themselves drained of their resources if petitioners can simply start over again at the PTAB.¹⁷⁸ This effect would hardly further Congress’s intent of reducing both litigation costs and judicial waste when it passed the AIA.¹⁷⁹

B. NO JUDICIAL REVIEW LEADS TO AN UNSTABLE AND UNPREDICTABLE PATENT SYSTEM

The *Thryv* majority spent a great deal of its opinion on statutory interpretation of the phrase “under this section” to confirm that § 314(d) should apply

173. Vishnubhakat et al., *supra* note 147, at 59.

174. *See Patent 6407213 Invented by Carter*, DOCKET NAVIGATOR, <https://search.docketnavigator.com/patent/patent/53705/1>.

175. *See id.*

176. *See, e.g.*, Gregory Dolin, *Dubious Patent Reform*, 56 B.C. L. REV. 881 (2015); Jay P. Kesan, *Carrots and Sticks to Create a Better Patent System*, 17 BERKELEY TECH. L.J. 763, 783 (2002) (discussing the dangers of delay and harassment in post-issuance patent office proceedings); Raymond A. Mercado, *Ensuring the Integrity of Administrative Challenges to Patents: Lessons from Reexamination*, 14 COLUM. SCI. & TECH. L. REV. 558, 606–07 (2013); Jonathan Masur, *Patent Inflation*, 121 YALE L.J. 470, 522 (2011) (“[I]nter partes review could potentially be abused by parties interested only in delaying and harassing competitors.”).

177. Brief of the Pharmaceutical Research and Manufacturers of America as *Amicus Curiae* in Support of Respondents at 15, *Thryv*, 140 S. Ct. 1367 (No. 18-916).

178. *Id.*

179. *See Dolin & Manta, supra* note 24, at 737-42 (discussing various post-issuance proceedings under the AIA).

to other sections as well.¹⁸⁰ However, imbuing the PTO and PTAB with this level of authority allows the agency an unprecedented degree of discretion that threatens the predictability and stability of the entire patent system.

1. *A Need for a Neutral Adjudicator*

A fundamental purpose of Article III courts is to provide a forum presided over by a neutral adjudicator, a judge who is “free from potential domination by other branches of government.”¹⁸¹ The Framers wanted to create a system different from the old one, where the King of Great Britain had “made Judges dependent on his Will alone, for the tenure of their offices, and the amount and payment of their salaries.”¹⁸² The Framers sought to create a system in which judges would not be beholden to nor impacted by the other branches of the federal government.¹⁸³ This goal is served by giving Article III judges a lifetime tenure on the bench, as well as financial security.¹⁸⁴

Like Article III judges, PTAB judges perform a similar adjudicatory purpose, but PTAB judges operate under a completely different framework. PTAB judges are appointed by the Secretary of Commerce with consultation from the Director.¹⁸⁵ Any decisions made by the Board must be under the supervision of the Director, who is ultimately responsible for final decisions.¹⁸⁶ The Director in turn is a political appointee, appointed by the President and under the supervision of the Secretary of Commerce, who is also a political appointee.¹⁸⁷ Not only are the Board members supervised and paid by the Director, but the Director is also allowed to select which members will hear a particular patent challenge and how many will participate in the hearing.¹⁸⁸ Should the Director disagree with the decision of the hearing, he can add more members to the panel (which includes himself) to rehear the case.¹⁸⁹ This broad control by one executive appointee is a large part of what concerned Justice Gorsuch in the *Thryv* dissent.¹⁹⁰

180. *Thryv*, 140 S. Ct. at 1373–74.

181. *Commodity Futures Trading Comm’n v. Schor*, 478 U.S. 833, 848 (1986) (quoting *United States v. Will*, 449 U.S. 200, 218 (1980)).

182. *Stern v. Marshall*, 564 U.S. 462, 484 (2011) (quoting THE DECLARATION OF INDEPENDENCE para. 11 (U.S. 1776)).

183. *Id.*

184. *Id.* at 483–84.

185. 35 U.S.C. § 6(a).

186. *Id.* § 318.

