No. 15-446

IN THE

Supreme Court of the United States

CUOZZO SPEED TECHNOLOGIES, LLC,
Petitioner,

v.

MICHELLE K. LEE,
Respondent.

ON WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

BRIEF FOR MEDTRONIC, INC. AS AMICUS CURIAE IN SUPPORT OF NEITHER PARTY REGARDING APPELLATE JURISDICTION

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INTEREST OF AMICUS CURIAE[1]

Medtronic is the world's largest medical technology company. With over 85,000 employees, it has transformed healthcare worldwide, improving outcomes, expanding access, and enhancing value. A leading innovator in the field of healthcare, Medtronic relies on its over 53,000 patents to protect its intellectual property. As both an owner of intellectual property and a target of infringement lawsuits, Medtronic has a strong interest in, and a balanced perspective on, issues that affect patent protection.

Medtronic takes no position on the claim construction standard in this case, or on whether the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) ("AIA"), bars direct appellate review of the decision to institute *inter partes* review ("IPR") in cases that, like this one, proceed to a final written decision on the merits of patentability. *See* Pet. 6-13; Pet. Br. 6-12.

Instead, Medtronic submits this amicus brief to urge that when ruling on the jurisdictional issue presented in this case, this Court should not suggest—or use broad language that might be read to suggest—that the Federal Circuit lacks jurisdiction to review final *post-institution* decisions that terminate IPRs without addressing the patentability of the involved claims. The Federal Circuit has not definitively resolved that issue, which Medtronic is in the process of litigating in two parallel cases, one under the AIA and one under the

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[1] No counsel for a party authored this brief in whole or in part, and no person, other than amicus or its counsel, made any monetary contribution to the preparation or submission of this brief. Letters consenting to the filing of this brief have been filed with the Clerk of the Court.

Administrative Procedure Act ("APA"). This Court should ensure that it does not inadvertently suggest that appellate review is unavailable in those cases, which present different considerations from this case.

Medtronic has invoked the Federal Circuit's appellate jurisdiction over an agency decision that does not fit into the AIA's bar on appellate review, namely a *post-institution* decision terminating already instituted IPR proceedings. In 2015, the Patent Trial and Appeal Board ("PTAB") terminated—based on an arbitrary and capricious ruling—proceedings regarding two patents on which Medtronic had petitioned for IPR. *See* App. 1a-22a. Medtronic appealed the PTAB's decision directly to the Federal Circuit pursuant to the AIA and, alternatively, sought a writ of mandamus. *See Medtronic, Inc.* v. *Robert Bosch Healthcare Sys., Inc.*, Nos. 2015-1977, -1986, -1987 (Fed. Cir.) (*Medtronic I*). Out of an abundance of caution, Medtronic also sought APA review of the PTAB's ruling in the United States District Court for the Eastern District of Virginia. *See Medtronic, Inc.* v. *Lee*, --- F. Supp. 3d ---, 2016 WL 269240 (E.D. Va. Jan. 21, 2016) (*Medtronic II*).

Neither of Medtronic's appeals has so far been heard on the merits. In *Medtronic I*, the Federal Circuit panel granted the patent holder's motion to dismiss Medtronic's appeal for lack of jurisdiction, relying in part on the decision on review in this case, and denied mandamus. *See* App. 22a-26a. Medtronic's petition for rehearing en banc is pending. And in *Medtronic II*, the district court granted the government's motion to dismiss Medtronic's APA complaint for lack of jurisdiction. *See id.* 27a-58a. Medtronic has appealed that decision to the Federal Circuit as well, and has sought initial hearing en banc.

The jurisdictional issues presented in *Medtronic I* and *Medtronic II* are, in some ways, related to the jurisdictional issue presented in this case. But even if this Court were to affirm the jurisdictional holding in this case, Medtronic believes that the text and structure of the AIA and other considerations would compel a different result in Medtronic's appeals. Medtronic thus files this brief to explain that not all IPR jurisdictional appeals are the same and to urge the Court that, however it may rule on Cuozzo's jurisdictional argument in this case, it should not suggest that the Federal Circuit lacks jurisdiction to review PTAB decisions like those challenged in Medtronic's appeals. Such an outcome would contradict the AIA and improperly allow the PTAB to insulate arbitrary and capricious post-institution rulings from appellate review simply by captioning them as terminations for reasons other than patentability.

INTRODUCTION AND SUMMARY OF ARGUMENT

In this case, the Court will decide if the "decision *whether to institute* an IPR proceeding is judicially reviewable" when the Federal Circuit reviews a final written decision regarding the patentability of the claims. Pet. II (second question presented) (emphasis added). Both Cuozzo and the government have indicated, however, that this Court's answer to that question will decide once and for all the "scope of the Federal Circuit's jurisdiction" over all final PTAB rulings, Pet. 23; *see also* Opp. 18, 20-21. That belief is incorrect.

An important category of decisions in IPR proceedings presents an even stronger case for appellate review than the decision on appeal here, namely final PTAB rulings that terminate *already instituted* IPR proceedings before a decision on the merits of patentability has been reached. The Federal Circuit's decision in this case had no occasion to address this category of decisions or the critical distinction between a decision to institute proceedings and a post-institution termination ruling that does not address patentability. *See* Pet. App. 5a-11a. Because Cuozzo challenged only the propriety of the institution decision, the procedural posture led the Federal Circuit to describe just two possible decisional stages in an IPR proceeding: (1) the pre-institution stage, which ends with a decision whether to institute proceedings, and (2) the post-institution stage, which ends with a final written decision on the merits. *Id.* 5a. The government makes the same fundamental error, purporting to divide IPR decisions into two and only two categories. Opp. 6, 20-21; *see also* Pet. Br. 5-6, 49. But neither the Federal Circuit in this case nor the parties to this case discussed a third category that has since arisen: PTAB decisions terminating instituted

IPR proceedings without reaching the merits of the challenged patent claims. *See infra* pp. 7-12; *see also, e.g.*, *Corning Optical Commc'ns RF, LLC* v. *PPC Broadband*, IPR2014-00440, slip op. 25-26 (PTAB Aug. 18, 2015) (Paper 68); *Atlanta Gas Light Co.* v. *Bennett Regulator Guards, Inc.*, IPR2013-00453, slip op. 13-15, 17 (PTAB Jan. 6, 2015) (Paper 88).

Medtronic believes that federal courts have jurisdiction to review this third category of decisions, either under the AIA or the APA, and the Federal Circuit is still considering the matter. *See supra* pp. 2-3. There are good reasons to conclude that appellate jurisdiction lies in such cases, regardless of the outcome in this case. No AIA provision expressly or implicitly bars review of a decision terminating an IPR after institution. *See infra* pp. 12-16. Accordingly, the well-established presumption of judicial review of final agency action applies to such decisions. That is fully consistent with the text and goals of the AIA. The Act envisions that—if the Patent and Trademark Office (PTO) institutes proceedings after finding a "reasonable likelihood" that at least one of the challenged patent claims is invalid and never should have issued, 35 U.S.C. § 314(a)—the PTAB should finish the job and issue a final decision on patentability or, at a minimum, face judicial scrutiny of its reasons for terminating the proceeding over a party's objection. Otherwise, the PTAB would have the ability—nowhere conferred by statute—to terminate petitions that the agency previously determined had a "reasonable likelihood" of invalidating challenged patent claims, and do so without consequence and under any pretense (so long as it does not relate to patentability). *See infra* pp. 16-17. The facts of *Medtronic I* and *II* demonstrate how such a jurisdic-

tional rule could insulate an arbitrary and capricious agency decision from Article III oversight.

Tellingly, the government's arguments against appellate jurisdiction in this case either do not apply to *post-institution* rulings or ignore obvious distinctions between such rulings and decisions to institute. The government's failure in this case to grapple with the additional reasons supporting judicial review of post-institution rulings only underscores the need for caution in this Court's decision on the issue and the importance of not suggesting that a lack of appellate jurisdiction in this case means a lack of jurisdiction over appeals such as Medtronic's.

Accordingly, Medtronic respectfully requests that this Court ensure that its ruling does not suggest that the Federal Circuit lacks authority to review *post-institution* PTAB determinations.

ARGUMENT

THIS COURT SHOULD NOT SUGGEST THAT THE FEDERAL CIRCUIT LACKS JURISDICTION TO REVIEW POST-INSTITUTION TERMINATIONS OF IPR PROCEEDINGS.

Medtronic's experience before the PTAB demonstrates the correctness and necessity of allowing appellate jurisdiction over post-institution decisions terminating IPR proceedings. That specific issue is not before the Court in this case, but the parties' submissions—particularly the government's—could be read to suggest that this Court's ruling in this case should foreclose jurisdiction over post-institution decisions. It is well-established that this Court generally "do[es] not decide in the first instance issues not decided below." *Zivotofsky* v. *Clinton*, 132 S. Ct. 1421, 1430 (2012); *accord NCAA* v. *Smith*, 525 U.S. 459, 470 (1999); *see also*,

e.g., *Roberts* v. *Galen of Va., Inc.*, 525 U.S. 249, 254 (1999) (declining to address two issues on which this Court did not grant certiorari). This general rule has particular force in this case, where language suggesting a lack of appellate jurisdiction in scenarios not presented here would be inconsistent with this Court's case law and public policy, and would lead to a result that even the government has not clearly confronted.

In Medtronic's case, the PTAB terminated—in a single decision—two IPR proceedings that the PTO had instituted based on Medtronic's petitions, and did so just one month before oral argument. The sole reason for the PTAB's ruling was that Medtronic failed to foresee how the PTAB would interpret a minor procedural rule on which the agency has provided no published or binding guidance—designation of who is a real party in interest ("RPI"). The PTAB's termination decision thus allowed patents that the PTO itself has declared of questionable validity to remain in force without substantive review, based solely on an arbitrary and capricious agency ruling. Such a decision is subject to appellate review, and this Court's decision in this case should be careful not to suggest otherwise.

A. Medtronic's Case Provides A Cautionary Example Of The Danger Of Insulating Post-Institution PTAB Rulings From Judicial Review.

Section 312(a)(2) of the AIA requires that a petition for IPR "identif[y] all real parties in interest." But neither § 312 nor any other AIA provision defines "real part[y] in interest" and the term is not discussed in the AIA's legislative history. The agency offers its only guidance in a brief passage in the "Office Patent Trial Practice Guide," which addresses the RPI requirement

over the course of two pages without laying out any clear rule. 77 Fed. Reg. 48,756, 48,759-48,760 (Aug. 14, 2012). The Guide states "that there is no 'bright-line test' for determining the necessary quantity or degree of participation to qualify as a 'real-party-in-interest.'" *Id.*; *see also*, *e.g.*, *Paramount Home Entm't Inc.* v. *Nissim Corp.*, IPR2014-00961, slip op. 4 (PTAB Mar. 19, 2015) (Paper 13) (recognizing that even "slight alterations in the facts from case-to-case … might result in a different conclusion" as to whether an entity is an RPI (internal quotation marks omitted)).[2]

Three years ago, a healthcare company named Cardiocom was sued for patent infringement by its rival Robert Bosch Healthcare Systems. *See* Complaint, Dkt. 1, *Robert Bosch Healthcare Sys., Inc.* v. *Cardiocom, LLC*, No. 13-cv-00349-JRG (E.D. Tex. Apr. 26, 2013). Shortly thereafter, Cardiocom filed IPR petitions challenging six of Bosch's patents, including U.S. Patent No. 7,769,605 ("[a] system and method for monitoring a group of patients") and 7,890,249 ("a system for remotely interacting with" a patient). *Medtronic I* Appellant's Br. 9.

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[2] The PTO has repeatedly declined to promulgate a regulation defining what constitutes an RPI, despite numerous requests to do so. Perez & Rose, *Hard Target: Who's In Charge In Post-Grant Proceedings?*, World Intell. Prop. Rev. 48-49, Sept.-Oct. 2012 (noting that the PTO rejected a request from Verizon, Google, and others that it adopt a concrete definition of RPI; "at this point, the USPTO has not defined the meaning of RPI and privy, there is no bright-line rule for doing so, and it will instead make such determinations on a case-by-case basis"); *see also* 80 Fed. Reg. 50,720, 50,729 (Aug. 20, 2015) (reaffirming, in spite of request to clarify RPI test, that "whether an entity is a real-party-in-interest is a highly fact dependent question that is not amenable to any bright-line test").

A month after Cardiocom filed its IPR petitions, it was purchased by, and became a wholly owned subsidiary of, Medtronic. *Medtronic I* Appellant's Br. 9. Although the PTO instituted review of—and later invalidated—the claims at issue in four of Bosch's six patents (each of which is a family member of the '605 and '249 patent), the PTO denied institution of Cardiocom's petitions directed to the '605 and '249 patents. *Id.* 10. That denial had no estoppel effect; Cardiocom and anyone in privity with it still had the right to file another petition challenging the '605 and '249 patents within one year of Bosch's lawsuit. *See* 35 U.S.C. § 315(e)(1).

Medtronic, which had its own substantial interest in seeking IPR of the '605 and '249 patents,[3] filed three of its own IPR petitions less than one year after Bosch sued Cardiocom. *Medtronic I* Appellant's Br. 11. Medtronic's petitions identified itself as the RPI, and expressly disclosed that Cardiocom previously sought IPR of the '605 and '249 patents, as well as that Medtronic had "acquired Cardiocom after Cardiocom filed" its petitions and "Cardiocom is now a wholly-owned subsidiary of Medtronic." *Id.* (internal quotation marks omitted). Medtronic acknowledged in the IPR proceedings that Cardiocom was in privity with Medtronic and, accordingly, that Cardiocom would be bound by the PTAB's final written decision. *Id.* 12.

The Director of the PTO, who has the statutory authority to institute IPR, has delegated that power to the PTAB. *See* 35 U.S.C. § 314(a); 37 C.F.R. §§ 42.4, 42.108. Exercising that power, the PTAB instituted

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[3] In addition to asserting the patents in litigation against Medtronic's subsidiary Cardiocom, Bosch had also accused Medtronic's non-Cardiocom-related product lines of infringing those patents. *Medtronic I* Appellant's Br. 11-12.

IPRs within three months of Bosch's preliminary responses to Medtronic's petition, notwithstanding Bosch's argument that Cardiocom should have been listed as an RPI. *Medtronic I* Appellant's Br. 6; *see also* 35 U.S.C. § 314(b). The Director (through her delegate, the PTAB) thus necessarily concluded that Medtronic had shown a "reasonable likelihood that [Medtronic] would prevail" in invalidating at least one of Bosch's patent claims. 35 U.S.C. § 314(a). Accordingly, a notice issued pursuant to 35 U.S.C. § 314(c), commencing an IPR trial. The PTAB then proceeded to conduct the IPR trial under the authority delegated in 35 U.S.C. § 316(c).

