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## A Functional Approach to Agency (In)Action

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# A FUNCTIONAL APPROACH TO AGENCY (IN)ACTION

Lidiya Mishchenko\*

## ABSTRACT

*In the last five years, the Supreme Court has had a frenzied approach to judicial review of agency action, with two wings of the Court pulling it in opposite directions. The ideological divide of the Court on deference to agency action was on stark display in three recent cases dealing with the Patent and Trademark Office's (PTO's) new proceeding for reevaluating issued patents (inter partes review (IPR)). Specifically, in three vacillating opinions, the Court expanded, contracted, and then again expanded the scope of whether and to what extent a decision by the PTO Director to institute this new proceeding can be reviewed by the Judiciary. Aside from the problem of having inconsistent holdings in this "institution trio" of cases, the framework developed thereby was also artificial, easily manipulated, and unmoored from reality. The Court got everything completely backwards in its reasoning—depriving the agency of discretion in allocating its own resources or relying on its superior expertise when the agency refused to institute an IPR proceeding (i.e., an institution denial), while tying the hands of the Judiciary in deciding questions of an agency's authority to act when the agency chose to grant review.*

*This Article argues that the Court should have instead decided the question of reviewability by focusing on the pragmatic approach proposed in Heckler v. Chaney, respecting the traditional administrative law divide between agency action and inaction. The Court should have considered, as it did in Heckler, congressional intent, comparative institutional competence of the agency versus the courts, and the separation of powers paradigm in deciding to review agency action and inaction. The more sensible answer is that the courts should only be prohibited from reviewing agency inaction (i.e., denial of IPR institution). This approach allows the PTO to best use its expertise and knowledge of its resources to decide whether and to what extent to deny institution of an IPR, while allowing the courts to review the PTO's adherence to statutory requirements if the PTO does decide to institute an IPR.*

*The approach also presents a variety of pragmatic benefits, such as eliminating the institution trio's line-drawing issues, reducing current agency*

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*incentives for developing shortcuts in denying institution, and providing a better balance of institutional burdens. This Article introduces an intriguing proposition that a more functional approach to agency action may, in other contexts, provide a potential compromise that satisfies both sides of the ideological divide in the Court.*

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#### I. INTRODUCTION

WITH recent and dramatic changes in its composition, the Supreme Court is confronting an internal, often partisan struggle over its views of the legitimacy and role of the administrative state. The Patent and Trademark Office’s (PTO’s) new procedure for reviewing granted patents (entitled inter partes review (IPR)), has been caught in the crosshairs. Since 2017, the Court has repeatedly used this new forum—administered by the Patent Trial and Appeal Board (PTAB or “the Board”)—as a test case to make profound changes in areas of administrative law such as the public-rights doctrine,<sup>1</sup> *Chevron* defer-

1. *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1373 (2018).

ence,<sup>2</sup> and the Appointments Clause.<sup>3</sup> Often, in the heat of this struggle, the Court has ignored, or has only paid lip service to, the specifics of how the PTO operates or the congressional intent behind creating this new forum. A set of three cases I dub the “institution trio” demonstrates the havoc that results from ignoring realities on the ground and consistently targeting a specific agency to resolve abstract disputes about the appropriate role of the Judiciary in policing the administrative state.

The institution trio, consisting of *Cuozzo*,<sup>4</sup> *SAS*,<sup>5</sup> and *Thryv*,<sup>6</sup> dealt with the question of whether and to what extent a decision by the PTO Director to institute an IPR proceeding can be reviewed by the Judiciary, in view of the nonappealability provision in the relevant provision of the statute.<sup>7</sup> In the ideologically-divided and polarized environment of the current Court, this question became a critical nexus for how much unreviewable discretion an agency can legitimately possess.

In the institution trio, the Court resolved the question exactly backwards. In the course of the tug-and-pull of these three decisions, the Court deprived the agency of discretion in allocating its own resources or relying on its superior expertise in denying institution while tying the hands of the Judiciary in deciding questions of an agency’s authority to act. The institution trio claimed to consider Congressional intent, agency expertise, and statutory structure, but reached completely illogical results—depriving both the agency and the Judiciary of their respective authority where Congress likely wanted it most.

I argue that the Court should have instead decided the institution review question by focusing on the traditional administrative law divide between agency action and inaction. It should have interpreted the nonappealability provision, for all legally significant purposes, as prohibiting judicial review only of agency *inaction* (i.e., denial of IPR institution). The textual statutory analysis and legislative intent leave open the possibility that Congress intended this outcome. Consideration of the *Heckler*<sup>8</sup> doctrine, moreover, strongly supports this reading. *Heckler* instructs the Court to consider congressional intent, comparative institutional competence of the agency versus the courts, and the separation of powers in deciding to review agency action and inaction.<sup>9</sup>

The *Heckler* approach allows the PTO to best use its expertise and knowledge of its resources to decide whether and to what extent to deny institution of an IPR, while allowing the courts to review the PTO’s adherence to statutory requirements if the PTO does decide to institute re-

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

3. *United States v. Arthrex, Inc.*, 141 S. Ct. 1978–86 (2021).

4. *Cuozzo*, 136 S. Ct. at 2136.

5. *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1352–53 (2018).

6. *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1370 (2020).

7. 35 U.S.C. § 314(d) (“The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.”).

8. *Heckler v. Chaney*, 470 U.S. 821 (1985).

9. *Id.* at 831–33.

view. The approach also presents a variety of pragmatic benefits, such as eliminating the line-drawing issues inherent in the institution trio's framework, reducing current agency incentives for excessive denial of institution, and providing a better balance of institutional burdens. In addition, the focus on certain functional and pragmatic considerations, even beyond the action/inaction dichotomy of *Heckler*, may help the Court reach a compromise in administrative law decisions in other contexts.

Part I provides a brief background of the new IPR proceeding, its statutory background, and the appeal procedures in place. It then summarizes the framework that the institution trio set up for IPR institution and the appeal thereof. Part II examines the problem with this framework, and Part III introduces a new approach to review of IPR institution. Specifically, Part III explores the insight we can glean from the statute and legislative history, before diving into the functional approach advocated by the *Heckler* doctrine. Part IV evaluates the real-world benefits of this approach and discusses some of its limitations and broader implications.

## II. BACKGROUND

### A. INTER PARTES REVIEW

In 2011, Congress enacted the Leahy–Smith America Invents Act<sup>10</sup> (AIA), which created a new set of proceedings for challenging patents issued by the PTO.<sup>11</sup> These proceedings were meant to create a cheaper, faster alternative to challenging patent validity in district court.<sup>12</sup> The most popular of these proceedings is IPR.<sup>13</sup>

A party initiates an IPR by filing a petition for review of a granted patent, challenging specific claims—or inventions—in that patent.<sup>14</sup> IPR petitions cannot be filed more than one year after that same or related party challenges that same patent in district court (the “one-year bar”).<sup>15</sup>

After the patent owner has had a chance to respond to the petition,<sup>16</sup> the PTO Director is tasked with deciding whether to institute review.<sup>17</sup> The Director cannot institute review “unless the Director determines that . . . there is a reasonable likelihood that the petitioner would prevail with respect to at least [one] of the claims challenged in the petition” (the “threshold inquiry”).<sup>18</sup> In practice, the Director has delegated this deci-

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10. Leahy–Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified at 35 U.S.C. §§ 311–319, 321–329) (post grant review proceedings).

11. *See id.* § 6.

12. H.R. REP. NO. 112-98, pt. 1, at 48 (2011) (discussing “the purpose of the [post-grant review proceeding statute] as providing quick and cost effective alternatives to litigation”).

13. 35 U.S.C. § 311; U.S. PAT. & TRADEMARK OFF., PTAB TRIAL STATISTICS: FY20 END OF YEAR OUTCOME ROUNDUP IPR, PGR, CBM 5 (2020), [https://www.uspto.gov/sites/default/files/documents/ptab\\_aia\\_fy2020\\_roundup.pdf](https://www.uspto.gov/sites/default/files/documents/ptab_aia_fy2020_roundup.pdf) [<https://perma.cc/PAU5-F7EB>].

14. 35 U.S.C. § 311(a); 37 C.F.R. § 42.2 (2020) (defining “petition”); *id.* § 42.104.

15. 35 U.S.C. § 315(b).

16. *Id.* § 313.

17. *Id.* § 314(b).