187. *Id.* §§ 3(a)(1), (4).

188. *Id.* § 6(c).

189. *Id.*

190. *See Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1378 (2020) (Gorsuch, J., dissenting).

2. *Discretionary Control Undermines Stability and Predictability*

Allowing discretionary control by an agency without any oversight further destabilizes the patent system. There are a few different ways in which discretionary control over the IPR time bar leads to unpredictable results for litigants due to the unique way IPRs intersect with district courts.

The time bar of § 315(b) serves as a statutory limit on agency authority.¹⁹¹ It specifically dictates what the agency is not allowed to do.¹⁹² Unlike § 314, where the language is directed to internal agency considerations and decisions related to the petition’s merits, § 315 addresses the relationship between IPRs and other proceedings.¹⁹³ The reason the time bar is so significant is that during that one year when an IPR petition can be filed, a court is most likely to stay pending district court litigation to avoid parallel litigation.¹⁹⁴ After one year, the court can confidently proceed with its litigation. This serves the purpose of preventing duplicative judicial waste in the courts from having a decision be decided and later overturned. Because the time bar is a gate that prevents cross-traffic accidents, allowing the PTO to exercise sole authority over it would undermine the adjudication of pending infringement actions.¹⁹⁵ It would also mean that petitioners would remain unsure of what triggers the time bar, i.e., like in *Thryv*. If judicial review of the time bar is *never* permitted, it would create a strange situation in which the Federal Circuit retains judicial review over the merits of a final agency decision that the court understands should have never been granted in the first place under § 315(b)’s time bar. The result is a patent that should have been excluded from PTO review by Congress’s design, all the while wasting litigation resources and time in district court.

For inventors seeking patents to protect their inventions, relying on a patent system that can have contradictory or discretionary outcomes is not an attractive option. Inventors would be disincentivized to seek patent protection if they are unsure about which patent laws apply. The Supreme Court itself has said that uniformity would encourage innovation by providing certainty to both the patentee and any potential infringers about the reach of the patent.¹⁹⁶ Additionally, if inventors disagree with the PTO’s assessment of their invention, no judicial review of subsequent PTAB decisions precludes inventors from getting a second opinion and potentially any redress. Given the time and

191. 35 U.S.C. § 315.

192. *Id.* §§ 315(a)(1), (b) (“An inter partes review may not be instituted . . .”).

193. *See id.*

194. *Id.* § 315(a)(2).

195. *See* Brief of the Pharmaceutical Research and Manufacturers of America, *supra* note 177, at 10.

196. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 390–91 (1996).

cost that goes into pursuing innovation, the “carrot” of having exclusionary patent rights may be reduced by all of these different “sticks,” ultimately impeding the Patent Act’s goal of incentivizing innovation.

C. PATENT EXCEPTIONALISM SHOULD APPLY

Patent exceptionalism is the idea that the PTO, and by extension the PTAB, is different from other administrative agencies and thus should be precluded from application of deferential administrative law principles.¹⁹⁷ The role of the PTO is likened to the role of an agent in an offeror/offeree contractual relationship. By understanding the PTO’s role as more ministerial, unlike other administrative agencies that are delegated rulemaking authority, the deferential standards from administrative law would not make sense.¹⁹⁸ This then leaves the PTO/PTAB open to judicial review, which can help to decrease the strategic litigation strategies and discretionary control problems articulated above.¹⁹⁹

1. *A Patent Law Theory Based in Contract Law*

The administrative state was created to help ease the burden on Congress.²⁰⁰ However, the patent law system predates this creation, so it is puzzling as to why administrative law principles should apply to patent law.²⁰¹ Rather, it is more helpful to use a framework presented by Professor Orin Kerr, who analogizes Congress’s grant of a patent to a contractual offer, with the PTO as Congress’s agent in that offer.²⁰² The patent applicant is thus the offeree and accepts the terms of the offer by meeting the statutory requirements of the Patent Act.²⁰³ Thinking of the patent system in terms of a contractual relationship²⁰⁴ can also help make clear why *de novo* judicial review should be applied to the PTAB to help protect patent owners in a system in which increasing patent challenges threaten the incentives to seek a patent.