Several months later, after all briefing and depositions were concluded—and only one month before oral argument—the PTAB terminated Medtronic's IPRs in a ruling captioned "Decision [on] Patent Owner's Motion to Terminate." App. 1a. The PTAB's termination decision rested solely on its conclusion that Medtronic should have listed Cardiocom as an additional RPI in its petitions. *Id.* 21a. The PTAB applied what it called a "totality of the circumstances" test under which "one fact, standing alone, [will rarely] be determinative of the real party-in-interest inquiry. *Id.* 8a, 16a (internal quotation marks omitted). Noting that "[t]aken alone, none of the facts [relied upon] may be sufficient to show that Cardiocom is a real party-in-interest in these proceedings," the PTAB found that Medtronic was (somehow) acting as a "proxy" for its wholly-owned subsidiary. *Id.* 16a (internal quotation marks omitted).

Notably, the PTAB did not find that Medtronic acted in bad faith when it named itself as RPI without also adding its wholly-owned subsidiary Cardiocom, nor did it find that Bosch had suffered any prejudice. However, the PTAB still denied Medtronic leave to amend its pe-

titions to remedy the purported RPI error *nunc pro tunc*. App. 18a-20a. The PTAB also denied Medtronic's timely request for rehearing on May 22, 2015. *Medtronic I* Appellant's Br. 15. Because the PTAB's termination ruling was issued more than one year after Bosch sued Cardiocom, Medtronic—as Cardiocom's privy—is now statutorily barred from filing new IPR petitions against the '605 and '249 patents. 35 U.S.C. § 315(b).

Medtronic appealed the PTAB's termination decision to the Federal Circuit under the AIA, and separately sought review of it in district court under the APA. As Medtronic explained in both proceedings, the PTAB's decision is arbitrary and capricious and contrary to law for several reasons. *First*, the PTAB's interpretation of the RPI requirement is impermissibly nebulous, as it gives petitioners no principled way to determine whether a given entity should be labeled as an RPI. *Second*, the PTAB could not reasonably have concluded that Cardiocom qualified as an RPI or that Medtronic was acting as a "proxy" for Cardiocom, given that Medtronic wholly owns Cardiocom. *Third*, even if the PTAB were right that Cardiocom should have been listed as an RPI, it erred by denying Medtronic the opportunity to amend its petitions to correct that technical error. Where, as here, there was no finding that the omission was made in bad faith or that permitting amendment would cause undue prejudice or change the substance of the proceeding, the common practice in the federal system is to permit a relation-back amendment. *See Edelman* v. *Lynchburg Coll.*, 535 U.S. 106, 116 (2002) ("[I]f relation back is a good rule for courts of law, it would be passing strange to call it bad for an administrative agency."). The PTAB certainly cited no statute, regulation, or other binding authority requiring it to terminate Medtronic's petitions over what was, even

under the Board's erroneous analysis, a harmless and minor technicality.[4] *Finally*, and at a minimum, the PTAB's failure to give clear notice that an RPI error could result in termination of the IPR violated due process and its failure to provide a plausible explanation for its arbitrary decision was an abuse of discretion.

So far, no federal court has addressed Medtronic's substantive challenges to the PTAB's termination order. A panel of the Federal Circuit in *Medtronic I* ruled that it lacked jurisdiction under the AIA and refused to issue a writ of mandamus (App. 24a-26a)—Medtronic's petition for en banc rehearing of that decision is pending. And the district court in *Medtronic II* also held that it lacked jurisdiction to hear an APA challenge (App. 58a); Medtronic's appeal and petition for initial hearing en banc are also pending in the Federal Circuit.

B. A Suggestion That The AIA Bars Judicial Review Of Any PTAB Ruling Other Than A Decision On Patentability Would Conflict With This Court's Precedent And Raise Substantial Policy Concerns.

1. The AIA's text and the presumption of reviewability permit, and indeed compel, judicial review of final post-institution decisions.

The text of the AIA strongly indicates that a final post-institution decision to terminate an IPR is judicial-

[4] To the contrary, the Office Patent Trial Practice Guide cites Federal Rule of Civil Procedure 17 and its 1966 Comments for general guidance. 77 Fed. Reg. at 48,759. Rule 17 provides that the court "may not dismiss an action" for failure to prosecute in the name of the RPI until a "reasonable time" is allowed to correct the RPI.

ly reviewable, regardless of whether the same is true of the initial decision to institute proceedings that is the subject of the second question presented in this case. Permitting appellate review of PTAB decisions like the one at issue in *Medtronic I* and *II* fully accords with the AIA's text and the presumption of reviewability.

Cuozzo undeniably challenges a decision "whether to institute" the IPR proceeding, which Congress assigned to the *Director* of the Patent and Trademark Office in 35 U.S.C. § 314(a).[5] The AIA assigns a different responsibility to the PTAB: the duty to conduct the IPR once instituted. 35 U.S.C. § 316(c) ("The Patent Trial and Appeal Board shall … conduct each inter partes review *instituted* under this chapter." (emphasis added)). There is *no* provision of the AIA that could even arguably be read to preclude review of PTAB decisions made during the course of instituted proceedings (and thus under the authority assigned by § 316(c)). To the contrary, the plain language of 28 U.S.C. § 1295(a)(4)(A) makes clear that the Federal Circuit generally has jurisdiction over appeals from decisions that the AIA assigns to the PTAB:

> The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction[] … of an appeal from a decision of[] … the Patent Trial and Appeal Board … with respect

[5] As noted above, the Director has delegated her responsibility to determine whether to institute an IPR trial under § 314(a) to the PTAB. *See supra* pp. 9-10. This delegation does not, of course, change the statutory scheme, which provides that the Director will make a "final" determination whether to institute an IPR trial (§ 314(a)), the PTAB will preside over an instituted proceeding (§ 316(c)), and the Federal Circuit will have jurisdiction under 28 U.S.C. § 1295(a)(4)(A) to review any decision delegated to the PTAB.

> to … inter partes review under title 35, at the instance of a party who exercised that party's right to participate in the applicable proceeding[.]

28 U.S.C. § 1295(a)(4)(A) (as amended by the AIA). A final, post-institution decision permanently terminating an IPR proceeding is unquestionably "a decision of[] … the Patent Trial and Appeal Board … with respect to … inter partes review." Accordingly, the AIA expressly provides that the Federal Circuit has jurisdiction to hear the appeal of any such decision made during the course of an instituted IPR proceeding. The only basis for a contrary conclusion would be if some other, more specific statute barred review.

In determining whether Congress specifically barred review, courts consider the "*strong presumption* that Congress intends judicial review" of final agency actions. *Bowen* v. *Michigan Acad. of Family Phys.*, 476 U.S. 667, 670 (1986) (emphasis added); *accord Sackett* v. *EPA*, 132 S. Ct. 1367, 1373-1374 (2012). As this Court has explained, "'[v]ery rarely do statutes withhold judicial review. It … could not be otherwise, for in such a case statutes would in effect be blank checks drawn to the credit of some administrative officer or board.'" *Bowen*, 476 U.S. at 671 (quoting S. Rep. No. 79-752, at 26 (1945)). Thus, the Court reaffirmed just last Term that an "agency bears a '*heavy burden*' in attempting to show that Congress 'prohibited all judicial review' of the agency's compliance with the legislative mandate." *Mach Mining, LLC* v. *EEOC*, 135 S. Ct. 1645, 1651 (2015) (emphasis added).

While the presumption of reviewability can be overcome by "specific language or specific legislative history that is a reliable indicator of congressional in-

tent, or a specific congressional intent to preclude judicial review that is fairly discernable in the detail of the legislative scheme," nothing in the AIA satisfies the "heavy burden" necessary to make this showing as to post-institution decisions terminating IPR proceedings. *See Bowen*, 476 U.S. at 671-673. That is true *regardless* of whether the Court agrees or disagrees with Cuozzo's jurisdictional argument in this case.

The three AIA provisions addressing appealability of IPR rulings—35 U.S.C. §§ 141(c), 314(d), and 319—place no express limitation on appellate review of any post-institution decision made by the PTAB on an issue unrelated to the validity of the challenged patent claims. Section 314(d) bars only review of a decision "*whether*" to institute, which the statute assigns to the Director of the PTO; it does not speak to reviewability of final written decisions made by the PTAB after institution. The other provisions speak solely to the appealability of the PTAB's final written decisions on patentability; they do not address other decisions that the PTAB may make in the course of conducting an instituted IPR.

Nor is there any reason to believe that Congress *impliedly* barred review of post-institution final decisions that the PTAB chose to caption as something other than a "final written decision." While it is true that the Congress expressly provided for review only of final written decisions on patentability (*e.g.*, 35 U.S.C. §§ 318(a), 319), "if the express provision of judicial review in one section of a long and complicated statute were alone enough to overcome the APA's presumption of reviewability … it would not be much of a presumption at all." *Sackett*, 132 S. Ct. at 1373. This Court and the courts of appeals have routinely recognized that even statutory language that might appear to preclude

review does not overcome the presumption. *E.g.*, *Bowen*, 476 U.S. at 668, 679; *Lindahl* v. *OPM*, 470 U.S. 768, 771, 779-780 (1985); *ACLU* v. *Clapper*, 785 F.3d 787, 803-810 (2d Cir. 2015).[6]

2. The Court should avoid inadvertently depriving litigants of all opportunity to obtain judicial review of an arbitrary and capricious PTAB termination of instituted proceedings, in which the PTO has already deemed a patent claim to be likely invalid.

Permitting appellate review of the PTAB's decision in Medtronic's case also makes sense as a matter of policy and fundamental principles of administrative law. A suggestion by this Court that the Federal Circuit's appellate jurisdiction in IPR cases is limited to PTAB decisions addressing patentability would have the highly undesirable effect of insulating questionable post-institution PTAB termination decisions from judicial oversight—an outcome not provided for in any statute.

Allowing the PTAB to evade judicial review simply by disposing of an instituted IPR on grounds other than patentability—no matter how fanciful the explanation—would grant the agency near-total control over whether a petition receives the scrutiny that Congress envi-

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[6] A Federal Circuit panel has suggested in a published decision that, at least under some circumstances, post-institution decisions are not reviewable. *See GTNX, Inc.* v. *INTTRA, Inc.*, 789 F.3d 1309 (Fed. Cir. 2015). But *GTNX* is easily factually distinguishable from the mine run of post-institution decisions: The *GTNX* petitioner was statutorily barred from pursuing post-grant review and the defect was not curable by amendment. *Id.* at 1311. Medtronic has asked the en banc Federal Circuit to overrule or confine the scope of *GTNX*. *See supra* p. 2.

sioned would be given to *every* instituted IPR. The PTAB could, for instance, simply thin its docket by terminating any instituted IPR in which the petitioner's name begins with a consonant, and the petitioner would have no recourse in the Federal Circuit or, potentially, in any other court. *See supra* p. 12. The PTAB's decision in Medtronic's case is no less absurd; it faulted Medtronic for not naming as an RPI a wholly-owned subsidiary that was fully disclosed and could have been added as an RPI without delay or prejudice. Where, as here, an amendment would not alter the substance of the proceeding, the common practice in the federal system is to permit a relation-back amendment. 6A Wright et al., *Federal Practice & Procedure* § 1555 n.6 (3d ed. updated Apr. 2015) (collecting cases); *see also* Fed. R. Civ. P. 17(a)(3) (RPI disclosure may be corrected without terminating proceedings and the case should proceed "as if it had been originally commenced by the real party in interest"). The same rule generally applies in the agency context. *See Edelman*, 535 U.S. at 116.

While there may be situations in which the PTAB could lawfully terminate an instituted petition, its decision to do so is presumptively and properly subject to judicial review. This Court should be careful in this case not to give "the Executive … a free hand to shelter its own decision from … appellate court review," with regard to patents that have already been found reasonably likely to be invalid—an "extraordinary delegation [that] cannot be extracted from the statute Congress enacted." *Kucana* v. *Holder*, 558 U.S. 233, 252 (2010); *see also Carlyle Towers Condo. Ass'n* v. *FDIC*, 170 F.3d 301, 310 (2d Cir. 1999) (recognizing that it "is 'axiomatic' that agencies can neither grant nor curtail federal court jurisdiction").

C. The Government's Jurisdictional Arguments Do Not Apply To Post-Institution Rulings.

The government's response to Cuozzo's petition largely addresses only whether 35 U.S.C. § 314(d) bars review of the initial decision to institute proceedings in the first place. Opp. 17-22. For example, the government argues (Opp. 17-19) that § 314(d)'s "clear and uncaveated" language bars all challenges to the decision to institute. That "clear" language, however, only references the decision *whether to institute* (which is statutorily assigned to the Director of the PTO), not post-institution decisions (which the AIA expressly assigns to the PTAB, § 316(c)). Similarly, the government contends (Opp. 19-20) that Cuozzo's reading of § 314(d) would improperly allow for review of some PTO decisions *not* to institute an IPR proceeding. That is not true in a case like Medtronic's, where an IPR is already instituted, thus reflecting an agency determination that the petition has a "reasonable likelihood" of invalidating at least one patent claim.[7] Finally, the government attempts (Opp. 21-22) to downplay what petitioner argues is a split in Federal Circuit case law over whether decisions to institute are appealable. Again, that argument has no bearing on whether the AIA expressly bars review of the *different* type of decision at issue in Medtronic's appeals.

Only two of the government's arguments have even a slight bearing on the reviewability of a post-institution decision that does not address patentability.

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[7] The government recognizes that the PTO can deny a request to institute even where there is in fact a "reasonable likelihood" that the challenged patent claim is invalid. Opp. 20 n.6. The PTO's affirmative decision to institute proceedings—as it did in Medtronic's cases—is accordingly one of great significance and not to be lightly set aside by the PTAB on non-merits grounds.

First, the government contends (Opp. 18) that Cuozzo's reading of § 314(d) would impose no limitation separate from 35 U.S.C. §§ 141(c), 318(a), and 319, which purportedly limit Federal Circuit review to "final decisions with respect to patentability." As discussed above, however, that logic does not apply to a *post-institution* determination such as the one at issue in *Medtronic I* and *II*. Even if § 314(d) is read to preclude review of the decision to institute assigned to the PTO Director under § 314(a), that does not necessarily mean that non-merits, post-institution decisions made under the authority given to the *PTAB* under § 316(c) are unreviewable. And while §§ 141(c), 318(a), and 319 identify a class of PTAB rulings that *can* be appealed, they do not state that other types of PTAB rulings during the course of an instituted IPR *cannot* be appealed. *See supra* p. 15. This Court's jurisprudence confirms that such provisions *do not* bar appeal of other final agency action not specifically mentioned: the "mere fact that some acts are made reviewable [by a statutory scheme] should not suffice to support an implication of exclusion as to others." *Bowen*, 476 U.S. at 674.

Second, the government argues (Opp. 20-21) that Congress intended to make the AIA an "efficient alternative for testing the patentability of issued claims" and accordingly limited judicial review of IPR petitions to final decisions on patentability to avoid "the waste and expense" of having a court consider non-merits issues. But Congress made clear that the primary purpose of the AIA in general and *inter partes* review specifically is to solve the problem of "questionable patents [that] are too easily obtained and are too difficult to challenge." H.R. Rep. No. 112-98, pt. 1, at 39-40 (2011); *see also* 35 U.S.C. § 316(b) (PTO is required to consider, *inter alia*, "the integrity of the patent system" when

administering the AIA). This goal is best served by ensuring that the PTAB does not arbitrarily and capriciously terminate review of patent claims that the agency has already determined are reasonably likely to be invalid.