18. *Id.* § 314(a).

sion to the Board.<sup>19</sup> And, key to the discussion here, “[t]he determination by the Director [or, in reality, the Board, of] whether to institute an inter partes review under this section shall be final and nonappealable.”<sup>20</sup> This nonappealability provision language is the focal point in the controversy of the institution trio cases described below.

If an IPR is instituted, the parties participate in a court-like proceeding before a panel of PTAB administrative judges.<sup>21</sup> The proceeding includes briefing, motion practice, oral argument, and discovery.<sup>22</sup> In the end, barring any settlement, the Board “issue[s] a final written decision with respect to the patentability of any patent claim challenged by the petitioner.”<sup>23</sup> The Board’s final decision can be appealed directly to the Federal Circuit.<sup>24</sup>

### B. THE “INSTITUTION TRIO”

The first case dealing with appealability of the Director’s institution decision was *Cuozzo*. In 2012, Garmin International, Inc. and Garmin USA, Inc. (collectively Garmin) filed a petition seeking IPR of twenty claims of a patent owned by Cuozzo Speed Technologies, LLC.<sup>25</sup> The Board instituted review on a number of claims that were “implicitly” challenged by Garmin’s petition and found them to be invalid.<sup>26</sup> Cuozzo appealed to the Federal Circuit, arguing that Garmin’s petition did not specify “with particularity” the grounds to invalidate the implicitly challenged claims, as required by statute.<sup>27</sup>

A divided panel of the Federal Circuit sided with Garmin and decided that the Board’s choice to institute despite a statutory defect in the petition was unappealable.<sup>28</sup> A split Supreme Court agreed, concluding that “where a patent holder grounds its claim in a statute closely related to [the] decision to institute inter partes review, [the nonappealability provision] bars judicial review.”<sup>29</sup> *Cuozzo* left open the possibility that certain issues related to institution may still be appealable, including constitutional “shenanigans” such as due process violations or the “agency . . . act[ing] outside its statutory limits.”<sup>30</sup> Six Justices on both sides of the conservative/liberal ideological spectrum signed on to this opinion, with

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19. 37 C.F.R. § 42.4 (2020).

20. 35 U.S.C. § 314(d).

21. 37 C.F.R. § 42.2 (2020) (defining “Board”).

22. *See id.* §§ 42.22, 42.51, 42.70.

23. 35 U.S.C. § 318(a).

24. *Id.* §§ 141, 144, 319.

25. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2138 (2016).

26. *Id.*

27. *Id.* at 2139; 35 U.S.C. § 312(a)(3).

28. *See Cuozzo*, 136 S. Ct. at 2139.

29. *Id.* at 2142; *see also id.* at 2141 (“[O]ur interpretation applies where the grounds for attacking the decision to institute inter partes review consist of questions that are closely tied to the application and interpretation of statutes related to the Patent Office’s decision to initiate inter partes review.”).

30. *Id.* at 2141–42.

only Justices Alito and Sotomayor dissenting.<sup>31</sup>

Two years later, the Supreme Court had the chance to revisit the nonappealability provision and seemed to reach an almost opposite conclusion. SAS Institute, Inc. petitioned for review of a software patent owned by ComplementSoft, LLC.<sup>32</sup> The PTO instituted review on only a portion of the claims challenged by SAS in the petition (those that met the reasonable likelihood threshold),<sup>33</sup> and thus, only issued a final written decision on that subset of instituted claims.<sup>34</sup> SAS argued that the Board was required to address every claim in its original petition because the statute requires the Board to “*issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner.*”<sup>35</sup> The Federal Circuit disagreed.<sup>36</sup>

In SAS, unlike in *Cuozzo*, the Court split completely along ideological conservative/liberal lines.<sup>37</sup> The conservative Justices favored judicial review and the liberal Justices opposed it.<sup>38</sup> The conservatives, with Justice Gorsuch authoring, found that the PTO exceeded its statutory duty by not “address[ing] in its final written decision ‘any patent claim challenged by the petitioner.’”<sup>39</sup> In effect, the majority decided that the nonappealability provision did not prohibit its review of the PTO’s actions.<sup>40</sup> It reasoned that, under *Cuozzo*, the nonappealability provision only prohibited review of the Director’s reasonable likelihood threshold inquiry, which is contained in the same section of the statute.<sup>41</sup> The liberal Justices criticized the majority’s “wooden reading” of the statute<sup>42</sup> and argued that the agency’s interpretation of its power to partially institute review was reasonable and deserved deference.<sup>43</sup> Oddly, the liberal Justices did not cite *Cuozzo* to support the government’s partial institution practice.

The tension between *Cuozzo* and SAS came to a head in *Thryv*. Thryv, Inc. (Thryv) petitioned for review of a patent owned by Click-to-Call Technologies, LP (Click).<sup>44</sup> Click opposed the IPR, contending that the petition was filed past the one-year bar based on a lawsuit filed by Thryv’s predecessor that was dismissed without prejudice.<sup>45</sup> The PTAB

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31. *Id.* at 2148 (Alito, J., concurring in part and dissenting in part).

32. SAS Inst., Inc. v. Iancu, 138 S. Ct. 1348, 1354 (2018).

33. Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,702–03 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42) (discussing the threshold).

34. SAS, 138 S. Ct. at 1354.

35. *Id.* (quoting 35 U.S.C. § 318(a)) (emphasis added in the SAS opinion).

36. *Id.*

37. *See id.* at 1360–65 (Ginsburg & Breyer, JJ., dissenting).

38. *See id.* at 1360 (Ginsburg, J., dissenting); *id.* at 1364 (Breyer, J., dissenting).

39. *Id.* at 1357 (majority opinion) (quoting 35 U.S.C. § 318(a)).

40. *Id.* at 1360 (“[N]othing in § 314(d) or *Cuozzo* withdraws our power to ensure that an inter partes review proceeds in accordance with the law’s demands.”).

41. *Id.*; 35 U.S.C. §§ 314(a), (d).

42. SAS, 138 S. Ct. at 1360 (Ginsburg, J., dissenting).

43. *Id.*

44. Thryv, Inc. v. Click-To-Call Techs., LP, 140 S. Ct. 1367, 1371 (2020).

45. *Id.* at 1371 n.2.

ruled that this lawsuit did not trigger the statutory clock and instituted review.<sup>46</sup> Different panels of the Federal Circuit split on this issue based on conflicting readings of *Cuozzo*.<sup>47</sup> Seven members of the Supreme Court (spanning the ideological spectrum) ruled that *Cuozzo* clearly resolved this question and that the PTO's institution of the case was unreviewable.<sup>48</sup> This same bipartisan group of Justices chose to narrow the holding in *SAS*, characterizing that case as dealing with "the manner in which the agency's review 'proceeds' once instituted" instead of "whether the agency should have instituted review at all," as was the case in *Cuozzo* and *Thryv*.<sup>49</sup> *Thryv* also conspicuously dropped the "shenanigans" language mentioned in *Cuozzo*, though still claiming that "appeals that implicate constitutional questions" may still be reviewable despite the nonappealability provision in the statute.<sup>50</sup>

### III. THE PROBLEM WITH THE INSTITUTION TRIO

The above summary of these three cases highlights their inconsistencies and reflects deep divisions within the Court. Empirical studies confirm that decisions in administrative law can sometimes be influenced more by the ideological leaning of a Justice and the liberal/conservative valence of an agency decision than any doctrinal framework of the case (e.g., reviewability, deference).<sup>51</sup> Though most studies focus on the deference awarded to agencies, it is expected that similar ideological hues would color decisions of reviewability of agency action or inaction. As highlighted by Lisa Bressman, the Supreme Court has noted the connection between the deference and reviewability doctrines in cases that emphasize institutional competence.<sup>52</sup> After all, both doctrines "reflect the notion that agencies . . . , not courts, should set priorities in the statutes those agencies implement."<sup>53</sup>

Although it is still difficult to classify the administrative law perspectives of all the current Justices, and ideological valence tends to have reduced influence on patent law decisions,<sup>54</sup> two distinct groups in the

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46. *Id.* at 1371–72.

47. *Id.* at 1372.

48. *Id.* at 1369, 1372–74.

49. *Id.* at 1376.

50. *Id.* at 1373 (quoting *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2141 (2016)).

51. See, e.g., Thomas J. Miles & Cass R. Sunstein, *Do Judges Make Regulatory Policy? An Empirical Investigation of Chevron*, 73 U. CHI. L. REV. 823, 823 (2006) ("[T]he most conservative members of the Court are less likely to validate liberal agency interpretations than conservative ones, and the least conservative members of the Court show the opposite pattern.").