197. See Orin Kerr, *Opinion: The Case for Patent Law and Criminal Law Exceptionalism in the Administrative State*, WASH. POST (Feb. 12, 2016, 1:51 AM), <https://www.washingtonpost.com/news/volokh-conspiracy/wp/2016/02/12/the-case-for-patent-law-and-criminal-law-exceptionalism-in-the-administrative-state/>.

198. See Kerr, *supra* note 47, at 131.

199. See *supra* Sections IV.A, IV.B.

200. See *supra* Section II.C.1.

201. See Robert P. Merges, *The Hamiltonian Origins of the U.S. Patent System, and Why They Matter Today*, 104 IOWA L. REV. 2559, 2561 (2019).

202. *Id.* at 138.

203. *Id.*

204. See *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int’l, Inc.*, 534 U.S. 124, 142 (2001).

Under Article I, Section 8, Clause 8, Congress has the 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.”²⁰⁵ To induce inventors to invent, Congress offers a binding contract: powerful exclusionary rights for a limited amount of time to each inventor who has created something deemed worthy of patentability.²⁰⁶ If the patent application can satisfy the Patent Act, then an offer is made and accepted and the contract exists.²⁰⁷ If the application does not satisfy the Patent Act, no offer is extended, and no contract exists.²⁰⁸ The PTO’s role in this exchange is only to *evaluate* whether the application meets the contractual requirements.²⁰⁹ Unlike other regulatory agencies, the PTO has no regulatory rulemaking authority since it does not determine the actual *terms* of the contract.²¹⁰

If it is accepted that Congress creates the offer through the creation of patent laws, and the PTO reviews the patent applications to determine if the inventors have met the requirements and accepted Congress’s offer, it follows that the PTO serves the ministerial role of applying the patent law determined by Congress and the courts to the facts presented in the patent applications.²¹¹ While the PTO can give guidance on how the law will be applied to the facts, i.e., if the application meets the offer’s requirements, the agency cannot decide *what* those laws are. That power resides solely with the courts and Congress. Neither the patent examiners who assess the applications nor the PTAB adjudicating adverse decisions have any substantive power to interpret the terms of the offer, change the terms, or exercise any *discretion* to decide whether an application should be granted a patent. This idea of a contract law patent system is very different from the regulatory function that makes up administrative law, and it explains why administrative law deference should not extend to patent law.

Professor Kerr provides a useful way to think about the above: Imagine that A says to B, “I will give you \$100 if you walk across the Brooklyn

205. U.S. CONST. art. I, § 8, cl. 8.

206. Kerr, *supra* note 47, at 135–38.

207. *Id.* at 130.

208. *Id.*

209. *Id.* at 138–40.

210. *Id.*

211. *See, e.g.*, *Nobelpharma AB v. Implant Innovations, Inc.*, 930 F. Supp. 1241, 1253 (N.D. Ill. 1996) (noting that a patent examiner is a “ministerial official whose function is to apply policy set by others” (quoting James B. Kobak, Jr., *Professional Real Estate Investors and the Future of Patent-Antitrust Litigation: Walker Process and Handgards Meet Noerr-Pennington*, 63 ANTITRUST L.J. 185, 209 (1994))), *aff’d*, 141 F.3d 1059 (Fed. Cir. 1998).

Bridge.²¹² In this scenario, A is the offeror (i.e., the PTO acting as an agent of Congress), and B is the patent applicant. Once B walks across the bridge, A must decide whether to pay the \$100. A's decision here is purely ministerial in that A's obligation to pay over \$100 is independent of A's subjective intent.²¹³ Once the offer to cross the bridge has been made and B has accepted and completed the terms, A does not have the power to restructure the legal relationship after the fact.²¹⁴ In other words, A has no discretion to decide whether to pay B the \$100 that was promised.²¹⁵ But what happens if A has the discretion to change the terms and restructure the legal relationship?