CONCLUSION

In ruling on the second question presented, the Court should not suggest that the Federal Circuit lacks appellate jurisdiction over final, post-institution PTAB rulings that terminate IPR proceedings without addressing patentability.

Respectfully submitted.

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FEBRUARY 2016

APPENDIX

APPENDIX

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MEDTRONIC, INC.,
Petitioner,
v.

ROBERT BOSCH HEALTHCARE SYSTEMS, INC.,
Patent Owner.

Case IPR2014-00488 (Patent 7,769,605 B2)
Case IPR2014-00607 (Patent 7,870,249 B2)[1]

PARTIES AND BOARD ONLY
Entered: March 16, 2015

Before MIRIAM L. QUINN, STEPHEN C. SIU, and JUSTIN T. ARBES, *Administrative Patent Judges.*

ARBES, *Administrative Patent Judge.*

DECISION
Patent Owner's Motion to Terminate
35 U.S.C. § 312(a)(2) and 37 C.F.R. § 42.72

Patent Owner Robert Bosch Healthcare Systems, Inc. ("Bosch") filed a Motion to Terminate each of the instant proceedings on the basis that Petitioner Med-

[1] Case IPR2014-00691 has been consolidated with Case IPR2014-00607. This Decision addresses an issue pertaining to both cases. Therefore, we exercise our discretion to issue a single Decision to be filed in each case. The parties are not authorized to use this style heading for any subsequent papers.

tronic, Inc. ("Medtronic") failed to identify Cardiocom, LLC ("Cardiocom") as a real party-in-interest under 35 U.S.C. § 312(a)(2). Paper 32 ("Mot.").[2] Medtronic filed an Opposition, Paper 34 ("Opp."), and Bosch filed a Reply, Paper 37 ("Reply"). With the Board's authorization, the parties also filed supplemental briefs and evidence pertaining to one issue: the funding of the Petitions in these proceedings. *See* Papers 43, 45 ("PO Supp. Br."), 47 ("Pet. Supp. Br."). For the reasons stated below, Bosch's Motions are *granted* and the instant proceedings are *terminated.*

I. BACKGROUND

A. District Court Case

On April 26, 2013, Bosch filed a lawsuit against Cardiocom alleging infringement of U.S. Patent No. 7,769,605 B2 ("the '605 patent"), the patent now being challenged in Case IPR2014-00488, and U.S. Patent No. 7,870,249 B2 ("the '249 patent"), the patent now being challenged in Case IPR2014-00607: *Robert Bosch Healthcare Sys., Inc. v. Cardiocom, LLC*, Case No. 3:14-cv-01575-EMC (N.D. Cal.) (transferred from Case No. 2:13-cv-00349-JRG (E.D. Tex.)). Paper 16, 2. Cardiocom was served with Bosch's complaint on April 29, 2013. Ex. 2059. The district court case has been stayed. Paper 16, 2. Cardiocom currently is the sole defendant. Medtronic is not, and has never been, a defendant in the district court case.

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[2] The parties filed the same papers in both of the instant proceedings. Unless otherwise specified, we refer to the papers and exhibits filed in Case IPR2014-00488 for convenience.

B. The Original IPR Proceedings

In July 2013, Cardiocom filed petitions seeking *inter partes* review of the '605 and '249 patents in Cases IPR2013-00439 and IPR2013-00460, respectively. In each petition, Cardiocom identified itself as the sole real party-in-interest. *See* IPR2013-00439, Paper 3, 1; IPR2013-00460, Paper 5, 1. Cardiocom challenged all claims of the patents, and asserted grounds of unpatentability under 35 U.S.C. § 103(a) based on the following prior art references:

Case	Prior Art[3]
IPR2013-00439	Crawford, Tallman, Vincent, Groner, and Goodman
IPR2013-00460	Goodman, Wahlquist, Bittorf, Fu, and Cohen

See IPR2013-00439, Paper 26, 7–8; IPR2013-00460, Paper 23, 2–3. Cardiocom submitted a Declaration from Robert T. Stone, Ph.D., with its Petition in each proceeding. *See* IPR2013-00439, Ex. 1014; IPR2013-00460, Ex. 1009. In each proceeding, Cardiocom was represented by attorneys from the law firm of Merchant & Gould, P.C. ("Merchant & Gould").

On August 12, 2013, Medtronic announced that it had acquired Cardiocom. Ex. 2064. On December 30, 2013, Cardiocom filed a notice in both proceedings stating that it "acknowledges that Medtronic, Inc. should now be included as an additional real party in interest," but Cardiocom "should remain as a real party in interest as well, as a wholly-owned subsidiary of Medtronic, Inc." *See* IPR2013-00439, Paper 25; IPR2013-00460,

[3] Additional information regarding the asserted prior art references may be found in the Decisions on Institution.

Paper 22. Cardiocom's petitions were denied on January 16, 2014. *See* IPR2013-00439, Paper 26; IPR2013-00460, Paper 23.

C. The Instant IPR Proceedings

Medtronic filed its Petition challenging the '605 patent in Case IPR2014-00488 on March 6, 2014, and filed two Petitions challenging the '249 patent in Cases IPR2014-00607 and IPR2014-00691 on April 10, 2014, and April 25, 2014, respectively. In each proceeding, Medtronic stated that it is the sole real party-in-interest. *See* IPR2014-00488, Paper 1, 1; IPR2014-00607, Paper 1, 3; IPR2014-00691, Paper 2, 3.

Medtronic challenged all claims of the patents, and asserted grounds of unpatentability under 35 U.S.C. § 103(a) based on the following prior art references:

Case	Prior Art
IPR2014-00488	Crawford, Tallman, Vincent, Groner, Goodman, and Shabot
IPR2014-00607	Goodman, Wahlquist, Bittorf, Wright Jr., Kaufman, and Jeacock
IPR2014-00691	Goodman, Wahlquist, Bittorf, Wright Jr., Kaufman, Jeacock, and Lyons

See IPR2014-00488, Paper 17, 7–8; IPR2014-00607, Paper 17, 3–4; IPR2014-00691, Paper 17, 3–4. Medtronic submitted a Declaration from Dr. Stone with its Petition in each proceeding. *See* IPR2014-00488, Ex. 1018; IPR2014-00607, Ex. 1009; IPR2014-00691, Ex. 1009. At the time of filing its Petitions, Medtronic was represented by attorneys from Merchant & Gould in Cases IPR2014-00488 and IPR2014-00607, and by attorneys

from the law firm of Sterne, Kessler, Goldstein & Fox P.L.L.C. ("Sterne Kessler") in Case IPR2014-00691.

Bosch argued in its Preliminary Response in each proceeding that the Petition should be denied under 35 U.S.C. § 312(a)(2) because Cardiocom also is a real party-in-interest. *See* IPR2014-00488, Paper 17, 9–11; IPR2014-00607, Paper 17, 12–14. Based on the record before us at the time, we concluded that Bosch had not provided sufficient facts upon which we could conclude that Cardiocom is a real party-in-interest. *See* IPR2014-00488, Paper 17, 9–11; IPR2014-00607, Paper 17, 12–14. We instituted a trial with respect to both patents, and consolidated Case IPR2014-00691 with Case IPR2014-00607. *See* IPR2014-00488, Paper 17, 25; IPR2014-00607, Paper 17, 29–30.

Subsequent to institution, we granted-in-part Bosch's motion for additional discovery of information pertaining to whether Cardiocom is a real party-in-interest and, based on the materials produced by Medtronic and arguments of the parties, authorized Bosch to file its Motion to Terminate. *See* IPR2014-00488, Papers 25, 27; IPR2014-00607, Papers 29, 31.

D. Related Matters

On February 27, 2014, a Merchant & Gould attorney filed a request for *ex parte* reexamination of all claims of the '605 patent. Ex. 2083. The request was granted on June 13, 2014, and the reexamination (Reexamination Control No. 90/013,167) currently is pending.

On June 6, 2014, a Sterne Kessler attorney filed a request for *ex parte* reexamination of claims 14–18, 20, 21, and 23–26 of the '249 patent. Ex. 3001. The request was granted on June 20, 2014, and the reexamination

(Reexamination Control No. 90/013,262) currently is pending.

Various patents related to the '605 and '249 patents also are involved in other *inter partes* reviews, *inter partes* reexaminations, and *ex parte* reexaminations. *See* Paper 16, 2–5.

II. ANALYSIS

A. Legal Standard

Pursuant to 35 U.S.C. § 312(a)(2), a petition for *inter partes* review "may be considered *only if* … the petition identifies *all* real parties in interest" (emphasis added). The identification of all real parties-in-interest assists the Board in identifying potential conflicts of interest, helps identify any potential estoppel issue with respect to 35 U.S.C. § 315(e)(1), and may affect the credibility of evidence presented in a proceeding. *See* Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions; Final Rule, 77 Fed. Reg. 48,612, 48,617 (Aug. 14, 2012). Identification of all real parties-in-interest also enables the Board to determine whether *inter partes* review may be barred under 35 U.S.C. §§ 315(a)(1) or 315(b).

We generally accept a petitioner's identification of real parties-in-interest at the time of filing the petition. *See* Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents; Final Rule, 77 Fed. Reg. 48,680, 48,695 (Aug. 14, 2012) ("Trial Rules"). Thus, there is a rebuttable presumption that a petitioner's identification of real parties-in-interest is accurate. However, when a patent owner provides sufficient rebuttal evidence that reasonably

brings into question the accuracy of the petitioner's identification, the ultimate burden of proof remains with the petitioner to establish that it has complied with the statutory requirement of 35 U.S.C. § 312(a)(2) to identify all real parties-in-interest. This allocation of the burden for establishing whether a third party has, or has not, been identified properly as a real party-in-interest appropriately accounts for the fact that a petitioner is far more likely to be in possession of, or have access to, evidence relevant to the issue than is a patent owner. *See Atlanta Gas Light Co. v. Bennett Regulator Guards, Inc.*, IPR2013-00453, slip op. at 6–8 (PTAB Jan. 6, 2015) (Paper 88) ("*Atlanta Gas*"); *Atlanta Gas Light Co. v. Bennett Regulator Guards, Inc.*, slip op. at 2–7 (PTAB Feb. 23, 2015) (Paper 91); *Zerto, Inc. v. EMC Corp.*, IPR2014-01254, slip op. at 6–7 (PTAB Mar. 3, 2015) (Paper 35).

Whether a non-party is a "real party-in-interest" for purposes of an *inter partes* review proceeding is a "highly fact-dependent question" that takes into account how courts generally have used the term to "describe relationships and considerations sufficient to justify applying conventional principles of estoppel and preclusion." Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012) ("Trial Practice Guide"). In general, a "real party-in-interest" is "the party that desires review of the patent," and "may be the petitioner itself, and/or it may be the party or parties at whose behest the petition has been filed." *Id.* Depending on the circumstances, various factors may be considered, including whether the non-party "exercised or could have exercised control over [the petitioner's] participation in a proceeding," the non-party's "relationship with the petitioner," the non-party's "relationship to the petition itself, including the nature

and/or degree of involvement in the filing," and "the nature of the entity filing the petition." *Id.* at 48,759–60. Another potentially relevant factor is whether the non-party is funding or directing the proceeding. *Id.* For example, "a party that funds and directs and controls an IPR … petition or proceeding constitutes a 'real party-in-interest,' even if that party is not a 'privy' of the petitioner." *Id.* at 48,760. Complete funding or control is not required for a non-party to be considered a real party-in-interest, however; the exact degree of funding or control "requires consideration of the pertinent facts." *Id.*; *see also ZOLL Lifecor Corp. v. Philips Elecs. N. Am. Corp.*, IPR2013-00607, slip op. at 9 (PTAB Mar. 20, 2014) (Paper 13) (determination of whether a non-party is a real party-in-interest is based on "the totality of the circumstances").

As explained in the Trial Practice Guide, we also find guidance in the Supreme Court's decision in *Taylor v. Sturgell*, 553 U.S. 880 (2008), which sets forth the general rule under federal common law that a person not a party to a lawsuit is not bound by a judgment in that suit, subject to certain exceptions. 553 U.S. at 884, 891–95 (citations omitted); *see* Trial Practice Guide at 48,759 (citing *Taylor*). In *Taylor*, the Supreme Court listed six "categories" of exceptions under which non-party preclusion may be appropriate, two of which are relevant to the instant proceedings:

> Fourth, a non[-]party is bound by a judgment if she "*assume[d] control*" *over the litigation* in which that judgment was rendered. Because such a person has had "the opportunity to present proofs and argument," he has already "had his day in court" even though he was not a formal party to the litigation.

> Fifth, a party bound by a judgment may not avoid its preclusive force by *relitigating through a proxy*. Preclusion is thus in order when a person who did not participate in a litigation later brings suit as the designated representative of a person who was a party to the prior adjudication. And although our decisions have not addressed the issue directly, it also seems clear that preclusion is appropriate when a non[-]party later brings suit as an agent for a party who is bound by a judgment.

553 U.S. at 895 (citations omitted; emphasis added).

B. Whether Cardiocom is a Real Party-in-Interest

Bosch contends that, based on the history of the prior *inter partes* review proceedings and instant proceedings, and the relationship between Medtronic and Cardiocom, Cardiocom is a real party-in-interest in the instant proceedings under 35 U.S.C. § 312(a)(2). Mot. 1–9. According to Bosch, Medtronic's failure to name Cardiocom in the Petitions cannot be cured because Cardiocom was served with a complaint alleging infringement of the challenged patents more than one year ago under 35 U.S.C. § 315(b). *Id.* at 10. Medtronic responds that Cardiocom is not a real party-in-interest because Medtronic exercised exclusive control over the preparation of the Petitions and participation in these proceedings, and that even if Cardiocom is a real party-in-interest, termination is inappropriate under the Board's rules. Opp. 1–10. After considering all of the evidence of record and the parties' arguments, we are persuaded that Medtronic is acting as a proxy for Cardiocom, and that Cardiocom should have been named in the Petitions as a real party-in-interest.