52. Lisa Schultz Bressman, *Judicial Review of Agency Inaction: An Arbitrariness Approach*, 79 N.Y.U. L. REV. 1657, 1679 (2004) (citing *Heckler v. Chaney*, 470 U.S. 821, 831–32 (1985)); *id.* at 1681 (citing *Webster v. Doe*, 486 U.S. 592, 601, 603–04 (1988)).

53. *Id.* at 1679.

54. See Matthew Sag, Tonja Jacobi & Maxim Sytch, *Ideology and Exceptionalism in Intellectual Property: An Empirical Study*, 97 CALIF. L. REV. 801, 804 (2009) ("We therefore conclude that although ideology is an important element in predicting IP decisions,

Supreme Court can be identified. A new conservative faction of the Court, often championed by Justice Gorsuch but frequently joined by Justice Alito, is highly skeptical of administrative agencies.<sup>55</sup> While current “conservative judges are [generally] more likely than liberal judges to be administrative state skeptics,”<sup>56</sup> Justice Gorsuch has been particularly vocal about his distrust of the administrative state as a whole, and of IPR proceedings in particular.<sup>57</sup> Meanwhile, at the other extreme, a liberal faction led by Justices Kagan and Breyer, and often joined by the late Justice Ginsburg in her final years on the bench, has historically pressed for a highly deferential approach to agency expertise.<sup>58</sup> Even Justice Breyer, who has been a vocal critic of at least one doctrinal form of judicial deference to agency action, is still “the most deferential justice in practice.”<sup>59</sup> In fact, empirical studies show that the decisions of both Justice Breyer and the late Justice Ginsburg are highly influenced by the ideological and political implications of the agency actions at issue.<sup>60</sup>

The other Justices, such as Chief Justice Roberts, Justice Thomas, Justice Sotomayor, and sometimes even Justice Alito, have been less predictable on administrative law issues.<sup>61</sup> The less predictable conservative Justices are more likely swayed by purely textualist arguments,<sup>62</sup> while Justice Sotomayor appears to have a strong doctrinal preference for judi-

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there may nonetheless be real differences between the effect of ideology in social and economic cases.”).

55. Gillian E. Metzger, *The Roberts Court and Administrative Law*, 2019 SUP. CT. REV. 1, 2–3 (2019); *id.* at 6 (“Justice Gorsuch emerged as the voice of the four more conservative Justices this Term, intent on overturning established administrative law doctrines and pulling back on administrative government.”).

56. Jack M. Beermann, *The Never-Ending Assault on the Administrative State*, 93 NOTRE DAME L. REV. 1599, 1622 (2018).

57. *See, e.g.*, *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1381 (2018) (“[W]hen an independent Judiciary gives ground to bureaucrats in the adjudication of cases, the losers will often prove the unpopular and vulnerable[.] Powerful interests are capable of amassing armies of lobbyists and lawyers to influence (and even capture) politically accountable bureaucracies. But what about everyone else?”).

58. Metzger, *supra* note 55, at 5–6 (“Meanwhile Justice Kagan led the four liberal Justices in a defensive effort, seeking to deter or at least mitigate the conservative assault.”).

59. Miles & Sunstein, *supra* note 51, at 826.

60. *Id.* at 833 (“The validation rates of Justices Stevens, Breyer, and Ginsburg move by more than [twenty] percentage points when the [political] nature of the agency decision changes.”).

61. Metzger, *supra* note 55, at 6 (“In the middle was Chief Justice Roberts, sharing the conservatives’ suspicion of government and bureaucracy yet resistant to the dramatic disruption and potential institutional costs to the Court that Gorsuch’s approach might yield.”); *id.* at 30–31 (discussing confusion about Justice Thomas’s views); Thomas M. Hardiman, *Judicial Independence and the Roberts Court*, 2019–2020 CATO SUP. CT. REV. 15, 27 (2020) (“In a patent case, *Return Mail, Inc. v. U.S. Postal Service*, Justice Sotomayor broke ranks from Justices Ginsburg, Breyer, and Kagan to author an opinion for the Court holding that the federal government is not a ‘person’ capable of petitioning the Patent Trial and Appeal Board to institute patent review proceedings.” (citing *Return Mail, Inc. v. U.S. Postal Serv.*, 139 S. Ct. 1853, 1859 (2019))); *see, e.g.*, *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1370 (2020) (Alito, J., joining the majority).

62. Metzger, *supra* note 55, at 54 (“The Roberts Court is often described as textualist in its approach to statutory interpretation, including by the Justices themselves.”).

cial review that guides her decision-making.<sup>63</sup> Consequently, although opposing ideological poles have started to form in the new Roberts Court with respect to administrative law, recent decisions have not broken neatly along the conservative/liberal divide due to this less predictable group of Justices.

*Cuozzo*, penned by Justice Breyer, reflects a win for the pro-administrative wing in the Court. It provided great deference<sup>64</sup> to the agency by drawing a vague area around what is not judicially reviewable, prohibiting review of issues “closely related” to the decision to institute.<sup>65</sup> Yet the case also left open an equally confusing description of exceptions to its rule under the umbrella term of constitutional “shenanigans.”<sup>66</sup> Likely, the vagueness was a way to reach greater consensus within the Court. It also appears to be a result of an incomplete attempt to divine congressional intent from a sparse legislative history, with the holding based on the broad congressional goal of “giving the Patent Office significant power to revisit and revise earlier patent grants.”<sup>67</sup> And ultimately, even though the *Cuozzo* opinion attempted to look to pragmatic considerations such as agency expertise and legislative history,<sup>68</sup> and seemed to reach an ostensibly harmless result of allowing the agency to sweep minor statutory defects under the rug, the amount of unreviewable discretion it granted to the PTO proved too much.

By prohibiting judicial review of agency action that contradicted statutory requirements (i.e., the specificity requirement for petitions), *Cuozzo* may have left the more conservative members of the Court uncomfortable with the scope of the PTO’s unreviewable discretion. Or perhaps pure textualism won the day for some. Either way, in *SAS*, those Justices—with Justice Gorsuch at the helm—attempted to arbitrarily narrow that discretion to the Director’s reasonable likelihood threshold inquiry.<sup>69</sup>

The holding in *SAS* did not survive the test of time. Two years later, four of the conservative Justices with less predictable views on administrative law—Thomas, Alito, Roberts, and Kavanaugh—were swayed once more to the other, more deferential extreme of the Court in *Thryv* (perhaps, again, in part, by textual arguments). *Thryv* re-broadened *Cuozzo* to its “closely related” language and even ignored part of its narrowing “shenanigans” language.<sup>70</sup>

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63. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2150 (2016) (Alito, J., concurring in part and dissenting in part) (Sotomayor, J., joining) (quoting *Mach Mining, LLC v. EEOC*, 575 U.S. 480, 486 (2015)) (defending the “‘strong presumption’ favoring judicial review of administrative action”).

64. I use this word colloquially, not in reference to the doctrine of judicial deference in administrative law, though I do argue that there is a connection between the doctrines of reviewability and deference. *See supra* text accompanying notes 52–53.

65. *Cuozzo*, 136 S. Ct. at 2142.

66. *Id.* at 2141–42.

67. *Id.* at 2139–40.

68. *Id.* at 2141, 2146.

69. *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1359–60 (2018).

70. *See Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1370, 1373 (2020); *id.* at 1385–86 (Gorsuch, J., dissenting).

The doctrinal confusion stemming from these inconsistent holdings is only part of the problem, however. The real problem is the results-oriented way in which the Court reached the holdings in *SAS* and *Thryv* in response to the overbroad holding in *Cuozzo*, and the practical outcomes of these cases. While the reasons behind the flip-flopping by the majority of the Court are not as easy to explain, the authors of the institution trio opinions represent the two extremes of the Justices' views of administrative law. The opinions are not just the result of doctrinal or textual differences at issue in the cases but are likely tinged with the ideological leanings of their authors. The inconsistencies between *SAS* and *Thryv* thus likely reflect a broader internal battle in the Court over the appropriate role of the Judiciary in reviewing agency action, with the pro-administrative wing aiming to reduce the scope of reviewable agency action, and the anti-administrative wing attempting to expand it. In the heat of battle, the authoring Justices may have lost sight of the effect of their rulings on the agency. The repeated targeting of the PTO in the Court's attempt to resolve this battle has left the agency in a contorted mess of contradictory rulings.