2. *Reliance on the Offer*

An applicant's reliance on Congress's offer is undermined if the agent is allowed to step in and subsequently usurp the terms of the offer.²¹⁶ Suppose A, from the above example, adds a condition to the offer, one that says A has the right to determine whether B completed the terms of the offer and walked across the bridge.²¹⁷ This would give B a reason for pause. What if A decides that B walked too fast and really *jogged* across the bridge? Under normal circumstances, B could seek legal redress in the form of de novo review from the courts, a clean second look from a neutral third party. However, if A retains interpretive rights on the terms of the offer, B's prospects of earning \$100 would depend entirely on how A will decide to interpret the offer. Notably, B will not know the outcome until *after* B has already made it across the bridge. What if making it across the bridge requires a great deal of time and effort on B's part? The uncertainty of A's offer caused by the shift of this interpretive power from the courts to A will discourage B from relying on A's offer and attempting to cross the bridge in the first place.²¹⁸

Applied to patent law, the terms dictate that should the applicant meet certain standards of novelty, then the applicant will be granted the patent. These novelty standards are spelled out in the Patent Act and signed off by Congress. However, if the PTO retains the right to determine what novelty means, then the applicant cannot be sure how the PTO will interpret the standards of novelty. Practically, the applicant only has rights to the patent whenever

212. Kerr, *supra* note 47, at 140; *see also* I. Maurice Wormser, *The True Conception of Unilateral Contracts*, 26 YALE L.J. 136, 136–37 (1916).

213. Kerr, *supra* note 47, at 140.

214. *Id.*

215. *Id.*

216. *Id.* at 183–87.

217. *Id.* at 184.

218. *Id.*

the PTO feels like giving them.²¹⁹ Although it is more likely that the PTO will give the applicant the patent if the standards of novelty are met, the applicant cannot be completely sure that this will be the result, because the prospects of getting the patent depend on how the PTO will interpret the standards down the line. Again, the PTO’s interpretation will come *after* the applicant has spent time and money to file the application in accordance with the novelty standards.²²⁰ Therefore, the applicant is now left with the fact that the PTO may choose to interpret the standards differently. Would taking this chance be worth all the time and money expended on innovating? This shift of interpretive power from Congress, the original offeror, to the PTO will discourage the applicant from relying on Congress’s offer and innovating in the first place.²²¹ Giving the PTO power to restructure the terms of patentability would create a risk that the research and development efforts used to meet today’s interpretation of the Patent Act may end up as useless and invalidating based on tomorrow’s interpretation.²²² To an applicant, this would only increase the risks associated with innovating and deter them from trying to pursue such endeavors.²²³ Professor Kerr likens this to contract law doctrines, where contracts that grant one party unilateral rights to back out of the contract are disfavored because they discourage other parties from entering into the contract in the first place.²²⁴

3. *Contract Law Standards of Review*

In terms of reviewing the contractual relationship between Congress and the patent applicant, the question becomes whether a court should defer to the offeror’s judgment on whether the applicant’s conduct has satisfied the terms of the offer.²²⁵ Under the contract theory, a standard of review of law determines whether the court should defer to the offeror’s interpretation of his own offer, while the standard of review of fact determines whether the court should defer to the offeror’s assessment of the offeree’s efforts to accept the offer.²²⁶ When the offeror’s agent (here, the PTO examiner) has denied an applicant a patent, the applicant is allowed to appeal that decision.²²⁷ Similar to the options available to prove a breach of contract claim, the applicant’s options are to

219. *Id.*

220. *Id.*

221. *Id.*

222. *Id.* at 186.

223. *Id.*

224. *Id.*

225. *Id.* at 146.

226. *Id.* at 146–47.