First, Cardiocom is the party accused of infringing the '605 and '249 patents in the district court case, not Medtronic. Thus, Cardiocom has an interest in the claims of the patents being determined to be unpatentable, which would allow it to avoid liability in the district court case. *See* Trial Practice Guide, 77 Fed. Reg. at 48,759 (a "real party-in-interest" is "the party that desires review of the patent"). At least at the time of filing the Petitions, any interest Medtronic may have had in the claims being determined to be unpatentable came solely from its ownership of Cardiocom. Indeed, as Bosch points out, Medtronic challenged the same claims of the '249 patent (claims 1, 2, 6–8, and 11–13) in its Petition in Case IPR2014-00607 that are being asserted against Cardiocom in the district court case. *See* Mot. 3 (citing Ex. 2085). This further supports that it is Cardiocom's interest that matters, and that Medtronic is acting merely as a proxy on behalf of its subsidiary.[4]

Medtronic argues that it has an independent interest in challenging the '605 and '249 patents, apart from its interest as Cardiocom's parent. Opp. 6. Medtronic cites as support an email from Bosch to Medtronic stating that Bosch would like to "re-ignite the communication" between the two companies and stating Bosch's position that Medtronic products infringe certain unspecified patents of Bosch. *Id.* The email in question, however, was sent on April 15, 2014—after the Petitions in Cases IPR2014-00488 and IPR2014-00607 were filed. *See* Ex. 2086; Reply 4. Similarly, Medtronic

[4] We recognize that Medtronic also challenged the remaining claims of the '249 patent (claims 3–5, 9, 10, and 14–29) in its Petition in Case IPR2014-00691. The Petition in Case IPR2014-00607, however, was filed by the same law firm that represented Cardiocom in Case IPR2013-00460, and was similar to the previous case in many respects, as explained herein.

points to communications it had with Bosch in September 2014 regarding Medtronic products. Opp. 6 (citing Ex. 1031 ¶¶ 2–4). Because these materials do not predate the filing of the Petitions, the email and subsequent communications could not have factored into Medtronic's decision to file the Petitions.

Medtronic also cites evidence that Bosch attempted to license its portfolio of patents and asserted those patents against various other companies. *Id.* (citing Ex. 1031 ¶¶ 7–8). The fact that Bosch licensed or asserted its portfolio of patents generally, with companies other than Medtronic, does not demonstrate that Medtronic had an interest, independent of its ownership of Cardiocom, in challenging the '605 and '249 patents, or specific claims of those patents, when it filed the Petitions.

Second, Cardiocom's interest is evidenced by the fact that it previously filed its own petitions seeking *inter partes* review of the '605 and '249 patents, naming itself as the real party-in-interest. Cardiocom's petitions involved the same challenged claims, and similar prior art references and arguments, as Medtronic's Petitions in the instant proceedings, and were supported by testimony from the same declarant, Dr. Stone. *See supra* Section I.B–C. Cardiocom and Medtronic also have the same counsel, Merchant & Gould.[5] *See id.* Further, after Cardiocom was acquired by Medtronic, Cardiocom represented that both Medtronic and Cardiocom were real parties-in-interest in the earlier pro-

[5] Medtronic retained different counsel in Case IPR2014-00691, but its lead counsel in the consolidated proceeding, Case IPR2014-00607, is the same as Cardiocom's lead counsel in the earlier proceeding, Case IPR2013-00460. *See* IPR2013-00460, Paper 5, 2–3; IPR2014-00607, Paper 21, 2.

ceedings, demonstrating Cardiocom's recognition of its interest in the patents being reviewed. *See id.*

Third, statements made by Cardiocom in the district court case suggest that Cardiocom believed itself to be a real party-in-interest for purposes of the instant proceedings, or, at the very least, that it has a collective interest with Medtronic in the Petitions. On May 15, 2014, after the Petitions in the instant proceedings were filed, Cardiocom moved to stay the district court case pending the Board's resolution of these proceedings. Ex. 2076. Cardiocom stated that it "respectfully requests this Court to hear Cardiocom's motion to stay this lawsuit pending the resolution of the *inter partes* review (IPR) and reexamination proceedings *requested by Cardiocom* regarding all six patents-in-suit."[6] *Id.* at 1 (second emphasis added). The '605 and '249 patents are among the six patents asserted in the district court case. In its reply brief, Cardiocom stated that "the PTO has already granted IPRs covering the majority of the asserted claims of four of the patents in suit and *Cardiocom and Medtronic have already filed petitions* and reexaminations requesting any remaining claims be canceled by the PTO." Ex. 2077, 14 (emphasis added).

In response, Medtronic contends that the statements cited above are "literally erroneous," and should be given little weight in view of two other, more specific statements in Cardiocom's motion. Opp. 5–6. Cardiocom stated later in its motion that "Medtronic … filed its own petition for IPR against the '605 patent" and "Medtronic filed two petitions for IPR … to address all

[6] The district court's decision granting Cardiocom's motion to stay discusses the various petitions for *inter partes* review and *ex parte* reexamination requests filed by Cardiocom and Medtronic cited herein. Ex. 3002, 1–3.

of the claims in the '249 Patent." Ex. 2076, 10–11. Medtronic, however, ignores the sentence immediately following these two statements: "Medtronic's filings [of the Petitions in the instant proceedings] were less than one year after Cardiocom was served with the suit and thus were within *the statutory deadline for real parties in interest.* 35 U.S.C. § 315(b)." *Id.* at 11 (emphasis added). The one-year bar of 35 U.S.C. § 315(b) applies only to a party that has been served with a complaint alleging infringement, and other real parties-in-interest and privies of that party. Only Cardiocom has been served with a complaint alleging infringement of the '605 and '249 patents. Accordingly, Cardiocom's statement regarding the "statutory deadline for real parties in interest" only makes sense if Cardiocom believed itself to be a real party-in-interest. Yet Medtronic did not name Cardiocom in the Petitions.

We also note that, with respect to the *ex parte* reexamination request for the '605 patent filed by a Merchant & Gould attorney on February 27, 2014 (Reexamination Control No. 90/013,167), Cardiocom represented to the district court that the request, along with another *ex parte* reexamination request for a related patent, was filed by "Medtronic and Cardiocom." *See* Ex. 2076, 10 n.7; Exs. 2083, 2084 (reexamination requests). At the very least, the statement suggests coordinated interest and action between Medtronic and Cardiocom in attempting to challenge the claims of the '605 patent.

Fourth, in response to our granting Bosch's motion for additional discovery, Medtronic produced a privilege log listing four "communications between Medtronic and Cardiocom regarding the preparation or filing of the Medtronic IPRs." *See* Paper 25, 3–4, 9; Ex. 2078. Medtronic states in the privilege log that the ma-

terials pertain to "Medtronic's plans regarding reexaminations and IPRs" and "work done to prepare [the] Medtronic IPRs." Ex. 2078, 2. Although the exact content of the communications is unknown, and Medtronic contends that Cardiocom had no substantive input into the content of the Petitions, *see* Opp. 3; Ex. 1030 ¶¶ 4–5, 8–9, the privilege log at least demonstrates that Medtronic communicated with Cardiocom senior executives about the preparation or filing of the Petitions, at the time when the Petitions were being prepared. We also note that one individual named on the emails held executive positions with both Cardiocom and Medtronic, which again is indicative of coordinated interest between the two companies with respect to challenging the '605 and '249 patents. *See* Ex. 2078, 2 (first, second, and third emails); Ex. 1030 ¶ 9.

Fifth, the evidence of record shows that Cardiocom paid a portion of the fees incurred for preparing the Petitions in Cases IPR2014-00488 and IPR2014-00607. Again in response to our granting Bosch's motion for additional discovery of "[d]ocuments or things containing communications between Medtronic and Cardiocom regarding the preparation or filing of the Medtronic IPRs," Medtronic produced two emails from a Cardiocom employee forwarding Merchant & Gould's invoices for January and February 2014 to Medtronic and asking Medtronic to "approve" the invoices. *See* Paper 25, 3, 9; Exs. 2080, 2088. The two invoices were paid by check by a Cardiocom employee from a Cardiocom bank account. *See* Pet. Supp. Br. 2; Ex. 1050 ¶¶ 12, 14 (Cardiocom employee "paid the invoice[s] from a checking account bearing the name Cardiocom"); Ex. 1048 ¶¶ 13–14 (Merchant & Gould received checks "that bear[] the name 'Cardiocom'").

Medtronic argues that Cardiocom paid the invoices "under Medtronic's direction and control (and thus as Medtronic's agent)," and that the bank account was controlled by Medtronic once it "assumed ownership of Cardiocom's assets" in 2013. Pet. Supp. Br. 2. According to Medtronic, when it acquired Cardiocom, it "folded Cardiocom's finances into its own." Opp. 1; *see* Ex. 1034 ¶ 2 ("Medtronic has integrated finances with Cardiocom and controls Cardiocom's budget. Medtronic assumed control of Cardiocom's finances and budget at the time it acquired Cardiocom. Medtronic does not separately report Cardiocom's finances, but rather integrates them into its reporting of Medtronic's finances.") Medtronic also points out that it paid all fees to Sterne Kessler associated with the Petition in Case IPR2014-00691, and that it paid all fees incurred for the three Petitions after February 2014, including the filing fees to the Office. Pet. Supp. Br. 1–2.

Funding of a petition for *inter partes* review can be an important factor in determining whether a non-party is a real party-in-interest. *See* Trial Practice Guide, 77 Fed. Reg. at 48,760. Complete funding is not necessary; "less" than total funding may be indicative of a real party-in-interest depending on all of the "pertinent facts." *See id.*; *GEA Process Eng'g, Inc. v. Steuben Foods, Inc.*, IPR2014-00041, slip op. at 13–21 (PTAB Feb. 11, 2015) (Paper 140) (finding a non-party that paid the petitioner's legal fees for a period of time in an *inter partes* review to be a real party-in-interest) ("*GEA Process*"); *see also In re Guan*, Reexamination Control No. 95/001,045, Decision Vacating Filing Date at 8 (Aug. 25, 2008) ("a party paying for a particular patent to be the subject of a request for *inter partes* reexamination would appear to be a real party in interest"). Here, Medtronic paid the majority of fees associated

with its participation in the proceedings. It is of some relevance, however, that Cardiocom was the entity invoiced for the preparation of the Petitions that occurred in January and February 2014, and that Cardiocom paid those invoices (albeit with Medtronic's approval). At minimum, Cardiocom's actions contradict Medtronic's position that Cardiocom had no role at all in the preparation of the Petitions.

It also is relevant that Medtronic's Petitions in the instant proceedings rely on similar prior art references and arguments as Cardiocom's petitions in the earlier proceedings, and that portions of Dr. Stone's testimony in the instant proceedings are identical to his testimony in the earlier proceedings.[7] At some level, therefore, Medtronic's Petitions enjoyed the benefit of work done previously, and *paid for*, by Cardiocom. We weigh these facts together with all of the other evidence discussed herein.

Taken alone, none of the facts above may be sufficient to show that Cardiocom is a real party-in-interest in these proceedings. *See* Trial Practice Guide, 77 Fed. Reg. at 48,760 ("rarely will one fact, standing alone, be determinative of the [real party-in-interest] inquiry"). Collectively, though, assessing the totality of the evidence, they demonstrate that Cardiocom is the party with the substantive interest that desires review of the '605 and '249 patents, and that Medtronic is acting as a proxy for Cardiocom. *See Taylor*, 553 U.S. at 895 ("[A] party bound by a judgment may not avoid its preclusive

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[7] *See supra* Section I.B–C. *Compare* IPR2013-00439, Paper 3, 6–7, 9–11, 40–48, 51–56, *with* IPR2014-00488, Paper 1, 8–12, 48–51, 54–60; *compare* IPR2013-00439, Ex. 1014 ¶¶ 1–8, 11–16, 20, 23–25, 27, 28, 32–35, 38, 40, 45, 46, 51–54, 59–62, *with* IPR2014-00488, Ex. 1018 ¶¶ 1–8, 11–16, 35, 37, 61, 63, 65, 66, 69, 74, 75, 77, 80, 85–89, 96–100, 106–108, 110, 111.

force by relitigating through a proxy. Preclusion is thus in order when a person who did not participate in a litigation later brings suit as the designated representative of a person who was a party to the prior adjudication.").

Medtronic's arguments in its Opposition focus entirely on whether Cardiocom controls or has the opportunity to control Medtronic's participation in these proceedings. Opp. 1–8 (citing Exs. 1030–34, declarations from Medtronic employees and a Merchant & Gould attorney). A non-party may be a real party-in-interest even in the absence of control or an opportunity to control. *See* Trial Practice Guide, 77 Fed. Reg. at 48,760 (citing *California Physicians' Serv. v. Aoki Diabetes Research Inst.*, 163 Cal. App. 4th 1506, 1523–25 (Cal. App. 2008), for the proposition that "preclusion can apply even in the absence of such control"). Relitigating through a proxy is a separate category under which non-party preclusion may occur. *See Taylor*, 553 U.S. at 895.

The instant proceedings are analogous to the situation in *RPX Corp. v. VirnetX, Inc.*, IPR2014-00171, slip op. at 4–11 (PTAB July 14, 2014) (Paper 57) ("*RPX*"). In that case, there was no dispute that the petitioner RPX Corporation ("RPX") had control over the filing of the petitions, but the panel nevertheless found Apple Inc. ("Apple") to be a real party-in-interest because RPX was acting as a proxy for Apple. Similar to the situation here, (1) Apple, not the petitioner RPX, was the party accused of infringing the challenged patents and, therefore, the party with the interest in the claims being reviewed; (2) Apple previously attempted to challenge the patents by filing its own petitions for *inter partes* review, which were denied; (3) RPX asserted grounds in its petitions similar to those asserted previ-

ously by Apple, using the same counsel and declarant as Apple; and (4) Apple compensated RPX for certain activities, including filing the petitions, even though the agreement between the parties specified that RPX would have "complete control" over the activities. *Id.* at 4–10. The panel concluded that RPX was, "at most, a 'nominal plaintiff' with 'no substantial interest' in the[] IPR challenges apart from those of its client, Apple." *Id.* at 9. For similar reasons, we conclude that Medtronic is acting as a proxy for Cardiocom, just as RPX acted as a proxy for Apple.

Finally, our determination that Cardiocom is a real party-in-interest is consistent with the purposes of the statutory estoppel provisions in the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) ("AIA"), to "protect patent owners from harassment via successive petitions by the same or related parties [and] prevent parties from having a 'second bite at the apple.'" Trial Practice Guide, 77 Fed. Reg. at 48,759; *see RPX*, slip op. at 10 (noting the "express legislative intent concerning the need for quiet title" for patent owners). As explained above, Medtronic is a nominal party with no substantial interest apart from that of its subsidiary Cardiocom, the party sued for infringement of the '605 and '249 patents. Permitting Medtronic to circumvent the one-year time bar incurred by its acquired, now time-barred subsidiary would amount to a "second bite at the apple" for Cardiocom.

C. Remedy for Failure to Name All Real Parties-in-Interest

Having concluded that Cardiocom should have been named in the Petitions as a real party-in-interest in the instant proceedings, we must determine the appropri-

ate remedy for that deficiency. A petition for *inter partes* review may be considered "only if" it meets certain statutory requirements, including identification of "all" real parties-in-interest. 35 U.S.C. § 312(a)(2). Medtronic's Petitions, therefore, are incomplete and cannot be considered. Further, even if the Petitions could be corrected to name Cardiocom as an additional real party-in-interest, the Petitions would be accorded a new filing date. 37 C.F.R. § 42.106(b). The new filing date necessarily would be more than one year after the date on which Cardiocom was served with a complaint alleging infringement of the '605 and '249 patents (April 29, 2013), making the Petitions time-barred under 35 U.S.C. § 315(b). Because the Petitions cannot be considered, and should not have been considered at the time of institution, the appropriate remedy is to terminate the instant proceedings and vacate our Decisions on Institution. *See Atlanta Gas*, slip op. at 13–15; *GEA Process*, slip op. at 21–27.