In an effort to narrow *Cuozzo*, the *SAS* majority (or at the very least, Justice Gorsuch) avoided discussing the fact that *Cuozzo* made an honest attempt to consider the statutory structure and legislative history in reaching its conclusion.<sup>71</sup> *SAS* attempted to sidestep that issue by making it sound like there was no textual ambiguity in the first place.<sup>72</sup> The majority explicitly avoided looking to congressional intent: “[A]s long as the statutory scheme is coherent and consistent, there generally is no need for a court to inquire beyond the plain language of the statute.”<sup>73</sup> The Court also explicitly ignored any policy arguments: “Policy arguments are properly addressed to Congress, not this Court.”<sup>74</sup> In fact, *SAS* arguably contorted even its textual arguments<sup>75</sup> to reach the result it wanted: more judicial review of agency action.

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71. *Cuozzo*, 136 S. Ct. at 2141; see *SAS*, 138 S. Ct. at 1359–60.

72. *SAS*, 138 S. Ct. at 1354–55; see also Andrew C. Michaels, Response, *SAS Institute Inc. v. Iancu: The Statute is Hereby Clear*, GEO. WASH. L. REV. ON THE DOCKET (May 7, 2018), [https://scholarship.law.gwu.edu/cgi/viewcontent.cgi?article=2611&context=faculty\\_publications](https://scholarship.law.gwu.edu/cgi/viewcontent.cgi?article=2611&context=faculty_publications) [<https://perma.cc/BAT8-33HV>] (“The Supreme doorkeeper has spoken: the statute is clear, and that’s the Law.”).

73. *SAS*, 138 S. Ct. at 1357 (quoting *United States v. Ron Pair Enters.*, 489 U.S. 235, 240–41 (1989)) (alteration in original).

74. *Id.* at 1358.

75. For example, ignoring the fact that the requirement for the Board to “issue a final written decision with respect to the patentability of *any patent claim challenged by the petitioner*” cannot refer to all the claims in the original petition because some claims will have been settled or withdrawn by the time the Board issues a final written decision. See *id.* at 1361–63 (Breyer, J., dissenting) (quoting 35 U.S.C. § 318(a)) (emphasis added); see also *id.* at 1360 (Ginsburg, J., dissenting) (criticizing the majority’s “wooden reading” of the statute); Michaels, *supra* note 72 (“Of the twelve federal Article III judges to have fully considered and decided this statutory issue, six reached one conclusion, and six reached the opposite conclusion. This sort of empirical analysis could lead one to suspect that the statute might not be so clear after all.”).

By ignoring logic and congressional intent, *SAS* reached a result that makes little sense for the agency. It decided that the PTO must review all claims in the petition, no matter how frivolous, if it chooses to institute an IPR.<sup>76</sup> The opinion thus completely ignored Congress's desire to create a more efficient system of post-grant review.<sup>77</sup> As a result, the PTO had to allocate resources in a less efficient manner,<sup>78</sup> forcing it (and the Federal Circuit on appeal) to spend more time reviewing claims the Board did not believe warranted review.<sup>79</sup> This additional work led the PTO to look for shortcuts. After the *SAS* decision, the PTO began to find procedural reasons for denying institution in greater and greater numbers.<sup>80</sup>

In sum, the *SAS* opinion resulted in a more dysfunctional and less efficient post-grant review process, in complete contravention of congressional intent. It is often a red flag when the Court states that “[p]olicy arguments are properly addressed to Congress.”<sup>81</sup> There may be policy decisions lurking behind such purely textual opinions.<sup>82</sup> The *SAS* opinion may have achieved exactly what Justice Gorsuch intended—to artificially handicap a proceeding he believed unconstitutional in the first place.<sup>83</sup>

*Thryv*, though a second win for the pro-administrative camp of the Court, did not help matters because it did not actually reverse the holding

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76. *SAS*, 138 S. Ct. at 1354 (“So when § 318(a) says the Board’s final written decision ‘shall’ resolve the patentability of ‘any patent claim challenged by the petitioner,’ it means the Board *must* address *every* claim the petitioner has challenged.”); *id.* at 1362 (Breyer, J., dissenting) (“[Under] the majority’s reading . . . the Board must consider and write a final . . . decision in respect to the challenges to all . . . claims [in the petition], including [many] frivolous challenges.”).

77. See H.R. REP. NO. 112-98, pt. 1, at 48; 35 U.S.C. § 316(b) (requiring the PTO to consider “the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted” when passing regulations in this area).

78. U.S. PAT. & TRADEMARK OFF., PATENT PUBLIC ADVISORY COMMITTEE MEETING: FEE SETTING HEARING 52 (2018), [https://www.uspto.gov/sites/default/files/documents/PPAC\\_Hearing\\_Transcript\\_20180906.pdf](https://www.uspto.gov/sites/default/files/documents/PPAC_Hearing_Transcript_20180906.pdf) [<https://perma.cc/29PB-4HJF>] (“The Supreme Court decision in *SAS* . . . is expected to impact PTAB costs. PTAB will no longer be able to institute on less than all claims challenged in a petition, leading to significant additional work.” (statement of Brendan Hourigan, Director, Office of Planning and Budget)).

79. See *SAS*, 138 S. Ct. at 1364 (Breyer, J., dissenting) (“[*SAS*] lead[s] to judicial review of the Board’s decision about . . . frivolous challenges.”).

80. ORRICK, HERRINGTON & SUTCLIFFE, LLP, PTAB SNAPSHOT: A QUARTERLY REPORT ON TRENDS AND NEW PRECEDENT AT THE PTAB 4 (2021), <https://media.orrick.com/Media%20Library/public/files/insights/2021/orrick-ptab-snapshot-q2-2021.pdf> [<https://perma.cc/2M3Y-HDJ6>] (observing that between 2018 and 2020, the Board began to “provide[] new reasons to exercise its discretion” and “has been more aggressively exercising its discretion . . . to deny institution”).

81. *SAS*, 138 S. Ct. at 1358.

82. See Jonathan T. Molot, *Exchange: The Rise and Fall of Textualism*, 106 COLUM. L. REV. 1, 50 (2006) (“[B]y placing so much emphasis on the distinction between clarity and ambiguity, and by rushing to find clarity and thereby excluding consideration of statutory purposes, aggressive textualism may undermine one of textualism’s principal benefits—its purported ability to cabin judicial discretion, thereby rendering judges more faithful to the laws actually enacted by Congress, and less likely to impose their own policy preferences. Just as aggressive purposivism can be manipulated so as to achieve a judge’s desired outcome, so too is aggressive textualism highly manipulable.”).

83. See *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1380–86 (2018) (Gorsuch, J., dissenting) (arguing that the PTAB unconstitutionally takes power to invalidate patents away from the Judiciary).

in *SAS*. Thus, it left in place *SAS*'s impractical prohibition against partial institution—these types of half-baked compromise opinions may be the new trend in a Court that cannot agree on much.<sup>84</sup>

*Thryv*'s second problem is that, to avoid the holding in *SAS*, the Court developed an even more contorted test for assessing whether review is warranted—by distinguishing “the manner in which the agency’s review ‘proceeds’ once instituted” from “whether the agency should have instituted review at all.”<sup>85</sup> The meaning of that distinction is hardly clear given that *SAS* itself dealt with partial *institution*, but somehow managed to characterize it as an issue of the final written decision. It is also an artificial distinction that can be manipulated by the courts and the PTAB without any rhyme or reason, as demonstrated by the *Windy City*<sup>86</sup> discussion below.

The third problem with *Thryv* is its ultimate conclusion, based on *Cuozzo*'s overinclusive reasoning, that courts cannot review the decision to institute a time-barred IPR.<sup>87</sup> It seems strange to presume that Congress would create such a straightforward legal requirement yet anticipate no mechanism for its enforcement or review in the courts.<sup>88</sup> This legal requirement is not “some minor statutory technicality,” such as the petition specificity issue that came up in *Cuozzo*.<sup>89</sup> The one-year bar was a compromise reached by Congress to satisfy patent owners in their interest of quiet title.<sup>90</sup> Nor is it a preliminary decision that relies on the PTO's expertise that can be corrected at a later stage of the proceeding, such as the PTAB's initial reasonable likelihood determination.<sup>91</sup> By allowing the

84. See, e.g., *America's Supreme Court Is Less One-Sided than Liberals Feared*, THE ECONOMIST (June 24, 2021), <https://www.economist.com/united-states/2021/06/24/americas-supreme-court-is-less-one-sided-than-liberals-feared> [https://perma.cc/7R7D-8RHM] (“Justices Alito, Gorsuch and Thomas are itching to hasten a conservative revolution but, for now, the liberals, the chief and Justices Barrett and Kavanaugh are on a more cautious path paved with narrow rulings. Instead of split 6-3, the court is more like 3-3-3.”).