227. *Id.* at 143.

either challenge the PTO's construction of the offer (i.e., the PTO's findings of fact) or to challenge the PTO's assessment of the applicant's attempts to meet the statutory requirements of patentability (i.e., the PTO's interpretation of the legal requirements of patentability).²²⁸

A court that reviews a breach of contract claim applies a *de novo* standard of review in a contract dispute.²²⁹ A court reviewing a patent adjudication decision from the PTAB should also apply a *de novo* standard of review. Deferring to the PTAB would be analogous to deferring to the offeror's refusal to give consideration, usurping the offeree's reliance on that offer.²³⁰

In sum, patent exceptionalism can be understood from a contract-like theory of patent law. This theory compares a grant of a patent to the formation of a contract between Congress and a patent applicant through the PTO. Because the PTO plays a purely ministerial role and has no power to interpret for itself nor change the terms of the contract, it warrants no deference when it comes to reviewing its decisions. Not allowing the PTO interpretive or discretionary control over the terms of the contract also means that applicants can be sure the terms of the contract will not change and can depend on a set outcome if they meet those terms. This is especially important for applicants who are either seeking patents on inventions that require a lot of expensive up-front costs or are counting on licensing deals that insist on settlement of title and patent validity.²³¹ This reliability in the offer incentivizes the applicant to make the initial investment in seeking a patent and furthers Congress's goal of promoting innovation. Finally, applying *de novo* review to the PTO, the same standard as applied to district courts, means that litigants no longer have an incentive to try to game the system between using the PTAB or district court.

D. WHERE DO WE GO FROM HERE? THE FUTURE OF PATENT DEFERENCE

While the AIA brought on new and efficient changes to the patent system, its emphasis on efficient ways to challenge patent validity through IPRs may have been near-sighted, leaving many patentees with few protections. Judicial review is a way to restore that balance.

228. *Id.* at 147–48.

229. *Id.* at 149.

230. *Id.* at 148.

231. See Jake Berdine & Matt Rosenberg, *Creating Leverage: A Practitioner's Guide to Inter Partes Review and its Effects on Intellectual Property License Negotiations*, 44 AIPLA Q.J. 1, 6–7 (2016) (highlighting the importance for negotiators to weigh various factors during licensing negotiations, including settlement value of infringement and validity suits).

Due to its unique history and development, patent law should receive a specific carve-out and be exempted from administrative law principles. Specifically, the courts should not apply *Chevron* deference for questions of law and mixed questions of law and fact when reviewing PTAB decisions. This Part explores and responds to some of the most common objections to judicial review of the PTO/PTAB. It concludes that congressional action is unlikely in the short term. Thus, de novo judicial review is the best tool to provide protection to patent owners, while preserving patent law’s ultimate goal of incentivizing innovation.

1. *Responses to Objections*

a) a) The Misclassification of Patent Rights as Public Rights

One of the arguments against de novo judicial review of the PTAB lies in the classification of patent rights as per se public rights. This classification greatly impacts the separation of powers debate as public rights are generally thought of as a grant of special favor by the government, as exemplified by public services like utilities, lands, the post office, and interstate commerce.²³² Congress thus has greater discretionary authority to delegate adjudication of public rights to administrative agencies.²³³ In contrast, a private right stems from a relationship between individuals and involves classic common law doctrines like contract, property, and tort.²³⁴ Adjudication of private rights is traditionally thought to belong to Article III courts.²³⁵

Patents and other intellectual property rights are commonly and mistakenly classified as public rights simply because the rights first came from statutes. Modern day courts have perpetuated this misconception and effectively reduced the public-private rights distinction to merely a question of whether the law stemmed from statutes or from common law.²³⁶ In 2018, the Supreme Court in *Oil States v. Greene’s Energy Group* upheld the constitutional legitimacy of IPR proceedings, effectively giving the PTAB definitive authority to review and cancel issued patents.²³⁷ In his opinion, Justice Clarence Thomas argued

232. *Crowell v. Benson*, 285 U.S. 22, 31 (1932).

233. *See generally* *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365 (2018) (discussing the public rights doctrine).

234. *See Crowell*, 285 U.S. at 51 (“The present case . . . is one of private right, that is, of the liability of one individual to another under the law as defined.”).

235. *Id.*

236. Adam Mossoff, *Statutes, Common Law Rights, and the Mistaken Classification of Patents as Public Rights*, 104 IOWA L. REV. 2591, 2601 (2019).