Medtronic argues that termination is inappropriate because it had a "factually grounded, objectively reasonable basis to name itself as the sole" real party-in-interest, and "disclosed its parent-subsidiary relationship with Cardiocom in the Petitions." Opp. 8. As explained above, however, even if Medtronic's error is deemed correctable, it would require according the Petitions a new filing date that would cause them to be time-barred. Further, although Medtronic identified itself in the Petitions as the parent of Cardiocom, it never identified Cardiocom as a "real party-in-interest." *See* IPR2014-00488, Paper 1, 1 ("Medtronic, Inc. is the real party-in-interest for petitioner."); IPR2014-00607, Paper 1, 3 (same); IPR2014-00691, Paper 2, 3 (same). Whether Medtronic's corporate structure was disclosed is not the issue; what matters is

whether Medtronic identified "all" real parties-in-interest under 35 U.S.C. § 312(a)(2).

Medtronic also contends that it should be permitted a reasonable amount of time to "join" Cardiocom under Federal Rule of Civil Procedure 17(a)(3), citing the Trial Practice Guide. Opp. 9 (citing 77 Fed. Reg. at 48,759). The Federal Rules of Civil Procedure do not apply to *inter partes* review proceedings, however. Further, the Trial Practice Guide merely refers to Rule 17 in explaining how the term "real party-in-interest" is understood, while acknowledging that the typical understanding of the term in litigation "does not fit directly into the AIA trial context." 77 Fed. Reg. at 48,759. It does not state that the Board will follow the procedures of Rule 17(a)(3) when addressing real party-in-interest issues. Also, it is unclear what Medtronic means by stating that Cardiocom can be "joined" to these proceedings under Rule 17(a)(3), when the AIA already provides for joinder in a separate provision, 35 U.S.C. § 315(c), requiring the filing of a new petition.

Finally, Medtronic argues that the proceedings should not be terminated because Bosch failed to seek rehearing of the Decisions on Institution, where we determined that Medtronic had established a reasonable likelihood of prevailing. Opp. 10. This argument is not persuasive, as the Motion to Terminate is based on new evidence uncovered in discovery and new arguments made by Bosch not made in its Preliminary Responses. *See* Paper 27, 2 (authorizing the Motion to Terminate based on "the new evidence cited by Bosch and the parties' arguments"); Trial Rules, 77 Fed. Reg. at 48,695 ("After institution, standing issues may still be raised during the trial. A patent owner may seek authority from the Board to take pertinent discovery or to file a motion to challenge the petitioner's standing.").

III. CONCLUSION

Based on all of the evidence of record, we conclude that Cardiocom should have been named as a real party-in-interest in these proceedings. We do not reach this conclusion lightly, as the consequence of not naming Cardiocom is termination of the proceedings. Pursuant to 35 U.S.C. § 312(a)(2), however, a petition for *inter partes* review may be considered "only" if it identifies "all" real parties-in-interest. Bosch has provided sufficient evidence to reasonably bring into question the accuracy of Medtronic's representation in the Petitions that it is the sole real party-in-interest, and Medtronic has not proved that it is the sole real party-in-interest. Accordingly, we vacate the Decisions on Institution and do not issue final written decisions under 35 U.S.C. § 318(a) with respect to the patentability of the challenged claims.

In consideration of the foregoing, it is hereby:

ORDERED that the instant proceedings are *terminated*, pending resolution of any remaining motions to seal;[8] and

FURTHER ORDERED that the Decisions on Institution in the instant proceedings are *vacated*.

[8] In a concurrently entered Decision, the parties' pending motions to seal are denied without prejudice to re-filing.

NOTE: This order is nonprecedential.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

MEDTRONIC, INC.,
Appellant,
v.

ROBERT BOSCH HEALTHCARE SYSTEMS, INC.,
Appellee.

2015-1977, -1986, -1987
Filed: November 17, 2015

Appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2014-00488, IPR2014-00607, and IPR2014-00691

ON MOTION

Before LOURIE, DYK, and HUGHES, *Circuit Judges.*

DYK, *Circuit Judge.*

O R D E R

Robert Bosch Healthcare Systems, Inc. moves to waive the requirements of Federal Circuit Rule 27(f) and dismiss Medtronic, Inc.'s appeals for lack of jurisdiction. Medtronic opposes the motion. Bosch replies to the response.

BACKGROUND

Bosch owns two patents, U.S. Patent Nos. 7,769,605 and 7,870,249, relating to systems and methods for remote patient monitoring. In April 2013, Bosch sued Cardiocom, LLC, Medtronic's subsidiary, in the United States District Court for the Northern District of California, alleging infringement of the two patents.

Cardiocom petitioned the Patent and Trademark Office for *inter partes* review of those two patents, but its petitions were denied by the PTO in January 2014.* A few months later, Medtronic filed its own petitions seeking *inter partes* review of the two Bosch patents. It stated in each of those petitions that Medtronic was the sole real party-in-interest, failing to list Cardiocom.

The Patent Trial and Appeal Board granted Medtronic's petitions and instituted trials with respect to both Bosch patents. But after commencing proceedings, the Board allowed Bosch leave to file a motion to terminate on the grounds that 35 U.S.C. § 312(a)(2) barred review because Medtronic's petitions failed to "identif[y] all real parties in interest."

On March 16, 2015, the Board granted Bosch's motion. Determining that Cardiocom should have been named a real party-in-interest in the proceedings, the Board concluded that Medtronic's petitions were incomplete and therefore vacated the institution decisions and terminated proceedings.

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* Medtronic announced that it acquired Cardiocom while Cardiocom's petitions were pending before the Board. Cardiocom provided notice to the Board, indicating that it became a wholly-owned subsidiary of Medtronic and that Medtronic should be included as an additional real party-in-interest.

After its request for rehearing was denied, Medtronic filed these appeals, which this court consolidated. On September 4, 2015, Medtronic filed its opening brief, arguing that this court has jurisdiction over these appeals, or, in the alternative, that this court should treat these appeals as a petition for a writ of mandamus. Bosch moves to dismiss for lack of jurisdiction.

DISCUSSION

This court lacks jurisdiction over Medtronic's appeals.

Read together, 35 U.S.C. §§ 319 and 141(c) authorize appeals only from a "final written decision of the [Board] under section 318(a)," which in turn refers only to "a final written decision *with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d)*." 35 U.S.C. § 318(a) (emphasis added). Here, the Board made no decision "with respect to the patentability" of any claim.

Medtronic argues that this court has authority under 28 U.S.C. § 1295(a)(4)(A) to review the Board's decision. But we have explained that § 1295(a)(4)(A) "is most naturally read to refer precisely to the Board's decision under 318(a) on the merits of the *inter partes* review." *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1376 (Fed. Cir. 2014). The Board's decision did not make a merits determination, and therefore these appeals are outside the scope of §§ 141(c), 318(a), 319 and, in turn, outside § 1295(a)(4)(A).

The Board's decision to reconsider and vacate its initial institution determination and terminate proceedings is instead fairly characterized as a decision wheth-

er to institute proceedings that is "final and nonappealable" under 35 U.S.C. § 314(d). In *GTNX, Inc. v. INTTRA, Inc.*, we explained that "[i]t is strained to describe this as anything but a 'determination … whether to institute' proceedings—statutory language that is not limited to an *initial* determination to the exclusion of a determination on reconsideration" and that such a decision is "final and nonappealable." 789 F.3d 1309, 1312 (Fed. Cir. 2015) (citations omitted).

Medtronic cites the presumption in favor of judicial review of Board decisions. This court, however, has held that this presumption has been rebutted when it comes to the review of the PTO's determinations at the institution stage. *See Versata Dev. Grp., Inc. v. Lee*, 793 F.3d 1352, 1354 (Fed. Cir. 2015); *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1272–75 (Fed. Cir. 2015); *GTNX*, 789 F.3d at 1312; *St. Jude*, 749 F.3d at 1376; *see also Bowen v. Mich. Acad. of Family Physicians*, 476 U.S. 667, 672–73 (1986) ("Congress can, of course, make exceptions to the historic practice whereby courts review agency action.").

Nor are we convinced by Medtronic's other attempts to explain why *GTNX* is not controlling here. It tries to distinguish *GTNX* on the grounds that it was undisputed in *GTNX* that the petitioner was statutorily barred from pursuing review and the defect was uncurable. This difference, however, does not affect our analysis, which is based on the statutory provisions that preclude review of the Board's decision.

Alternatively, Medtronic requests that we treat this appeal as a petition for writ of mandamus, arguing that the Board committed a number of substantial errors, including (1) failing to accord Medtronic fair notice; (2) improperly finding Cardiocom to be a real-

party-in-interest; and (3) failing to allow Medtronic to amend its petitions to add Cardiocom. But it has not demonstrated entitlement to mandamus relief.

In *In re Dominion Dealer Solutions, LLC.*, 749 F.3d 1379 (Fed. Cir. 2014), which also involved a requested *inter partes* review, we denied mandamus based on the absence of a "clear and indisputable" right to relief in view of the statutory scheme precluding review of non-institution decisions. *Id.* at 1381 (citation and internal quotation marks omitted). Given the same statutory provisions preclude Medtronic from appealing the Board's decision, here too it cannot be said that Medtronic has a clear and indisputable right for this court to hear its challenges to the Board's decision.

Accordingly,

IT IS ORDERED THAT:

(1) Bosch's motion to waive Federal Circuit Rule 27(f) and motion to dismiss are granted. The appeals are dismissed and mandamus relief is denied.

(2) Each side shall bear its own costs.

FOR THE COURT

/s/ Daniel E. O'Toole
Daniel E. O'Toole
Clerk of Court

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ISSUED AS A MANDATE: November 17, 2015

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

MEDTRONIC, INC.,
Plaintiff,
v.

MICHELLE LEE,
Defendant.

Case No. 1:1-15-cv-946
Filed: January 21, 2016

MEMORANDUM OPINION & ORDER

THIS MATTER is before the Court on Defendant Michelle Lee's Motion to Dismiss for Lack of Subject-Matter Jurisdiction (Doc. 11) and Motion to Dismiss Count IV for Failure to State a Claim (Doc. 12). This case arises from the Patent and Trademark Board's ("PTAB") decision to terminate an *inter partes* review of United States Patent Numbers 7,769,605 ("the '605 patent") and 7,870,249 ("the '249 patent").

Plaintiff brings this action to appeal the PTAB's decision, asserting that the Administrative Procedure Act ("APA") grants this Court jurisdiction to review Plaintiff's appeal. Defendant, in response, brings this Motion to Dismiss for Lack of Subject-Matter Jurisdiction, asserting primarily that § 314(d) of the recently enacted America Invents Act ("AIA"), precludes judicial review of the PTAB's decision. This case turns on

the interpretation of the AIA and how it intersects with the APA.

There are four issues before the Court. The first issue is whether Congress, through the AIA, precluded APA judicial review of PTAB determinations of "whether to institute" *inter partes* review proceedings over previously issued patents. This Court holds that, through the express language and intricate scheme of the AIA, Congress has precluded judicial review of PTAB determinations of "whether to institute" *inter partes* review of previously issued patents.

The second issue is whether the PTAB's decision to terminate an already-instituted *inter partes* review, constitutes a decision on "whether to institute" *inter partes* review, and is thus final and nonappealable. This Court holds that the PTAB's decision to terminate a previously instituted review proceeding constitutes a decision of "whether to institute" *inter partes* review because the decision to terminate nevertheless requires the PTAB make a determination of whether an *inter partes* review. Thus, when the PTAB makes a determination of whether to institute *inter partes* review—whether at the outset of a request for *inter partes* review or after having previously instituted the *inter partes* review—this constitutes a decision on "whether to institute" *inter partes* review for the purposes of the AIA and therefore is final and nonappealable.

The third issue is whether Plaintiffs position, as statutorily precluded from appealing to the Federal Circuit and having no alternative remedy for judicial review of the PTAB's decision to terminate *inter partes* review, is sufficient to confer jurisdiction on this Court under the APA. The Court holds that, though the APA

confers a general cause of action to obtain judicial review of an agency action when no other adequate remedy exists, this allocation applies only when a statutory provision does not explicitly preclude such judicial review. Here, because the AIA explicitly precludes judicial review of PTAB determinations of "whether to institute" *inter partes* review through express language, its revised statutory scheme, and recent case law, the APA does not grant this Court with jurisdiction to review Plaintiff's appeal of the PTAB's decision.

Finally, the fourth issue is whether Plaintiff's challenge to the PTAB's *standard* for determining what constitutes a Real Party in Interest or the PTAB's application of that standard, is different from a challenge of the PTAB's decision on whether to institute *inter partes* review, and therefore permits this Court jurisdiction to review Plaintiff's appeal. The Court holds that the AIA's preclusive language governing the PTAB's decision on whether to institute *inter partes* review applies to the decision as whole, including the PTAB standard and its application; again, precluding this Court from exercising jurisdiction over Plaintiff's claim.

I. BACKGROUND

This case began as a patent infringement dispute between Cardiocom, LLC ("Cardiocom")—Plaintiff's subsidiary—and Robert Bosch Healthcare Systems, Inc. ("Bosch") regarding the '605 and '249 patents. (Doc. 13, Mem. in Supp. of Def. Mtn. to Dismiss for Lack of Juris. at 8-9). On April 26, 2013, Bosch filed a complaint in the United States District Court for the Eastern District of Texas against Cardiocom, asserting that Cardiocom had infringed six of Bosch's patents, including the '605 and '249 patents. *Id.* at 9. While this

action was pending, Cardiocom sought to have the United States Patent and Trademark Office ("USPTO") conduct an administrative review of the patents Bosch alleged Cardiocom had infringed. *Id.* In July 2013, Cardiocom filed its first petition requesting that the USPTO institute *inter partes* review of the '605 and '249 patents. *Id.* at 10. However, one month later in August 2013, Medtronic, Inc., the Plaintiff in this action, purchased Cardiocom, making Cardiocom its wholly-owned subsidiary. *Id.*

On December 30, 2013, while its *inter partes* review petitions were still pending, Cardiocom attempted to add Plaintiff Medtronic as a Real Party in Interest ("RPI") to its proceeding. (Doc. 13-1, Exhibit A, Cardiocom's Notice of Real Party in Interest). However, on January 16, 2014, the Patent and Trademark Board ("PTAB") determined not to institute *inter partes* review of the '605 and '249 patents. (Doc. 13-1, Exhibit B, USPTO's Decision Denying Institution of *Inter Partes* Review). In spite of this, in March and April 2014, Plaintiff, *without* its subsidiary Cardiocom, filed new petitions seeking institution of *inter partes* review of the very same patents. (Doc. 13-1, Exhibit C, Medtronic's Petition for *Inter Partes* Review at 1). Plaintiff was listed as the *only* RPI in the new petitions. *Id.* In response, Bosch opposed the institution of *inter partes* review and argued that Cardiocom was *also* an RPI and as such, should have been included in Plaintiff's petition. (Doc. 13-1, Exhibit D, Patent Owner's Mtn. for Addt'l Discovery from Pet. Medtronic, Inc. at 1).