85. *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1376 (2020).

86. *Facebook, Inc. v. Windy City Innovations, LLC*, 973 F.3d 1321 (Fed. Cir. 2020).

87. *Thryv*, 140 S. Ct. at 1370.

88. See *Heckler v. Chaney*, 470 U.S. 821, 839 (1985) (Brennan, J., concurring) (“It may be presumed that Congress does not intend administrative agencies, agents of Congress'[s] own creation, to ignore clear jurisdictional, regulatory, statutory, or constitutional commands . . .”).

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

90. H.R. REP. NO. 112-98, pt. 1, at 47–48 (2011); see also *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1377 (Fed. Cir. 2018) (O'Malley, J., concurring) (“[The one-year bar provision] codifies one of the ‘important procedural rights’ that Congress chose to afford patent owners in the IPR context.” (quoting *Lindahl v. Off. of Pers. Mgmt.*, 470 U.S. 768, 791 (1985)), *abrogated by Thryv*, 140 S. Ct. at 1367)).

91. *Wi-Fi One*, 878 F.3d at 1374 (“The time bar is not merely about preliminary procedural requirements that may be corrected if they fail to reflect real-world facts, but about real-world facts that limit the agency’s authority to act under the IPR scheme.”). A final written decision that reaches a final merits decision on the claims makes it clear whether “there [was] a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition” at the petition stage. See 35 U.S.C. § 314(a). This is similar to a denial of a motion to dismiss for failure to state a claim. 15A CHARLES ALAN WRIGHT, ARTHUR R. MILLER & EDWARD H. COOPER, FEDERAL PRACTICE AND PROCEDURE § 3905.1 (2d ed. 2021) (“Failure to plead adequately a claim that in fact is proved at trial should not warrant reversal.”).

agency to ignore statutory errors with impunity, *Thryv*'s holding highlighted the flaws of the *Cuozzo* decision that may not have been clear at the time *Cuozzo* was issued.

The Federal Circuit's *Windy City* decision demonstrates how the second and third problems with *Thryv* interact. In *Windy City*, Facebook, Inc. petitioned the PTAB for review of a number of claims in patents owned by Windy City Innovations, LLC.<sup>92</sup> The Board instituted the requested IPR.<sup>93</sup> Facebook then filed two additional IPR petitions asserting that more claims needed to be reviewed in those same Windy City patents.<sup>94</sup> Although the additional IPRs were time-barred under the statute, the PTAB instituted those IPRs and allowed them to be joined to the already pending, timely-filed IPR.<sup>95</sup>

The Federal Circuit recognized that, based on *Thryv*, the statute's nonappealability provision prevented the court from reviewing the PTAB's decision to institute the time-barred IPRs.<sup>96</sup> Yet based on *Thryv*'s interpretation of *SAS*, the court decided that the joinder decision is a reviewable challenge to "already-instituted IPRs."<sup>97</sup> The court then held that the PTAB is not allowed to join the same party (i.e., Facebook) with new issues (i.e., newly challenged claims) to an already pending IPR.<sup>98</sup> The court vacated the Board's final written decisions with respect to the newly added claims and remanded to the Board to reconsider its institution decisions in the time-barred IPRs.<sup>99</sup>

This strange outcome makes it plain how contrived the reasoning in *SAS* and *Thryv* really was. It appears that the Federal Circuit in *Windy City* believed that the PTAB acted outside of its scope of authority when it instituted the time-barred IPRs.<sup>100</sup> But instead of simply stating that and deinstitutioning the proceedings, the *Thryv* and *SAS* framework forced the court to characterize the problem as review of already-instituted IPRs (like in *SAS*) instead of an issue of institution (as in *Thryv*).<sup>101</sup> Ultimately, this legal sleight of hand probably created only a trivial hiccup for the PTO because *Thryv* theoretically allows the agency to go back and institute those untimely Facebook IPRs without joinder, with no legal

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92. Facebook, Inc. v. Windy City Innovations, LLC, 973 F.3d 1321, 1325 (Fed. Cir. 2020).

93. *Id.*

94. *Id.*

95. *Id.*

96. *Id.* at 1331.

97. *Id.* at 1332 (quoting Cross-Appellant's Supplemental Brief in Response to the Court's Order of April 30, 2020 at 10, Facebook, Inc. v. Windy City Innovations, LLC, 973 F.3d 1321 (Fed. Cir. 2020) (Nos. 2018-1400, 2018-1401, 2018-1402, 2018-1403, 2018-1537, 2018-1540, 2018-1541), 2020 WL 3169493).

98. *Id.* at 1333.

99. *Id.* at 1339.

100. *See id.* at 1338–39.

101. *Id.* at 1332 ("[U]nlike the challenges raised in . . . *Thryv*, which specifically sought review of petitions that the Board had instituted and the decisions to instate those petitions, . . . Windy City's appeal of the Board's joinder decisions is more like the reviewable challenge in *SAS*, which concerned whether the PTO had exceeded its statutory authority as to the manner in which the already-instituted IPR proceeded.").

consequence. The institution framework thus created legal acrobatics instead of practical case law. The PTO is now also forced to play this game, trying to frame every regulation and PTO practice as related to an institution decision to avoid judicial review.<sup>102</sup>

In sum, with the scenario created by the development of the institution trio, all logic has left the building. Courts cannot easily review agency action that exceeds statutory authority, and the Agency has arbitrarily lost its ability to make decisions about its own efficient resource allocation. This hardly seems functional or in line with what Congress intended.

#### IV. A NEW (BETTER) APPROACH TO INSTITUTION REVIEW

The Supreme Court's decisions in the institution trio became progressively more unmoored from congressional intent and the realities of how administrative agencies function. Part of the problem is that the statute and legislative history do not provide a clear answer as to the scope of the nonappealability provision, as detailed in Section IV.A below. But, as explained in Section IV.B, the functional approach advocated in *Heckler* helps bridge this gap and provide a practical solution to this murky area.

##### A. UNCERTAINTY IN THE TEXTUALIST-INTENTIONALIST APPROACH

Justice Breyer, the author of the majority opinion in *Cuozzo*, typically favors practical and functional approaches based on textualism, legislative history, and common sense.<sup>103</sup> In other cases dealing with the PTAB, including his most recent dissent in *United States v. Arthrex*, he has advocated for “a functional . . . rather than a formalist, judicial-rules-based approach.”<sup>104</sup> He has argued that the Court needs to “take account of, and place weight on, why Congress enacted a particular statutory limitation” and to “consider the practical consequences that are likely to follow from Congress[s] chosen scheme.”<sup>105</sup> In his *SAS* dissenting opinion, Justice Breyer advocated for a presumption that Congress intended to “create[ ] . . . a well-functioning statutory scheme” and for consideration of what “hypothetical reasonable legislator[s] . . . would likely have intended.”<sup>106</sup>

Yet Justice Breyer's *Cuozzo* opinion, and the blowback that followed in *SAS* and *Thryv*, merely led to confusion and dysfunction. Surely “a well-functioning statutory scheme” would consider the respective roles of

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102. Saurabh Vishnubhakat, *The Porous Court-Agency Border in Patent Law*, 51 AKRON L. REV. 1069, 1079–80 (2017).

103. Miles & Sunstein, *supra* note 51, at 828 n.15 (noting Justice Breyer has argued that “overemphasis on text can lead courts astray, divorcing law from life,” and has advocated for “a purposive approach to statutory interpretation” (quoting STEPHEN BREYER, *ACTIVE LIBERTY: INTERPRETING OUR DEMOCRATIC CONSTITUTION* 85–101 (2005))).

104. *United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1995 (2021) (Breyer, J., concurring in the judgment in part and dissenting in part).

105. *Id.*

106. *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1364 (2018) (Breyer, J., dissenting).

the agency and the courts in administering a new statute. Yet none of the institution trio decisions really grappled with this head-on.