237. *See Oil States*, 138 S. Ct. at 1365 (holding that patents are public rights and thus the PTAB does not violate either the separation of powers doctrine or a patent owner’s Seventh Amendment right to a jury trial when canceling patents via its administrative proceedings).

that because patents are a “creature of statute law” and “did not exist at common law,” patents are to be considered public rights.²³⁸ In one sense this characterization makes sense, as sources of patent law come from statutes that have been enacted since the Patent Act of 1790. However, the evolution of patent law has seen the creation of many common law legal doctrines. Some examples include the nonobviousness doctrine, the exhaustion doctrine, literal infringement versus equivalents infringement, and exclusions from patent eligibility.²³⁹ Congress has subsequently codified many of these judicially created doctrines, while doing away with others.²⁴⁰ It is therefore a mistake to characterize patent rights as solely public rights based on the idea that these rights stem from statutes and other legislation. Doing so limits our understanding of patent rights and improperly precludes application of helpful private rights mechanisms, like judicial review.²⁴¹

b) Patent Law’s Presumption of Validity Has Important Policy Rationales and Hints at a Private Right

A doctrinal example that demonstrates that patent rights should be thought of as private rights is the presumption of validity doctrine. The presumption of validity is a legal doctrine in which the courts are obligated to defer to the PTO’s initial determination that an invention qualifies for a patent unless the challenger can show by “clear and convincing” evidence that the PTO erred in its judgment to grant the patent.²⁴² Challengers must meet this higher standard when persuading courts to overrule that determination of validity.²⁴³ Historically, patent examiners are granted great deference when it comes to questions of validity due to their supposed expertise.²⁴⁴ Judges are less likely to second-guess these experts when it comes to ruling on technologies as these examiners have more knowledge and experience.²⁴⁵ However, the realities of hundreds of thousands of patent applications filed per year and a

238. *See id.* at 1373–74.

239. Mossoff, *supra* note 236, at 2611–12.

240. *See id.* at 2614 (citing as an example § 103 of the 1952 Patent Act that reversed the “flash of creative genius” test).

241. A more complete discussion of the categorization of patent rights can be found in Robert P. Merges, *What Kind of Rights Are Intellectual Property Rights?*, in THE OXFORD HANDBOOK OF INTELLECTUAL PROPERTY LAW 57 (Rochelle Dreyfuss & Justine Pila eds., 2018). This Note will focus on how understanding patent rights through the lens of private rights allows for judicial review. This Note leaves the discussion of whether patent rights fit into private or public rights, or both, to other scholars.

242. Doug Lichtman & Mark A. Lemley, *Rethinking Patent Law’s Presumption of Validity*, 60 STAN. L. REV. 45, 47 (2007).

243. *Id.*

244. *Id.*

245. *Id.*

limited number of patent examiners result in examiners spending very little time evaluating any given patent.²⁴⁶ While patent examiners assigned to evaluate applications are chosen due to having backgrounds generally related to the technology of the applications, examiners rarely have the *exact* expertise required to fully understand the invention.²⁴⁷ This, coupled with the sheer volume of applications and the time pressure examiners face to get through an application, results in the granting of so-called bad patents. Worse still, these bad patents end up being vigorously enforced later due to this presumption of validity.

In light of the above, deference to the PTO hardly seems warranted, but the presumption of validity lives on due to powerful policy reasons. First, it is not practical to have a more aggressive first-round review. It would be extremely cost-prohibitive to hire experts with specific expertise in the technology at hand.²⁴⁸ The cost of hiring such experts would likely fall on the patent applicants themselves, resulting in cost-prohibitive filing fees. Second, and relatedly, an aggressive first-round review and exorbitant fees would chill applicants from filing in the first place.²⁴⁹ Researching and developing an invention can take an extraordinary amount of time, effort, and money. If inventors lack confidence that their work could result in a patent, or if they believe that they would need to fight an uphill battle to gain patent rights, it would similarly disincentivize inventors from becoming applicants. The patent system was created as an incentive-driven system, and keeping the initial gates relatively open allows innovation to move forward.