Nevertheless, in a decision issued on September 11, 2014, the PTAB decided to institute *inter partes* review of the '605 and '249 patents. (Doc. 13 at 10). With respect to the RPI issue, the PTAB concluded that Bosch

had not provided a sufficient factual basis upon which to conclude, based on the current record, that Cardiocom was an RPI to Plaintiff's petition for *inter partes* reviews of the '605 and '249 patents. *Id.* at 9. Thus, the *inter partes* review proceedings continued. *Id.* at 10. In spite of this, Bosch filed a motion with the PTAB requesting the ability to obtain further discovery from Plaintiff regarding the RPI issue. (Doc. 13-1, Exhibit D). The PTAB agreed, "in the interest of justice." *Id.* at 4. After Plaintiff provided discovery, Bosch moved the PTAB to *rescind* its decision to institute *inter partes* proceedings and terminate the pending review proceedings. (Doc. 13-1, Exhibit F, Patent Owner's Mtn. to Terminate).

Drawing on the proceedings in the U.S. District Court for the Northern District of California, Bosch asserted that Cardiocom, while arguing that the district court should stay the pending litigation, labeled *itself* as the RPI, by stating that *it* was the party that had requested *inter partes* review of the '605 and '249 patents. Memo in Supp. of Def. Mtn. to Dismiss at 9. Bosch additionally argued that Cardiocom's payment and control of the *inter partes* review petitions, submitted by Plaintiff, further demonstrated that Cardiocom is a RPI to Plainitff's petitions and as such, should have been included in Plaintiff's petitions for *inter partes* review. *Id.* at 5-8.

The parties fully briefed the issue of whether Cardiocom was an RPI to Plaintiff's petitions, and on March 16, 2015, the PTAB determined that Cardiocom *was* an RPI to the proceeding and as such, should have been named in Plaintiff's petition as a RPI. (Compl., Ex. 1 PTAB's Decision on Patent Owner's Motion to Terminate). Specifically, the PTAB noted that when Plaintiff filed its petitions for the institution of *inter*

partes review, its only interest in a finding of unpatentability "came solely from its ownership of Cardiocom." *Id.* at 10. The PTAB also cited the fact that Cardiocom, prior to its ownership by Plaintiff, had filed petitions for *inter partes* review on the same patents. *Id.* at 11-12. Additionally, the PTAB noted that Cardiocom had informed the Northern District of California that it "believed itself to be an RPI for purposes of" those *inter partes* review proceedings. *Id.* at 12. In light of this, the PTAB terminated Plaintiff's pending *inter partes* review proceedings of the '605 and '249 patents. *Id.* at 9.

Plaintiff then brought this case, appealing the PTAB's decision to terminate the instituted *inter partes* proceedings. (Doc. 1). In response, Defendant brings this Motion to Dismiss for Lack of Subject-Matter Jurisdiction. (Doc. 11). Defendant's motion rests primarily on the interpretation of the Congress's latest statute detailing the PTAB's decision to reexamine issued patents. *See* Doc. 13. Specifically, Defendant's Motion to Dismiss for Lack of Subject-Matter Jurisdiction turns on the interpretation of § 314(d) of the recently enacted America Invents Act ("AIA"), its language precluding judicial review of certain PTAB decisions, and its intersection with the APA.

The Leahy-Smith America Invents Act

In 2011, Congress sought to, for the third time, alter the statutory scheme of patent reexaminations to provide a more streamlined process. *See* H.R. Rpt. 112-98, at 45 (2011). This new process was meant to allow the PTAB to fully resolve petitions for patent reexamination, resulting in fewer cases in the district courts. *Id.* To do so, Congress created the Leahy-Smith America Invents Act, Pub. L. No. 112-29, §18. The AIA de-

tails two distinct procedures for patent owners and challengers to obtain reexamination of patents that were already issued: (1) *inter partes* review and (2) post-grant review. The proceedings for *inter partes* review are codified in 35 U.S.C. §§ 312-19 (2013); similarly, the procedures for post-grant review are codified in 35 U.S.C. §§ 321-29 (2013).

Reflecting Congress' unified intention to streamline both processes, *inter partes* review and post-grant are nearly identical in their purposes and procedural requirements, differing only in minute areas, such as the time restraints of each respective procedure. *See generally id.* §§ 312-19, 321-29. Both review proceedings are conducted entirely by the PTAB alone, §§ 316(c) and 326(c); both proceedings require a petition seeking to institute review proceedings which identifies all RPIs, § 312(a)(2) and 37 C.F.R. § 42.8(b)(l); 35 U.S.C. § 322(a)(2); both procedures specifically state that the PTAB's decision of whether to institute the requested review proceedings is final and nonappealable, §§ 314(d) and 324(e); and finally, both procedures provide for appellate review, at the Federal Circuit, only after the PTAB has issued a "final written decision" "with respect to the *patentability*" of the reviewed patents, at the conclusion of the review process, §§ 314(d), 318(a), regarding *inter partes* review; *see also id.* §§ 328(a), 329, regarding post-grant review; *id.* §141(c) (describing the appellate posture for both *inter partes* and post-grant review).

On the contrary, the two procedures have only minimal differences, focusing primarily on the more limited nature of the *inter partes* review process than its post-grant counterpart. 35 U.S.C. § 311(c). For example, a person seeking to institute *inter partes* review may only do so *after* the initial nine-month period from patent

issuance, or after the termination of post-grant review proceedings. *Id.* In contrast, one seeking to institute *post-grant* review may do so anytime within the first nine months after the patent is initially issued. *Id.* at § 321(c). Aside from these minimal differences relating to timing, it is clear that together, the *inter partes* and post-grant review procedures—codified in Chapter 31 and 32 of Title 35, respectively—almost identically, illustrate the AIA's detailed scheme for reexamination proceedings of previously issued patents.

II. STANDARDS OF REVIEW

12(b)(1) Standard of Review

Federal Rule of Civil Procedure 12(b)(1) enables a party to move for dismissal by challenging a court's jurisdiction over a subject matter. Fed. R. Civ. P. 12(b)(1); *see also Coulter v. United States*, 256 F. Supp. 2d 484, 486 n.3 (E.D. Va. 2003), *aff'd* 90 Fed. App'x 60 (4th Cir. 2004). A court must dismiss a case where the court finds subject matter jurisdiction lacking. *Arbaugh v. Y&H Corp.*, 546 U.S. 500, 514 (2006); *Jones v. Calvert Grp.*, Ltd., 551 F.3d 297, 301 (4th Cir. 2009) (citing *Steel Co. v. Citizens for a Better Env't*, 523 U.S. 83, 94 (1998)).

In deciding a motion made pursuant to Federal Rule of Civil Procedure 12(b)(1), the court must ascertain whether "plaintiff's allegations standing alone and taken as true plead jurisdiction and a meritorious cause of action." *Allianz Insurance Co. of Canada v. Cho Yang Shipping Co., Ltd.*, 131 F. Supp. 2d 787, 789 (E.D. Va. 2000) (quoting *Dickey v. Greene,* 729 F.2d 957, 958 (4th Cir.1984)).

A plaintiff bears the burden of proof for establishing that federal subject matter jurisdiction is proper.

Warren v. Sessoms & Rogers, P.A., 676 F.3d 365, 371 (4th Cir. 2012) (citing U.S. *ex rel. Vuyyuru v. Jadhav*, 555 F.3d 337, 347 (4th Cir. 2009)). A defendant may assert that the complaint fails to allege facts upon which federal subject matter jurisdiction could be based. *See Kerns v. United States*, 585 F.3d 187, 192 (4th Cir. 2009) (quoting *Adams v. Bain*, 697 F.2d 1213, 1219 (4th Cir. 1982)). In this scenario, a court must assume the veracity of claims by the plaintiff. *Id.* (quoting *Bain*, 697 F.2d at 1219).

Alternatively, a defendant may assert that federal subject matter jurisdiction does not exist notwithstanding any specific allegations in the complaint. *Id.* When this occurs, a court may consider evidence outside the pleadings in order to determine whether subject matter jurisdiction exists. *Id.; Velasco v. Gov't of Indonesia*, 370 F.3d 392, 398 (4th Cir. 2004). Accordingly, the plaintiff's allegations will not receive a blanket presumption of truth, and a dispute of material fact will not prevent a court from evaluating the claims underlying jurisdiction. *Vuyyuyu*, 555 F. 3d at 347.

12(b)(6) Standard of Review

Federal Rule of Civil Procedure 12(b)(6) enables a defendant to move for dismissal by challenging the sufficiency of the plaintiff's complaint. Fed. R. Civ. P. 12(b)(6). A Rule 12(b)(6) motion should be granted where a plaintiff has failed to "state a plausible claim for relief" under Rule 8(a). *Walters v. McMahen*, 684 F.3d 435, 439 (4th Cir. 2012) (quoting *Ashcroft v. Iq*bal, 556 U.S. 662, 679 (2009)) (internal quotation marks omitted). To be facially plausible, a claim must contain "factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Clatterbuck v. City of Char-*

lottesville, 708 F.3d 549, 554 (4th Cir. 2013) (quoting *Iqbal*, 556 U.S. at 678) (internal quotation marks omitted).

In order to survive a Rule 12(b)(6) motion, a complaint must contain sufficient factual allegations, taken as true, "to raise a right to relief above the speculative level" and "nudg[e] [the] claims across the line from conceivable to plausible." *Vitol, S.A. v. Primerose Shipping Co.*, 708 F.3d 527, 543 (4th Cir. 2013) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555, 570 (2007)) (internal quotation marks omitted). The requirement for plausibility does not mandate a showing of probability but merely that there is more than a mere possibility of the defendant's unlawful acts. *Francis v. Giacomelli*, 588 F.3d 186, 193 (4th Cir. 2009) (quoting *Iqbal*, 556 U.S. at 678). As a result, a complaint must contain more than "naked assertions" and "unadorned conclusory allegations" and requires some "factual enhancement" in order to be sufficient. *Id.* (citing *Iqbal*, 556 U.S. at 678 and *Twombly*, 550 U.S. at 557).

In considering a Rule 12(b)(6) motion, a court must give all reasonable inferences to the plaintiff and accept all factual allegations as true. *E.I. du Pont de Nemours & Co. v. Kolon Indus., Inc.*, 637 F.3d 435, 440 (4th Cir. 2011) (citations omitted). A court should also consider documents beyond the complaint including any "documents incorporated into the complaint by reference." *Matrix Capital Mgmt. Fund, LP v. BearingPoint, Inc.*, 576 F.3d 172, 176 (4th Cir. 2009) (quoting *Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 551 U.S. 308, 322 (2007)).

A court is not bound to accept as true any bare legal conclusions, whether contained in the complaint or the incorporated documents. *Burnette v. Fahey*, 687

F.3d 171, 180 (4th Cir. 2012) (citing *Aziz v. Alcolac, Inc.*, 658 F.3d 388, 391 (4th Cir. 2011)). The court's 12(b)(6) review involves separating factual allegations from legal conclusions, and a court must grant a 12(b)(6) motion where a complaint fails to provide sufficient non-conclusory factual allegations to allow the court to draw the reasonable inference of the defendant's liability. *See Burnette*, 698 F.3d at 180; *Giacomelli*, 588 F.3d at 196-97 (citing *Iqbal*, 556 U.S. at 678-79 and *Gooden v. Howard Cnty., Md.*, 954 F.2d 960, 969-70 (4th Cir. 1992) (en banc)).

III. ANALYSIS

The Court GRANTS Defendant's Motion to Dismiss for Lack of Subject-Matter Jurisdiction pursuant to 12(b)(1) and DENIES Defendant's Motion to Dismiss Count IV of Plaintiff's Complaint pursuant to 12(b)(6), as moot.

1. This Court Does Not Have Jurisdiction Under the APA to Review PTAB Decisions of "Whether to Institute" Review Proceedings.

This Court holds, in agreement with its prior ruling and as affirmed by the Federal Circuit, that it lacks jurisdiction to review the PTAB's decision to terminate *inter partes* review of the '605 and '249 patents. *See Versata Dev. Corp. v. Rea*, 959 F. Supp. 2d 912 (E.D. Va. 2013) (Lee, J.), *aff'd*, 793 F.3d 1352 (Fed. Cir. 2015).

Plaintiff brings its Complaint and Opposition to Defendant's Motion to Dismiss for Lack of Subject-Matter Jurisdiction by invoking the APA. *See* Doc. 15, Pl. Opp., at 10; *see also* 5 U.S.C. §§ 702 and 704 (judicial review for "final agency action for which there is no other adequate remedy in a court"). Citing § 704 the APA, Plaintiff correctly notes that the APA evinces the

"strong presumption" that Congress intended judicial review of final agency actions. *See Dominion Dealer Solutions, LLC v. Lee*, 2014 WL 1572061, *2, *3 (E.D. Va. Apr. 18, 2014) (citing *Pregis Corp. v. Kappos*, 700 F.3d 1348, 1358 (Fed. Cir. 2012)). Plaintiff further notes that Congress rarely intends to prevent courts from enforcing its directives to federal agencies; therefore, to rebut the presumption of judicial review, a statute's language or structure must demonstrate that Congress wanted an agency to police its own conduct. Pl. Opp. at 11 (citing *Mach Mining, LLC v. EEOC*, 135 S. Ct. 1645, 1651 (2015)).

Plaintiff argues that §704's illustrated cause of action gives plaintiffs who have no other remedy an action to challenge an agency's final action. However, Plaintiff misses two key limitations to this statute. First, the APA is not a jurisdiction-conferring statute. *GTNX, Inc. v. INTRA, Inc.*, 789 F.3d 1309, 1313 (Fed. Cir. 2015); *see also Lee v. Citizenship and Immigration Services*, 592 F.3d 612, 619 (4th Cir. 2010). Instead, "the jurisdictional source for an action under the APA is the 'federal question' statute, which confers jurisdiction on federal courts to review agency action." *Dominion*, 2014 WL 1572061 at *2. Second, and most importantly, any general grant of judicial review the APA sets forth is subject to specific statutory limitations that "have the potential to effectively strip the federal courts of jurisdiction and provide valid grounds for a Rule 12(b)(1) motion." *Id.* (quoting *Wade v. Blue*, 36 F.3d 407, 411 n. 2 (4th Cir. 2004); *Pregis Corp. v. Kappos*, 700 F.3d 1348, 1356 (Fed. Cir. 2012) (noting that the APA contains various "limitations on the grant of judicial review").

The Supreme Court noted in *Block v. Community Nutrition Institute*, that the presumption of judicial re-

viewability is rebutted "whenever the congressional intent to preclude judicial review is 'fairly discernible' in the statutory scheme." 467 U.S. 340, 345 (1984). In other words, congressional intent to preclude judicial review of administrative action can be overcome by the specific language of a statute, legislative history, or inferences of congressional intent drawn from the statutory scheme as a whole. *See Dominion*, 2014 WL 1572061 at *3. Therefore, while it is true that §704 of the APA supports the "strong presumption of judicial review" from agency actions, the Supreme Court has made it clear that Congressional intent otherwise could easily rebut such a presumption.