Instead, the institution trio opinions read too much (or too little, in the case of *SAS*) into a sparse legislative history of the nonappealability provision and twisted the law to achieve some desired outcome—be it greater or lesser judicial scrutiny of agency action. But there was no discussion in the legislative history about what types of judicial review Congress anticipated with respect to institution. Examination of the text and the general congressional discussions related to the AIA provide only broad strokes of what Congress intended: to give the PTO more discretion while leaving certain guardrails in place to prevent abuse.<sup>107</sup>

### 1. *Text*<sup>108</sup>

The text of the nonappealability provision does not seem ambiguous on its face: “The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.”<sup>109</sup> It seems clear that a party may not appeal the Director’s choice to institute or not institute an IPR.

But what is the scope of the Director’s “determination”? Did Congress really mean that at no point in time can any decision that leads to the “determination” ever be judicially reviewed? At least two plausible readings of the statute have been proposed. Justice Alito proposed one alternative textualist reading in his dissent in *Cuozzo*. He pointed out that the statute does not say the Director’s determination is unreviewable, just

107. See generally 35 U.S.C. § 314; H.R. REP. NO. 112-98, pt. 1, at 38–56 (2011).

108. The text of the relevant provisions are as follows:

35 U.S. Code § 312—Petitions

(a) **Requirements of Petition.**—A petition filed . . . may be considered only if . . .

(3) the petition identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim . . .

35 U.S.C. § 314—Institution of inter partes review

(a) **Threshold.**—The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition. . . .

(d) **No Appeal.**—The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.

35 U.S.C. § 315—Relation to other proceedings or actions

(b) **Patent Owner’s Action.**—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. . . .

35 U.S.C. § 318—Decision of the Board

(a) **Final Written Decision.**—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 . . . .

109. § 314(d).

unappealable.<sup>110</sup> He argued that the underlying institution decision could be reviewed in an appeal from the final written decision by the Board.<sup>111</sup> In an alternative reading, in *Wi-Fi One* (later abrogated by *Thryv*), the Federal Circuit emphasized that the nonappealability provision says “determination . . . under this section” and decided that the language was accordingly limited to the reasonable likelihood threshold determination listed in the same section of the statute.<sup>112</sup>

Both of these readings provide unsatisfying solutions. Neither considers legislative history or congressional intent, instead emphasizing the presumption of judicial *in vacuo*.<sup>113</sup> The *Wi-Fi One* reading leaves little discretion in the hands of the agency, which Congress intended to expand with the AIA.<sup>114</sup> Further, Justice Alito’s reading makes the nonappealability provision all but superfluous in most contexts,<sup>115</sup> and provides no guidance on the partial institution question in *SAS* nor any theoretical rationale justifying the unreviewability of institution denials that would result from his interpretation.

The broader statutory context provides more insight but is hardly definitive. For example, the current statute specifies various requirements that must be met if an IPR is instituted (e.g., the one-year bar, reasonable likelihood threshold, etc.) but specifies nothing about when an IPR can be *denied*. This may hint at Congress’s intent that the PTAB has more discretion to deny institution than when it chooses to institute. Although a desire to curb agency discretion can hint at congressional intent for availability of judicial review,<sup>116</sup> this is indirect evidence at best.

110. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2151 (2016) (Alito, J., concurring in part and dissenting in part).

111. *Id.* This approach would only work to the extent the questions in the preliminary decision have not been mooted during the proceeding. *See* 15A WRIGHT ET AL., *supra* note 91 (“Failure to plead adequately a claim that in fact is proved at trial should not warrant reversal.”).

112. *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1372 (Fed. Cir. 2018), *abrogated by* *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367 (2020) (emphasis in original). For another example of such “extremely strained” reading of similar statutory language in the environmental context, see Robert L. Glicksman, *Federal Preemption and Private Legal Remedies for Pollution*, 134 U. PA. L. REV. 121, 162 (1985) (“[T]he Court construed the savings clause to mean only that nothing ‘in this section’—that is, the citizen suit provisions of the statute—preempted the federal common law of nuisance. The majority opinion concluded, however, that the rest of the statute was intended to have such a preemptive effect.” (footnote omitted) (citing *City of Milwaukee v. Illinois*, 451 U.S. 304, 328–29 (1981))).

113. *Wi-Fi One*, 878 F.3d at 1367 (“To overcome this presumption, Congress must clearly and convincingly indicate its intent to prohibit judicial review. We find no clear and convincing indication of such congressional intent.”); *Cuozzo*, 136 S. Ct. at 2151 (Alito, J., concurring in part and dissenting in part) (“As I have explained, the statute’s text does not require [the majority’s] conclusion [of reviewability].” (emphasis added)).

114. *See infra* Section IV.A.2.

115. *Cuozzo*, 136 S. Ct. at 2140 (“The Administrative Procedure Act already limits review to final agency decisions . . . . And the agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion. So, read as limited to such preliminary and discretionary decisions, the ‘No Appeal’ provision would seem superfluous.” (internal citations omitted)).

116. *Heckler v. Chaney*, 470 U.S. 821, 834–35 (1985) (“If [Congress] has indicated an intent to circumscribe agency enforcement discretion, and has provided meaningful stan-

Statutory language from prior post-grant PTO proceedings also provides a mostly murky picture but shows some chronological progression towards granting the PTO more discretion and more shielding from judicial review—especially with respect to the merits threshold and denial of institution. The *ex parte* reexamination (reexam) from 1980 *required* the Director to institute a reexamination if a merits threshold was met.<sup>117</sup> But his determination that a merits threshold was *not* met was made “final and nonappealable.”<sup>118</sup> Therefore, in this early proceeding, judicial review of the merits threshold question was still allowed if reexam was instituted (but not when it was denied).

In 1999, Congress created a new proceeding: the *inter partes* reexam.<sup>119</sup> This proceeding, the predecessor to IPRs, was replaced by IPRs in the AIA.<sup>120</sup> *Inter partes* reexam still mandated institution upon meeting of a substantive threshold<sup>121</sup> but expanded the category for what is nonappealable. In this newer proceeding, the Director’s finding of *whether or not* the substantive threshold was met was “final and nonappealable.”<sup>122</sup> Congress therefore expanded the Director’s non-reviewable discretion. While both reexam proceedings prohibited review of a *denial* of institution based on the substantive threshold, the later *inter partes* reexam also prohibited review of a *grant* of institution based on that threshold inquiry.<sup>123</sup>

In 2011, Congress introduced the IPR proceeding and enacted a new nonappealability provision for it. The new proceeding did not require the Director to institute review when the threshold was met, providing the

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dards for defining the limits of that discretion, . . . [then] courts may require that the agency follow that law . . . .”).

117. Brief for the Respondent in Opposition at 2, *Cuozzo*, 136 S. Ct. 2131 (No. 15-446), 2015 WL 8621635; 35 U.S.C. § 303(a) (“[F]ollowing the filing of a request for reexamination . . . the Director will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request . . . .”); § 304 (“If . . . the Director finds that a substantial new question of patentability affecting any claim of a patent is raised, the determination *will include* an order for reexamination of the patent for resolution of the question.” (emphasis added)).

118. 35 U.S.C. § 303(c) (“A determination by the Director pursuant to subsection (a) of this section that no substantial new question of patentability has been raised will be final and nonappealable.”).

119. Brief for the Respondent in Opposition, *supra* note 117, at 2.

120. *Id.* at 3.

121. 35 U.S.C. § 312(a) (“[A]fter the filing of a request for *inter partes* reexamination . . . , the Director shall determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request. . . .”); 35 U.S.C. § 313 (amended 2011) (stating that if the Director finds that “‘a substantial new question of patentability affecting a claim of a patent is raised’, . . . the determination *shall include* an order for *inter partes* reexamination of the patent for resolution of the question.” (emphasis added)).

122. 35 U.S.C. § 312(c) (“A determination by the Director *under subsection (a)* shall be final and non-appealable.” (emphasis added)); *see also* Callaway Golf Co. v. Kappos, 802 F. Supp. 2d 678, 685 (E.D. Va. 2011) (“Section 312(c) . . . exempts from judicial review the PTO’s substantive determination that a reexamination application raises ‘a substantial new question of patentability.’”).

123. 35 U.S.C. § 312(c).