The presumption of validity also hints at the idea that patent rights can be thought of as private rights. This presumption has long been a fixture of common law.²⁵⁰ Like other private rights, the presumption works under the belief that before the patentee can be stripped of his or her patent rights, there must be proof shown through competent evidence of some deliberate wrong.²⁵¹

246. See U.S. PAT. & TRADEMARK OFF., FY 2020 UNITED STATES PATENT AND TRADEMARK OFFICE PERFORMANCE AND ACCOUNTABILITY REPORT 188 tbl.1 (2020) (noting that the number of total patent applications filed during 2016–2020 averaged around 653,697 per year, with an average pendency of 24 months per application).

247. Lichtman & Lemley, *supra* note 242, at 53.

248. *Id.* at 54 (estimating that even a modest salary for hiring these experts would result in aggregate costs upwards of \$3 billion annually).

249. *Id.*

250. See 35 U.S.C. § 282; *Cellspin Soft, Inc. v. Fitbit, Inc.*, 927 F.3d 1306, 1319 (Fed. Cir. 2019) (“[P]atents granted by the Patent and Trademark Office are presumptively valid.”).

251. See *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1290 (Fed. Cir. 2011) (en banc) (finding that an accused infringer claiming inequitable conduct must prove that the patentee “acted with the specific intent to deceive the PTO”).

This belief is similar to beliefs in other private rights regimes, such as property. Indeed, infringement is often thought of as a type of trespass.²⁵²

2. *Judicial Review is Currently the Best Tool for Change*

The AIA was an extremely popular piece of legislation and has mostly changed our patent system for the better. Despite widespread agreement on its basic principles, there are still some areas, like the IPR proceeding, that would benefit from legislative reform. However, this legislative reform is unlikely to occur anytime soon. While the traditional congressional lawmaking process lends itself well to dealing with well-understood problems, it becomes less effective in the technology space, where there can be fast and unpredictable changes.²⁵³ Big tech companies have become comfortable with the tactical advantages IPRs give them against non-practicing entities (commonly referred to as patent trolls) and are less likely to push for legislative reform that would make it harder for them to challenge patents.²⁵⁴ On the other side of the spectrum, players like the ones in the pharmaceutical industry are fighting to protect their patent rights and the value of their patent portfolios.²⁵⁵ Judicial review is a tool that is currently available to provide protection to patent owners, while still allowing for an efficient patent system.

Going back to an era of patent exceptionalism and allowing for judicial review of PTAB decisions would be relatively simple. It would only require reviewing courts to discontinue the trend of applying administrative law deference standards (unless specifically required by Congress via statute). Under this new regime, the Federal Circuit would act as the primary gatekeeper and ultimate interpreter of patent law. Congress can continue to implement policy changes, working with both the PTO and the courts to ensure patentees meet the standards for patentability *and* receive a full judicial review. After all, the

252. Eric R. Claeys, *The Conceptual Relation Between IP Rights and Infringement Remedies*, 22 GEO. MASON L. REV. 825, 851 (2015).

253. See Wulf A. Kaal & Erik P.M. Vermeulen, *How to Regulate Disruptive Innovation—From Facts to Data*, 57 JURIMETRICS J. 169, 173 (2017) (noting that where there is rapidly evolving innovation, “by the time legal issues are addressed, new and different legal issues are created”).

254. See Ashley Gold, *Why Big Tech is Suing the Patent Office*, AXIOS (Sept. 3, 2020), <https://www.axios.com/why-big-tech-is-suing-the-patent-office-543809c5-f277-4316-aa66-b7804149fae4.html> (pointing to a recent action by Apple, Google, Cisco, and Intel against the PTO that challenges the agency’s rule of refusing to adjudicate patent claims while there is parallel district court litigation, because “[t]he companies say the rule hurts innovation and their legal rights, letting invalid patents stay on the books while lawsuits slowly wend their way through court”).

255. See *supra* Section IV.A.2; see generally, Patricia Carson & Ashley Cade, *Implications of Inter Partes Review Proceedings on Biotech/Pharma Litigation*, 8 PHARM. PAT. ANALYST 65, (2019).