In addition to clear case law stating that agency challenges under the APA can be limited by a statute, the APA *itself* notes, in its very first sentence, that its provisions apply "*except to the extent that … (1) [a] statute[] preclude[s] judicial review;* or (2) agency action is committed to agency discretion by law." 5 U.S.C § 701(a) (2011). The Supreme Court, reviewing this section of the APA acknowledged that a separate statute could preclude judicial review in spite of APA's provisions supporting the presumption of judicial review. *Block*, 467 U.S. at 345 (noting that under §702 "[t]he APA confers a general cause of action upon persons "adversely affected or aggrieved by agency action" but under 701(a)(1) "withdraws that cause of action to the extent the relevant statute preclude[s] judicial review") (citations omitted).

The Supreme Court then further described how a separate statute could preclude judicial review, stating:

> Whether and to what extent a particular statute precludes judicial review is determined not only from its express language but also from

> the structure of the statutory scheme, its objectives, its legislative history, and the nature of the administrative action involved.

Id. at 345. In other words, where congressional intent is "'fairly discernable,' APA review is not available." *Id.* at 351.

Here, § 314 of the AIA—which governs the institution of *inter partes* review—makes Congress' intent to preclude judicial review of PTAB decisions on whether to institute review proceedings, more than fairly discernible. *See* 35 U.S.C. § 314 (2011). Applying *Block*, this Court uses two primary ways to ascertain Congress' intent regarding judicial review of PTAB determinations of whether to institute reexamination proceedings, in light of the APA. First, § 314's express language mandates finality of all PTAB determinations of whether to institute *inter partes* review by precluding appeals from such decisions. *See* § 314(d). Second, the AIA's intricate scheme—which details precisely when judicial review is allowed and in what manner it should be obtained—also prohibits judicial review of PTAB decisions of whether to institute *inter partes* review proceedings. *See Versata*, 959 F. Supp. 2d 912, *aff'd*, 793 F.3d 1352 (Fed. Cir. 2015); *GTNX*, 789 F.3d at 1309. When combined, both factors make it undoubtedly clear that Congress intended to rebut the presumption of judicial reviewability the APA assigns and through the AIA, preclude district courts from exercising jurisdiction over APA challenges on the PTAB's determination of whether to institute *inter partes* review.

a. The Express Language of § 314(d) of the AIA Clearly Expresses Congress's Intent to Preclude Judicial Review and Rebut the APA's Presumption Of Reviewability.

Section 314(d), titled "No Appeal," states: "[t]he determination by the Director[1] whether to institute an *inter partes* review under this section shall be final and nonappealable." 35 U.S.C. § 314(d) (2011). As this Court has already established, "[t]hat wording is quite clear." *Dominion*, 2014 WL 1572061 at *3. The statute, by mandating in plain language that the PTAB's determinations are "final and nonappealable, unambiguously precludes appeals or reviews of the PTAB's decision of whether to institute *inter partes* review.

In *Versata Dev. Corp. v. Rea*, similar to the case at hand, a plaintiff brought an action requesting this Court to review, under the APA, the PTAB's decision of whether to institute post-grant review.[2] 959 F.

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[1] It is uncontested that for both § 314(d) and § 324(e) the Director of the USPTO has delegated her authority to the PTAB, thereby placing the authority to determine whether to institute review proceedings solely in the hands of the PTAB. Thus, it was the *PTAB* in this case who decided the institution and termination of the *inter partes* review at issue.

[2] Given the AIA's simultaneously created and almost identical processes for *inter partes* review §314 and post-grant review §324, the PTAB's decision on whether to institute post-grant review and whether to institute *inter partes* review invoke the same questions of law. *See GTNX*, 789 F.3d at 1311 (using *St. Jude's* statutory interpretation of 35 U.S.C. § 314(d), regarding *inter partes* review, to interpret 35 U.S.C. § 324(e), regarding post grant review ("[i]n *St. Jude* … we dismissed an appeal from a non-institution decision under chapter 31 of Title 35, which establishes a regime for "*inter partes review*" of issued patents *that is materially the same as chapter 32 in the particular jurisdictional respects relevant here.*")); *see also GEA Process Eng'g, Inc. v. Steuben Foods, Inc.*,

Supp. 2d 912 (E.D. Va. 2013) *aff'd* sub nom. *Versata Dev. Grp., Inc. v. Lee*, 793 F.3d 1352 (Fed. Cir. 2015). Specifically, in *Versata's* underlying action, the PTAB decided to institute reexamination proceedings and the plaintiff, dissatisfied, sought review of that decision in this Court. *Id.* Citing the *language* of the statute itself—language identical to the language of §314(d)[3]—and finding that "the ordinary reading of the statute prevails," this Court concluded "the express language of the statute indicates Congress's intent to preclude judicial review of a PTAB decision to institute post-grant proceedings." *Id.* at 919, 921. Accordingly, the Court held that it "lack[ed] subject matter jurisdiction over Plaintiff's claim … because the AIA expressly precluded [it]." *Id.* at 918-19.

Like *Versata*, this Court again reads the phrase "final and nonappealable" in the ordinary sense as precluding Plaintiff from appealing or having review of the PTAB's decisicion of whether to institute *inter partes* review. That the plaintiffs in *Versata* sought review of a PTAB decision to *institute* review proceedings and Plaintiff here seeks review of just the opposite—the PTAB's decision to *not* conduct *inter partes* review of Plaintiff's patents—is of no matter. Both cases seek to appeal the PTAB's decision of whether reexamination proceedings are merited. Thus, under this plain reading this Court again, lacks jurisdiction to review the

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618 F. App'x 667, 669 (Fed. Cir. 2015) ("Although this case involves *inter partes* review under chapter 31, rather than post-grant review under chapter 32, the analysis is the same.").

[3] 35 U.S.C. §314(d) is identical to §324(e), with both provisions stating that "[t]he determination by the Director whether to institute an *inter partes* review (or, "a post grant review") under this section shall be final and nonappealable."

PTAB's decision. This interpretation of the AIA's preclusion could not be clearer.

b. The Detailed Scheme of the AIA Also Demonstrates Congress's Intent to Preclude Judicial Review of PTAB Determinations of Whether to Institute Reexamination Proceedings.

Even if the AIA's express language was not so clear, Congress's creation of the AIA's intricate and detailed scheme also evinces its intent to preclude judicial review of PTAB decisions of whether to institute *inter partes* review proceedings. The detailed scheme of Title 35, encompassing both Chapter 31 and 32, provides a procedure for both types of reexamination procedures *(inter partes* review under Chapter 31 and post-grant review under Chapter 32). Each chapter outlines how plaintiffs can petition for reexamination either through *inter partes* or post-grant review(§ 312 and § 322), what responses can be filed in response to the petitions, (§ 313 and § 323), the timelines in which responses are required (§ 313 and § 323), Congress's intent regarding other proceedings or actions (§ 315 and § 325), conduct of post-grant review (§ 326), termination of the review in the event of settlement (§ 317 and § 327), PTAB actions related to the final decision (§ 318 and § 328), and the right to appeal post-grant review(§ 329)). *See generally* 35 U.S.C., Chapter 31 and 32; *see also Versata*, 959 F. Supp. 2d at 919-20. This meticulous attention to the procedural details shows that Congress was deliberate in its creation of the procedural posture of AIA as a whole, encompassing both the *inter partes* and post-grant proceedings.

More importantly, however, §314 *itself* is intricate. Focusing on the *inter partes* review specifically, § 314

is, consistent with its post-grant counterpart, equally thorough. Subsection (a) places the decision of whether to institute an *inter partes* review at the sole discretion of the Director, but describes the threshold requirements that must be met before the Director can decide to institute *inter partes* review. *See* 35 U.S.C § 314 (2011). Subsections (b) and (c) describe the timing and notice requirements of the decision and most importantly, subsection (d) discusses the appealability of such decision. *Id.*

This attention to detail at every crucial level indicates that when Congress enacted the AIA it had a very specific procedural process in mind. With a scheme accounting for even the most minute details, Congress still elected to provide one sole avenue for judicial review of the PTAB's actions during the entire *inter partes* proceeding—an appeal to the Federal Circuit from the PTAB's ultimate patentability determination. *See* 35 U.S.C. §§ 319 and 141(c) (2011) (authorizing appeals only from a "final written decision of the [Board] under section 318(a)); 35 U.S.C. § 318(a) (2011) (referring to "a final written decision *with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d))*" (emphasis added); *see also GEA Process Eng'g, Inc.* v. *Steuben Foods, Inc.*, 2015 WL 4076487, at *1 (Fed. Cir. June 23, 2015).

Section 318(a)'s specification that the possibility of appeal hinges on a "final written decision" determining the "overall patentability" of the patents at issue can in no way be deemed unintentional. *See* 35 U.S.C. § 318(a) (2011). Instead, it presents an "undisputed indication that Congress passed the AIA with the goal of efficiency and streamlining … patent reexamination[s]," and to accomplish this, deliberately foreclosed the possibility

of judicial review from the PTAB's reexamination proceedings. *Verata*, 959 F. Supp. 2d at 923; *see also Dominion*, 2014 WL 1572061 at *6 (stating that "Congress intended the AIA and the *[inter partes* review] process to decrease the volume of patent litigation in the federal courts and streamline the patent administration process."). Finally, the fact that the 2011 restructuring of the AIA was Congress's *third* attempt at refining the process whereby petitioners request *inter partes* and post review under the AIA exclusively, shows an attempt to create streamlined process that should not be easily disregarded. *See* 35 U.S.C. § 302 (Congress' creation of an administrative alternative to federal court litigation in 1980 through *ex parte* review); 35 U.S.C. § 306 and H.R. CONF. RPT. 106-464, at 133 (Nov. 9, 1999) (Congress' 1999 attempt to reduce federal litigation through a creation of *inter partes* review); H.R. RPT. 112-98, at 45 (2011) (noting the creation of the AIA's PUB. L. 112-29, 125 Stat. 284 (Sept. 16, 2011) because Congress' initial creation of the "reexamination" process, over 30 years ago, had not served as the efficient alternative to federal court litigation due to its limitations).

The *Dominion* court further showed how § 314(d)'s preclusion of judicial review to petitioners seeking to appeal the PTAB's decision of whether to institute proceedings, aligns with the goals of the AIA to create a streamlined process that did not burden district courts. 2014 WL 1572061 at *6. *Dominion* noted, "the sheer number of reviews sought by disappointed petitioners might well undermine the Congressional purpose for its modifications to the review process. It is entirely logical, then, for Congress *to reserve the right of appeal for those petitioners who were able to obtain [inter partes review]"* and receive a final decision on patentability.

Id. This language, in conjunction with Congress' undoubtedly intentional scheme, shows Congress' intent to preclude judicial review of PTAB decision to institute *inter partes* review, more than fairly discernable. *See Block*, 467 U.S. at 351 ("[The] presumption [favoring judicial review] does not control in cases such as this one … since the congressional intent to preclude judicial review is "fairly discernible" in the detail of the legislative scheme.").

Nevertheless, Plaintiff does not acknowledge the strength of either 314(d)'s language or scheme as a clear rebuttal of the presumption of reviewability. Instead, Plaintiff articulates the rebuttable nature of the presumption of reviewability, then immediately begins to apply the three-part test outlined in *Sackett v. E.P.A* to this case. 132 S. Ct. 1367 (2012); *see also* Pl. Opp., at 10-11. However, as Plaintiff even notes itself, *Sackett's* test was only applied because "[t]he Court concluded that *no statute clearly precluded judicial review* and thus a strong presumption of reviewability under §704 [of the APA] applied." Pl. Opp., at 12 (emphasis added). Of course, the glaring distinction between *Sackett* and the case at hand is that here, there *is* statute—§314(d)—whose language and structure evince Congress' intent to preclude judicial review from specific PTAB decisions. Thus, the strong presumption of reviewability under the APA is rebutted. Because of this, there is no need for this Court to apply the *Sackett* three-part test; instead, this Court continues to use the language and structure of §314(d) to ascertain Congress' intent. Having looked at both and determined that the AIA clearly rebuts the presumption of reviewability under the APA, this Court reaffirms the *Versata* holding that "the AIA evinces clear congressional intent to preclude actions that seek judicial intervention

under the APA for reexamination proceedings." *Versata*, 959 F. Supp. 2d. at 919. Accordingly, this Court lacks jurisdiction over Plaintiff's appeal from the PTAB's decision to terminate *inter partes* review.

2. The PTAB's Decision to Terminate a Previously-Instituted *Inter Partes* Proceeding Constitutes a Decision of "Whether to Institute" *Inter Partes* Review

The PTAB's decision to terminate *inter partes* review constitutes a determination of "whether to institute" *inter partes* review. Through its recent cases, the Federal Circuit has, by interpreting the statutory requirement of finality and nonappealiblity of PTAB determinations of whether to institute, demonstrated that PTAB decisions to *terminate* review proceedings are equivalent to PTAB decisions of whether to *institute* review proceedings.

First, in *GTNX*, the PTAB decided to institute post-grant review proceedings; however, after realizing that the decision was erroneous given statutory limitations, the PTAB terminated the proceeding. 789 F.3d at 1311. More precisely, in *GTNX*, approximately four months after having instituted the review proceeding of the plaintiff's patent, the PTAB realized that the statute, which detailed when a petitioner could have its patents reexamined, when applied to the plaintiffs, actually *precluded* the plaintiff from having its patent reexamined. *See id.* Upon realizing its error, the PTAB quickly terminated the review proceedings and vacated its August 2014 initial decision to institute the review proceedings. *Id.* at 1312 ("Having reconsidered whether to institute the proceeding here and determined not to do so based on § 325(a)(1), the Board simultaneously "vacated" the institution decisions and re-

quired termination of the proceedings.") (citing *GTNX*, 2014 WL 7723800, at *1, *3). The PTAB's decision to terminate the previously-instituted review proceedings never addressed the issues of patentability. *Id.*

The Federal Circuit evaluated the PTAB's decision to terminate proceedings and addressed the issue of whether §324(e)'s language—mandating PTAB determinations of "whether to institute" review proceedings be final and nonappealable—encompass the PTAB's decision to *terminate* proceedings as well. *Id.* at 1311-1312. Contrasting the PTAB's decision to terminate an instituted review proceeding with a final decision determining patentability, the *GTNX* court concluded that, for purposes of the AIA, the PTAB's decision to *terminate* its already-instituted proceedings *constituted a determination of "whether to institute."* *See id.* ("Confirming that the decision at issue is not a § 328(a) decision—the only appealable decision within the statutory regime—is that the fair characterization of the decision within the regime is as a decision whether to institute proceedings.").