PTO with even more discretion to allocate resources.<sup>124</sup> Congress therefore chose broader language of what's not appealable—"the determination by the Director *whether to institute* an inter partes review under this section shall be final and nonappealable"—to reflect the fact that institution was no longer solely a question of the merits threshold.<sup>125</sup> In contrast, the earlier inter partes reexam had only made the "determination by the Director *under subsection (a)* [establishing the merits threshold] . . . final and non-appealable."<sup>126</sup>

Thus, because the Director was not required to institute an IPR every time the threshold was met, the new IPR proceedings, for the first time, allowed the Director to consider factors other than the merit of the petition in *rejecting* a petition. In fact, Congress provided no guidance as to what reasons the Director should consider in a denial. For example, in theory, the Director could reject a petition because of PTO congestion. This increased discretion supports the theory that Congress intended to curtail judicial review with respect to IPR institution *denials*. Moreover, based on the prior inter partes reexam procedure, Congress did not seem to want the courts to review the Director's preliminary merits threshold finding, regardless of whether review was instituted or not.<sup>127</sup>

But what about all the statutory requirements Congress specified for *granting* institution (e.g., petition specificity, one-year bar, etc.)? In previous proceedings, Congress had only expressly addressed judicial review of the substantive threshold. Did Congress, in the new IPR proceeding, intend to exclude (for the first time ever) review of other statutory defects in a decision granting institution? That is a bigger leap in curtailing judicial review compared to previous proceedings.

With the ambiguity in the scope of the IPR nonappealability provision and the limited clues provided by the statutory requirements of prior post-grant PTO proceedings, the textual arguments hit a dead end.

## 2. Legislative History

The legislative history, like the legislative text, evidences a general intent towards granting the PTO more discretion but without clarifying its scope and without explicitly addressing judicial review. Congress recognized the PTO's limited resources and need to sometimes turn away even meritorious petitions in the interest of efficiency and timeliness.<sup>128</sup> Thus,

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124. 35 U.S.C. § 314(a) ("The Director may not authorize an inter partes review to be instituted *unless . . .*" (emphasis added)).

125. 35 U.S.C. § 314(d) (emphasis added).

126. 35 U.S.C. § 312(c) (emphasis added).

127. This may, however, be an unimportant form of discretion in the case of an instituted IPR. See *infra* Section V.B.1 (discussing that the merits question will often be mooted by a later, final decision).

128. 157 CONG. REC. S1377 (daily ed. Mar. 8, 2011) (statement of Sen. Jon Kyl) ("[I]t is better that the Office turn away some petitions that otherwise satisfy the threshold for instituting an inter partes or post-grant review than it is to allow the Office to develop a backlog of instituted reviews that precludes the Office from timely completing all proceed-

there is evidence Congress intended to increase the discretion of (and likely limit judicial review of) the PTO in denying petitions.

At the same time, Congress had concerns about potential abuse of the IPR process to harass patent owners,<sup>129</sup> and thus imposed a one-year time bar on institution and raised the substantive threshold inquiry for institution (higher than the level of reexam proceedings).<sup>130</sup> Do these requirements limiting PTO discretion imply that Congress intended to increase the scope of judicial review? Or did Congress instead intend for the PTO to police itself through greater regulation authority (instead of imposing judicial review)?<sup>131</sup> All we can surmise is that Congress appears to have had some awareness of the limitations of an agency to internally reduce abuses, aiming to “move us *toward* a patent system that is objective, transparent, clear, and fair to all parties” with the passage of the AIA.<sup>132</sup>

Overall, the statutory text and legislative history suggest that Congress intended to empower the PTO with greater ability to make decisions regarding IPRs and their institution. Yet there are also indications that Congress did not intend to give the PTO unbridled, unreviewable power.

The traditional administrative law approach under the *Heckler* doctrine (discussed next) can provide a more pragmatic and functional interpretation of the nonappealability provision using these insights from congressional intent while also considering the respective roles of the courts and the administrative agencies in the administration of statutory schemes.

## B. CLARITY FROM THE *HECKLER* DOCTRINE

### 1. *Tradition of Mandamus in Administrative Law*

Long before *Heckler*, traditional administrative law doctrine supported the idea that courts should have only a limited role in forcing agencies to act. In other words, courts provided agencies with a looser leash when it came to *inaction* than *action*. The Administrative Procedure Act (APA), first passed in 1946 and meant to govern the procedures of administrative agencies, explicitly distinguished between the circumstances when a court can “compel agency action” and when a court can “hold unlawful and set

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ings.”); H.R. REP. NO. 112-98, pt. 1, at 48 (2011) (discussing “the purpose of the [post-grant review proceeding statute] as providing quick and cost effective alternatives to litigation”).

129. S. REP. NO. 111-18, at 16 n.79 (2009) (“The minority draws heavily on the possibility that *inter partes* reexamination can be used as a tool for abuse by infringers to harass patent owners. The Committee is concerned about the potential for abuse and, therefore, specifically directed the USPTO, in promulgating rules for the new first-window, to prevent such misuse.”).

130. See H.R. REP. NO. 112-98, pt. 1, at 164–65 (2011) (commenting that both provisions “are motivated by assertions that the *inter partes* procedure may be abused to harass patent owners and interfere with the enforcement of valid patents”).

131. S. REP. NO. 111-18, at 18 (2009) (“[T]he Committee intends for the USPTO to address potential abuses and current inefficiencies under its expanded procedural authority.”).

132. 157 CONG. REC. S1380 (daily ed. Mar. 8, 2011) (emphasis added) (statement of Sen. Jon Kyl).

aside agency action.”<sup>133</sup>

Even before Congress had passed the APA, there had already been a long history of mandamus law that influenced how Congress viewed judicial review of agency action and inaction.<sup>134</sup> Judicial practice before the APA, which the APA attempted to codify, did not “empower a court to [use its mandamus powers to] substitute its discretion for that of an administrative agency and thus exercise administrative duties.”<sup>135</sup> “[A] court may [have] require[d] an agency to take action [i.e., make a decision] upon a matter, without directing how it shall act.”<sup>136</sup> The Supreme Court has since confirmed that the “APA did not significantly alter the ‘common law’ of judicial review of agency action.”<sup>137</sup>

## 2. Heckler’s Reasoning

In *Heckler v. Chaney*, the Supreme Court simply applied this traditional view of judicial review of agency action.<sup>138</sup> In that case, “several prison inmates . . . sentenced to death . . . petitioned the Food and Drug Administration (FDA)” to prevent the use of lethal injection drugs for capital punishment because they were not approved for this purpose under their labeling.<sup>139</sup> The FDA refused, and the inmates asked the courts to compel the agency to take enforcement action under the relevant statute.<sup>140</sup> Although the D.C. Circuit sided with the inmates, agreeing that the “FDA’s refusal to take enforcement actions [was] both reviewable and an abuse of discretion,”<sup>141</sup> the Supreme Court reversed.<sup>142</sup>

In this case, the statute did not address the issue of judicial review, rendering inapplicable 5 U.S.C. § 701(a)(1) of the APA, which prevents judicial review when a “statute[ ] preclude[s] judicial review.”<sup>143</sup> However, the Supreme Court explained that a presumption of judicial unreviewability of agency action can occur even when Congress has not expressly precluded review under the statute.<sup>144</sup> An agency action can still be “committed to agency discretion by law” under 5 U.S.C. § 701(a)(2) “if the statute is drawn so that a court would have no mean-

133. 5 U.S.C. § 706.

134. U.S. DEP’T OF JUST., ATTORNEY GENERAL’S MANUAL ON THE ADMINISTRATIVE PROCEDURE ACT 108 (1947) (noting judicial provisions of the APA were intended to be a restatement of existing judicial practice prior to the enactment of the APA).

135. *Id.*

136. *Id.*

137. *Heckler v. Chaney*, 470 U.S. 821, 832 (1985) (quoting 5 KENNETH CULP DAVIS, ADMINISTRATIVE LAW TREATISE § 28:5 (2d ed. 1984)).

138. *See id.*

139. *Id.* at 823.

140. *Id.* at 823–24.

141. *Id.* at 823.

142. *Id.* at 827.

143. *Id.* at 828 (citing 5 U.S.C. § 701(a)(1)).