Federal Circuit is unique among appellate courts as the only reviewing court with jurisdiction based on subject matter.²⁵⁶

De novo review of PTAB decisions would also not deter litigants from participating in post-grant review proceedings, such as IPRs. Litigants would still be incentivized to partake in IPR proceedings for all the same reasons that Congress intended: speediness, affordability, and full participation of the challenger in the proceedings. The most recent IPR statistics show that of all IPRs that go to final written decision, 62% end up with all claims being found unpatentable.²⁵⁷ This advantage for the challenger can be evened out by allowing owners to be able to appeal to a reviewing court and receive judicial review of any contested decisions, including review of provisions, like the time bar, that are not clearly barred from judicial review by statute. Judicial review would achieve the correct amount of balance between providing efficiency of patent challenges and protection for patent owners.

Ratcheting up a standard of review would be relatively simple for a court to achieve. Despite the trajectory of patent-related administrative law precedent at the Supreme Court, the Court has not definitively required application of *Chevron* or any other deferential standard to appellate review of questions of law or mixed questions of law and fact. Stability and fairness have always been judicial goals. Harmonization with district courts is not a new exercise for the PTO. The issue of uniformity recently came up in the context of claim interpretation. Until recently, the PTAB gave claim language its broadest reasonable interpretation, consistent with other PTO proceedings.²⁵⁸ Meanwhile, the Federal Circuit required district courts to give claims their ordinary meaning, as understood by a person with skill in the art.²⁵⁹ A broader interpretation standard leads to broader claims, which then leads to a higher likelihood of reading on prior art. Thus, the broader interpretation standard made it easier to invalidate patent claims at the PTAB compared to district courts.²⁶⁰ In 2018, the PTO recognized the dangers of this lack of uniformity and changed its claim

256. *Court Jurisdiction*, U.S. CT. OF APPEALS FOR THE FED. CIR., <http://cafc.uscourts.gov/the-court/court-jurisdiction>.

257. PAT. TRIAL & APPEAL BD., U.S. PAT. & TRADEMARK OFF., TRIAL STATISTICS: IPR, PGR, CBM 11 (2020), https://www.uspto.gov/sites/default/files/documents/trial_statistics_20200930.pdf [<https://perma.cc/V284-VQJW>].

258. 37 C.F.R. § 42.100(b) (2020).

259. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1314 (Fed. Cir. 2005) (en banc).

260. The risk of inconsistent interpretations by the PTAB and district courts was noted by Justice Breyer in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131, 2146 (2016).

construction standard for PTAB adjudication to conform with the ordinary meaning standard used in district courts.²⁶¹

The tradition of judicial review has a much longer and stronger history than administrative deference. The PTAB and robust post-grant proceedings, like the IPR, are even younger in judicial history. Concerns about the constitutionality of IPR²⁶² and administrative patent judges²⁶³ have been voiced during each of the cases that the Supreme Court has taken on regarding patent deference. These arguments signal that at least some on the Court question continual deference.

V. CONCLUSION

Reviewing courts should not grant administrative deference to the PTO (and by extension the PTAB) because the agency is not charged with interpreting rules passed by Congress, unlike the vast majority of administrative agencies created after the enactment of the APA. The current trend from the Supreme Court appears to favor granting the PTO more and more deference. This deference is not warranted and needs to stop, especially in the context of IPRs. Given that current IPR regulations favor patent challengers and lack important statutory limits, reviewing courts can step in and offer some protection to patent owners. To understand this fully, a contract law theory is a better way to view the role of the PTO and provides a way for private law mechanisms to justify judicial review of the PTO/PTAB. Allowing judicial review of PTAB decisions and harmonizing the review standard with those used for district courts solves problems of unfair strategic gaming and also leads to a much more stable and predictable patent system. This further incentivizes inventors to participate in the patent system, ultimately promoting innovation.

261. *See* Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board, 83 Fed. Reg. 51340, 51340 (Oct. 11, 2018) (to be codified at 37 C.F.R. pt. 42).

262. *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365, 1370 (2018).

263. *United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1983 (2021) (finding that “the unreviewable executive power exercised by APJs is incompatible with their status as inferior officers” and that final written decisions of APJs must be subject to review by the Director of the USPTO).