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Federal Circuit Confirms Judicial Review On PTAB's CBM Institution

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On April 4, 2017, the United States Court of Appeals for the Federal Circuit ("CAFC") denied Google's petition for rehearing *en banc*. *Unwired Planet, LLC v. Google Inc.*, ___ F.3d. ___, Case No. 2015-1812 (Fed. Cir. Apr. 4, 2017). In the petition, Google asked the CAFC to overturn *Versata Development Group, inc. v. SAP America, Inc.,* 793 F.3d 1306 (Fed. Cir. 2015) in light of the Supreme Court's decision in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016).

The patent in suit in *Unwired Planet* related to a system and method for restricting access to a wireless device's location information. The Patent Trial and Appeal Board ("PTAB") instituted a Covered Business Method ("CBM") review of all the challenged claims and found that the challenged claims were directed to unpatentable subject matter under 35 U.S.C. § 101.

Unwired Planet appealed the PTAB decision to the CAFC on the grounds that the PTAB improperly instituted a CBM review, given the limiting statutory language that narrowly allows a CBM to be filed only on financial service patents. The CAFC held that the PTAB ignored the statute and instituted CBM reviews on patents that simply do not qualify for review. The CAFC vacated and remanded the PTAB's decision. *Unwired Planet, LLC, v Google Inc.*, 841 F.3d 1376 (Fed. Cir. 2016). Google filed a petition for *en banc* rehearing.

By way of background, in *Versata*, a divided panel of the Federal Circuit exerted its power of review over the PTAB's decisions, including decisions determining whether the challenged patent is a "covered business method patent." *Versata*, 793 F.3d at 1322-1323. In a concurring-in-part and dissenting-in-part opinion, Judge Hughes wrote that "[t]he majority's interpretation of § 324(e) to permit review of whether Versata's patent is a 'covered business method patent' directly conflicts with our precedential decision in *In re Cuozzo Speed Technologies, LLC*, (Fed. Cir. July 8, 2015)." *Versata*, 793 F.3d at 1341. The cited statute indicates that "the determination by the Director whether to institute a post-grant review [or CBM review] under this section shall be final and nonappealable." 35 U.S.C. § 324(e).

In *Unwired Planet*, Judge Hughes commented further in a short opinion concurring with the denial of the petition for panel rehearing, which preceded the petition for rehearing en banc. Judge Hughes wrote that "*Cuozzo Speed Technologies . . .* confirms that [judicial] review of the Patent Trial and Appeal Board's decision should be limited to the ultimate merits of the patent validity determination and should not, with narrow exception, extend to any decisions related to institution. Those exceptions may include the rare circumstances where the agency acts unconstitutionally or in complete disregard of the limits on its statutory authority." *Unwired Planet* (emphasis added).

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