Citing *St. Jude Medical, Cardiology Division, Inc. v. Volcano Corp.*, the *GTNX* court noted a distinction between a PTAB's final decision after instituting a review procedure, which is appealable, and the preliminary decision the PTAB makes to determine whether a plaintiff's petition merits review, a decision that is not appealable. *See id.* The court stated that there is a "structural contrast between a 'determination … whether to institute' a proceeding, which is 'final and nonappealable,' 35 U.S.C. § 314(d), and the "final written decision" determining patentability, § 318(a) … ." *Id.* at 1311 (citing *St. Jude*, 749 F.3d 1373, 1375-76 (Fed. Cir. 2015)). The "textually clear and common-sense distinction" between the two—a final Board decision that

reaches the patentability merits and an earlier decision whether to institute—limits appeals of the PTAB's decisions to those decisions "on the merits of the … review, *after* [the PTAB] *'conducts the proceeding* that [it] has instituted." *Id.* at 1312.

Applying *St. Jude* to the facts at issue in its case, the *GTNX* court noted that similarly, the PTAB had, after already instituting review proceedings, "reconsidered" whether it should have initially instituted review proceedings and "determined not to do so." *Id.* at 1312. Addressing the PTAB's "reconsideration" specifically, the *GTNX* court stated *"[i]t is strained to describe this as anything but a 'determination … whether to institute' proceedings."* *Id.* It further noted that the statutory language making all PTAB determinations of whether to institute review proceedings "final and nonappealable" *"is not limited to an initial determination to the exclusion of a determination on reconsideration."* *Id.* Concluding, the *GTNX* court stated that the statutory declaration that a decision is final and nonappealable "thus reinforce[es] the absence of appeal jurisdiction in this court," given that a PTAB's decision to simply reconsider its earlier decision to institute proceedings, and then vacate that decision, did not constitute a final and appealable decision. *Id.*

Even more on point, in *GEA*, the Federal Circuit encountered a case with facts nearly identical to the case at hand. 2015 WL 4076487, at *1. There, the PTAB decided to institute *inter partes* review—the same type of review Plaintiffs have requested in this case—on various patents. *Id.* Later, realizing that the petitioner "did not identify all real-parties-in-interest," as required by the AIA, the PTAB terminated the review proceedings it had previously instituted. *Id.* When the petitioner appealed this decision to the Fed-

eral Circuit, the court, relying on *GTNX* as instructive, concluded that *it lacked jurisdiction over the petitioner's appeal for review of the PTAB's decision. Id.* Referencing §314(d)'s "final and nonappealble" language, the court held that the statute precluded review of such a case because the PTAB was well within its authority under § 314(d) to make such a determination. *Id.* at *2. The court explained that the PTAB, having realized that its *initial* decision to institute *inter partes* review was erroneous, simply corrected their initial decision. *Id.* (stating that "administrative agencies possess *inherent authority to reconsider their decisions,* subject to certain limitations, *regardless of whether they possess explicit statutory authority to do so*") (citations omitted) (emphasis added).

The *GEA* court went on to note that the plaintiffs, who argued that PTAB determinations of whether to institute should be "final and nonappealable," and therefore the PTAB's later decision to terminate was erroneous, had "not made *any* showing that would clearly deprive the [PTAB] of that default authority." *Id.* The court held, the termination decision was a decision on "whether to institute" review proceedings under the AIA and was thus, under the sole discretion of the PTAB. *Id.* In other words, the PTAB' s decision to terminate *inter partes* review is not appealable because the AIA specifically forbids appeals from PTAB determinations of whether to institute review proceedings; the termination decision falls under that category. *Id.* at *2. As the court further explained, "[t]hat the Board *initially* instituted proceedings here [and subsequently terminated the proceedings] is of no moment." *Id.* at *2.

In this case, like *GTNX* and *GEA*, the decision to terminate the *inter partes* review proceeding was made

entirely by the PTAB—the same Board that initially decided to institute review proceedings. (Compl., Ex. A). Also like *GTNX* and *GEA*, the PTAB's decision to terminate proceedings stemmed from its realization that its previous institution of review proceedings was erroneous, according to the threshold requirements of the AIA describes. *See* Compl., Ex. A, PTAB's Decision on Patent Owner's Motion to Terminate at 9 ("After considering all of the evidence of record and the parties' arguments, we are persuaded that Medtronic is acting as a proxy for Cardiocom, and that Cardiocom should have been named in the Petitions as a real party-in-interest.").

Similar to *GTNX* and *GEA*, the PTAB in this case, after conducting a full hearing, and realizing its error—that Plaintiff had not listed Cardiocom as an RPI, as required by the AIA—corrected its error by terminating the earlier proceeding. *See id.* at 18 ("A petition for *inter partes* review may be considered "only if" it meets certain statutory requirements, including identification of 'all' real parties-in-interest. § 35 U.S.C. 312(a)(2). *Medtronic's Petitions, therefore, are incomplete and cannot be considered.*") (emphasis added). Thus, this Court, looking to *GTNX* and *GEA*, concludes that, as the sole entity tasked with the authority of evaluating petitions for reexamination procedures, the PTAB's actions to *later modify its own decision* are merely an indication of it exercising its authority to determine what petitions should be given review or not. Naturally, such a decision is a part of the PTAB's "inherent authority to reconsider [its] decisions … regardless of whether [it] possess[es] explicit statutory authority to do so." *GTNX*, 789 F.3d at 1313 (citations omitted).

Further, the PTAB's termination never addressed the issues of patentability and thus, cannot be inter-

preted as a final decision. Rather, the "clear and common-sense distinction" between the PTAB's evaluation of whether a reexamination proceeding *should be instituted* and the decision *determining patentability at the end of such an instituted review*, also applies in this case. *See GTNX*, 789 F.3d at 1311 (citing *St. Jude*, 749 F.3d at 1375-76). First, given the relatively short time period of the instituted *inter partes* review, and the PTAB's decision to terminate the review as soon as it concluded that Plaintiff had not complied with the threshold requirement of naming all RPIs in its petition, there can be no doubt the PTAB never reached the merits of patentability. Second, and most indicative of the PTAB's action, is the PTAB's *own* statement addressing its termination of the *inter partes* review, the PTAB stated that, given Plaintiff's omission of Cardiocom as a RPI, it "vacate[s] the Decisions on Institution and *do not issue final written decisions under § 35 U.S.C. 318(a) with respect to the patentability of the challenged claims.*" *See* Compl., Ex. A, PTAB's Decision on Patent Owner's Motion to Terminate at 21 (ordering that the instituted *inter partes* review proceedings are "terminated") (emphasis added). The Board's own admission that its decision terminating inter partes review did not constitute a decision on patentability demonstrates that the decision was not one the AIA allows petitioners to appeal. *See* 35 U.S.C.A. § 318 ("If an *inter partes* review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision *with respect to the patentability* of any patent claim challenged by the petitioner and any new claim added under section 316(d).") (emphasis added).

Moreover, that the determination at issue here reflects an inquiry the PTAB is required to assess *before*

it decides to institute review proceedings. As the applicable precedent demonstrates, because it did not address the issue of patentability, it was not the type of decision Congress granted parties a right to appeal. Instead, the decision here, that Plaintiff did not include the required RPI in its petition for review and therefore cannot have *inter partes* review—mirrors all of the other preliminary decisions the PTAB must make when deciding if a plaintiff's petition actually merits review. Such decisions, as clearly articulated by the statutory scheme and plain language of the statutes, are at the sole discretion to the PTAB. In light of this, this Court concludes that the PTAB's decision to terminate *inter partes* review constituted a determination of whether to institute review proceedings. As such, the decision is final and nonappealable and this Court does not have jurisdiction to review it.

3. Plaintiff's Lack of an Alternative Remedy for Article III Review of the PTAB's Decision Does Not Grant This Court Jurisdiction to Review Plaintiff's Appeal.

This Court does not have jurisdiction to review Plaintiff's claim, irrespective of Plaintiff's lack of an alternate remedy. This Court and the Federal Circuit have affirmed this conclusion in *Versata*, which also held that the AIA precludes review of a PTAB decision of whether to institute reexamination proceedings. *See Versata*, 793 F.3d at 1354 ("[t]he district court was correct as a matter of law when it dismissed Versata's suit seeking to set aside the PTAB's decision to institute review of the '350 patent.").

Nevertheless, Plaintiff maintains that *Versata* is inapplicable to the case at hand because the petitioners in *Versata* had an avenue for appeal. Specifically,

Plaintiff alleges that *Versata* is distinct from the case at hand, because in *Versata*, the parties appealed the PTAB's decision to *grant inter partes* review, whereas here, the parties seek to appeal a *denial* of *inter partes* review. This distinction, Plaintiff contends, meant that the plaintiffs in *Versata* would have to endure the review proceedings but at the conclusion of the proceedings would have a chance to appeal the issue of patentability to the Federal Circuit, whereas here, Plaintiff does not. In light of this, Plaintiff continues, this Court's refusal to review Plaintiff's appeal will result in Plaintiff's inability to have his claim heard at all, resulting in an unjust outcome.

However, Plaintiff's contentions lack merit for two reasons. First, Plaintiff is not completely foreclosed being heard regarding the '605 and '249 patents because, as Plaintiff noted itself, Plaintiff has a case pending in both the Northern District of California and Federal Circuit. Mem. in Supp. of Def. Mtn. to Dismiss at 9-10. Specifically the California case will allow Plaintiff to litigate the patent rights concerning both the '605 and '249 patents. *See id.* To clarify, this Court specifies that it does not have jurisdiction to review Plaintiff's appeal of the PTAB's decision to terminate *inter partes* proceedings *only*. Therefore, to the extent that Plaintiff is barred from Article III review of anything, it is the sole issue of the PTAB's decision to terminate the instituted *inter partes* review—nothing more. Other claims that Plaintiff has pending in other courts are not currently at issue before this Court.

Second, even if Plaintiff is correct that this Court's refusal to review its appeal equates to Plaintiff being foreclosed from any Article III review, this is not an erroneous result. Article III review in this circumstance is not mandatory. As this case illustrates, there

are of course, instances where Congress has precluded APA review *even when there is no alternative forum for Article III review.* Further, looking at congressional intent, courts have determined that sometimes certain plaintiffs were simply not meant to have judicial review in a particular circumstance. For example, in *Dominion* the plaintiffs appealed a PTAB decision to not institute review proceedings. The court's refusal to review the appeal left plaintiffs with no other Article III review available to appeal the PTAB decision. 2014 WL 1572061 at *1. Nevertheless, the court declined to review the appeal. *Id.* Similarly, in *Exela Pharma Sciences, LLC v. Lee,* the Federal Circuit affirmed dismissal of a plaintiff's claims on the ground that the PTO revival ruling that plaintiff sought to appeal, simply "was not subject to third party collateral challenge[s]" and therefore, "precluded review, regardless of whether [plaintiff's] claims were time-barred [or not]". 781 F.3d 1349, 1349 (Fed. Cir. 2015).

Most notably, in *St. Jude,* the Court of Appeals denied judicial review to a Plaintiff who had previously sought to institute *inter partes* review but the PTAB had decided not to institute *inter partes* proceedings. *St. Jude, 749* F.3d 1373. While refusing to review the plaintiff's case, the Court of Appeals cited §314(d), noting "the statute goes beyond merely omitting, and underscoring through its structure the omission of, a right to appeal the non-institution decision. It contains a broadly worded bar on appeal." *Id.* at 1376. These cases demonstrate that Plaintiff is not *required* to have an Article III court review its appeal in every instance,

especially not when Congress has clearly intended the contrary result—like the case at hand.[4]

Finally, Plaintiff continually reiterates that, because it has a final agency decision without an avenue for review, under §704 of the APA, it is entitled to review. However, as noted before, §701 of the very same Chapter Plaintiff relies on, explicitly carves out an exception to not only §704, but every single provision of the APA's entire Chapter 7. *See* 5 U.S.C. §701(a)(1). It notes, "chapter [seven] applies, according to the provisions thereof, *except to the extent that*--(1) *statutes preclude judicial review.*" *Id.*

4. The Fact That Plaintiff Shifts Its Challenge to the Standard the PTAB Uses Does Not Grant This Court Jurisdiction to Review Plaintiff's Appeal

Plaintiff's effort to challenge the standard the PTAB used in the termination decision is not sufficient to vest this Court with jurisdiction. As Defendant aptly points out, this very issue was considered and rejected in *Dominion*. *See generally Dominion*, 2014 WL 1572061 at *3. The *Dominion* court stated "[s]ection 314(d) applies to the *entirety* of the IPR *(inter partes)* decision." *Id.* This clearly encompasses the standard the PTAB used in determining whether a This language is certainly inclusive of the PTAB's application of the very threshold requirements Congress itself prescribed for every petitioner seeking *inter partes* re-

[4] Defendants also appropriately point out that it is not reasonable to assume that Congress intended §314(d) to only preclude a direct appeal to the Federal Circuit, but allowed a separate APA action to be litigated in federal district court, which, if appealed, would be appealed to the Federal Circuit. *See* Mem. in Supp. of Def. Mtn. to Dismiss, at 20 n. 10.

view. In other words, the requirement that every petition requesting *inter partes* review include all RPI was created by Congress, understanding that the entity charged with evaluating such petitions would have to decline those petitions that did not conform to the requirements. Therefore, Plaintiffs challenge to the standard the PTAB applied is essentially, challenging the basis it used in determining whether to conduct *inter partes* proceedings or not. Put differently, Plaintiff's challenge to the standard the PTAB applied simply uses different language to challenge the very thing § 314(d) precludes—the PTAB's determination of whether to institute *inter partes* review and therefore, is precluded by § 314(d).

Alternatively, Plaintiff contests the PTAB's determination that Cardiocom, its subsidiary, was a RPI that should have been included on Medtronic's petition. To this, the Court notes that this determination—like the PTAB' s use of the § 314's standard—is precisely the type of component that encompasses the PTAB's decision whether to institute *inter partes* proceedings. As such, that decision, made after the PTAB was fully briefed on the issue—is also final and nonappealable.

Plaintiff also states that Congress, when creating the AIA, never envisioned a petitioner being denied the opportunity to engage in *inter partes* review simply due to a technicality. However, Plaintiff is objectively mistaken. The mere fact that Congress created threshold requirements for *every inter partes* proceeding shows that it understood that some petitioners would be denied review, when they did not meet the threshold requirements. Further, given the obvious likelihood of denials based on such technicalities, and the AIA's absence of any exception for these petitioners, allowing them to modify or appeal such a rejection, it is clear

Congress did not intend for such determinations to go beyond the PTAB's decision.

V. CONCLUSION

In light of the foregoing, it is evident that this Court lacks jurisdiction to consider Plaintiff's claim. Accordingly, **IT IS HEREBY ORDERED** that Motion to Dismiss for Lack of Subject-Matter Jurisdiction. (Doc. 11) is **GRANTED** and given this Court's dismissal of Plaintiff's Complaint, Defendant's Motion to Dismiss Count IV for Failure to State a Claim (Doc. 12) is **DENIED as moot.**

IT IS SO ORDERED.

ENTERED this 21st day of January, 2016.

Alexandria, Virginia

1/21/2016

/s/

Gerald Bruce Lee
United States District Judge