144. *Id.* at 828, 830 (distinguishing 5 U.S.C. § 701(a)(1)’s effect of barring review “when Congress has expressed an intent to preclude judicial review” from § 701(a)(2), which precludes review where “agency action is committed to agency discretion by law”).

ingful standard against which to judge the agency's exercise of discretion."<sup>145</sup> The Supreme Court explained that, in particular, "an agency's decision not to prosecute or enforce, whether through civil or criminal process, is a decision generally committed to an agency's absolute discretion."<sup>146</sup>

The Court then proceeded to explain why an agency's decision not to prosecute or enforce "has traditionally been 'committed to agency discretion.'"<sup>147</sup> First, congressional intent seems to play a role. Congress can choose to provide "a meaningful standard" for judicial review of agency discretion in the statute, but failing to provide such a standard makes it "impossible [for courts] to evaluate [the] agency action."<sup>148</sup> The Court explained that this more typically occurs with agency inaction, rather than when there is an "affirmative act . . . [by an agency] under a statute that set[s] clear guidelines for determining when such [action] should be [taken]."<sup>149</sup>

A second consideration is that of institutional competence. The Court emphasized that if Congress does not provide a standard for review of agency discretion, the courts may not be "the most appropriate body to police . . . [an agency's] performance."<sup>150</sup> In the case of agency inaction, "an agency decision not to enforce [the statute] often involves a complicated balancing of a number of factors which are peculiarly within its expertise."<sup>151</sup> Such factors include: (1) a substantive assessment of the violation, (2) "whether agency resources are best spent on this violation or another," (3) "whether the agency is likely to succeed if it acts," (4) "whether the particular enforcement action requested best fits the agency's overall policies, and," (5) "whether the agency has enough resources to undertake the action at all."<sup>152</sup> Agencies are "far better equipped than the courts" in weighing these factors and prioritizing accordingly.<sup>153</sup> A third consideration of the courts appears to be a separation of powers argument:

Finally, we recognize that an agency's refusal to institute proceedings shares to some extent the characteristics of the decision of a prosecutor in the Executive Branch not to indict—a decision which has long been regarded as the special province of the Executive Branch, inasmuch as it is the Executive who is charged by the Constitution to

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145. *Id.* at 830.

146. *Id.* at 831.

147. *Id.* at 832 (quoting 5 U.S.C. § 701(a)(2)).

148. *Id.* at 830; *see also id.* at 834–35 ("If [Congress] has indicated an intent to circumscribe agency enforcement discretion, and has provided meaningful standards for defining the limits of that discretion, . . . [then] courts may require that the agency follow that law; if it has not, then an agency refusal to institute proceedings is a decision 'committed to agency discretion by law' within the meaning of that section.").

149. *Id.* at 831 ("Refusals to take enforcement steps generally involve precisely the opposite situation . . .").

150. *Id.* at 834.

151. *Id.* at 831.

152. *Id.*

153. *Id.* at 831–32.

“take Care that the Laws be faithfully executed.”<sup>154</sup>

However, “the presumption [of unreviewability] may be rebutted where the substantive statute has provided guidelines for the agency to follow in exercising its enforcement powers.”<sup>155</sup> Therefore, “[i]f [Congress] has indicated an intent to circumscribe agency enforcement discretion, and has provided meaningful standards for defining the limits of that discretion, . . . [then] courts may require that the agency follow that law . . . .”<sup>156</sup>

*Heckler* also discusses situations when an agency chooses to act. According to the Court’s discussion in *Heckler*, a decision to act is generally an “exercise [of an agency’s] coercive power over an individual’s liberty or property rights,” which “infringe[s] upon areas that courts often are called upon to protect.”<sup>157</sup> Affirmative agency action also “provides a focus for judicial review . . . to determine whether the agency exceeded its statutory powers.”<sup>158</sup> Agency inaction, as explained above, often lacks such criteria.

### 3. *Applying the Reasoning to Institution Trio*

How is *Heckler* applicable in the IPR institution context? There are at least three characteristics of the IPR institution context that seem to facially distinguish *Heckler*. First, IPRs are technically not enforcement actions. Second, there is express statutory language addressing judicial review for IPRs, unlike in *Heckler*. Third, *Heckler* appears, at least at first blush, to have limited applicability in scenarios where an agency has chosen to act.

Yet *Heckler*’s broad, functional language and pragmatic considerations can be applicable in contexts beyond its factual underpinnings. First, although IPRs are not enforcement actions per se, they involve many of the same considerations for an agency. For enforcement, agencies have to decide how to use limited resources to investigate statutory or regulatory violations and prosecute offenders. Likewise, the PTO has to decide how to use limited resources to determine whether a patent (or a portion thereof) has a reasonable likelihood of being invalid under the relevant statute and whether to proceed with an involved trial-like proceeding to make that patent unenforceable as a legal right. Thus, both types of actions involve “judgments that are at the core of the executive power and beyond the competence of courts.”<sup>159</sup> *Heckler*’s focus on institutional competence and the role of the Executive Branch is thus relevant in both contexts.

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154. *Id.* at 832 (quoting U.S. CONST. art. II, § 3).

155. *Id.* at 832–33.

156. *Id.* at 834–35.

157. *See id.* at 832 (emphasis omitted).

158. *Id.*

159. ROBERT L. GLICKSMAN & RICHARD E. LEVY, ADMINISTRATIVE LAW: AGENCY ACTION IN LEGAL CONTEXT 953 (3d ed. 2020).

Then-Judge Scalia also believed that *Heckler*'s teachings extended beyond the enforcement context to other agency decisions dealing with resource allocation, such as "allocation of grant funds among various eligible recipients."<sup>160</sup> He wrote, "[s]uch an allocation of available funds shares with agency decisions not to prosecute what the Supreme Court has called in the latter context a 'general unsuitability for judicial review,' because it 'often involves a complicated balancing of a number of factors which are peculiarly within [the agency's] expertise.'"<sup>161</sup>

The fact that an express nonappealability provision is present in the IPR context should also not necessarily bar the application of *Heckler*. *Heckler* bases its unreviewability presumption on 5 U.S.C. § 701(a)(2), which precludes review under the APA if "agency action is committed to agency discretion by law."<sup>162</sup> As *Heckler* explains, § 701(a)(1) applies "when Congress has expressed an intent to preclude judicial review" while (a)(2) applies "where Congress has not affirmatively precluded review, [but] review is not to be had if the statute is drawn so that a court would have no meaningful standard against which to judge the agency's exercise of discretion."<sup>163</sup> This broad language may indicate that *Heckler*'s reasoning of § 701(a)(2) applies "when congressional instructions are unclear."<sup>164</sup> For example, in *Webster v. Doe*,<sup>165</sup> Congress had arguably expressed its intention to preclude judicial review by allowing "[t]he Director of Central Intelligence . . . in his discretion, [to] terminate the employment of any officer."<sup>166</sup> Yet the Supreme Court found that "[t]his standard fairly exudes deference to the Director, and appears . . . to foreclose the application of any meaningful judicial standard of review."<sup>167</sup> Justice Scalia's concurrence in the case went even further, suggesting that *Heckler* may have implied that § 701(a)(2) is actually meant to preclude review of all "issues and . . . areas that [a]re beyond the range of judicial review."<sup>168</sup> Whatever the true proper scope of § 701(a)(2) may be, these arguments do seem to indicate that *Heckler* may be applicable even in contexts where there is a judicial review provision but where Congress's intention is nevertheless unclear, as in the case with IPR institution.<sup>169</sup>

Finally, can *Heckler* be useful in deciding questions related to the reviewability of an agency's decision *to act*? For example, can we still look

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160. *Cal. Hum. Dev. Corp. v. Brock*, 762 F.2d 1044, 1052 (D.C. Cir. 1985) (Scalia, J., concurring).

161. *Id.* (alteration in original) (citation omitted) (quoting *Heckler*, 470 U.S. at 831).

162. *Heckler*, 470 U.S. at 832–33 (citing 5 U.S.C. § 701(a)(2)).

163. *Id.* at 830.

164. STEPHEN G. BREYER, RICHARD B. STEWART, CASS R. SUNSTEIN, ADRIAN VERMEULE & MICHAEL E. HERZ, *ADMINISTRATIVE LAW AND REGULATORY POLICY: PROBLEMS, TEXT, AND CASES* 804 (8th ed.).

165. 486 U.S. 592 (1988).

166. *Id.* at 594 (emphasis added) (quoting 50 U.S.C. § 403(c)).

167. *Id.* at 600.

168. *Id.* at 608 (Scalia, J., dissenting).

169. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (citing 5 U.S.C. § 701(a)(2)—but not (a)(1)—in arguing that "the agency's decision to deny a petition is a matter committed to the Patent Office's discretion").

to *Heckler* to decide to what extent judicial review of the PTO *decision to institute* an IPR is appropriate? Once an agency has chosen to proceed with enforcement (or with an IPR proceeding), it seems that the Supreme Court would look to the general APA presumption of reviewability, as expressed in *Mach Mining, LLC v. EEOC*.<sup>170</sup> But what about the analysis the agency has to perform in order to decide to proceed? That seems to be a bit of a gray area. On the one hand, one could simply apply the *Mach Mining* presumption of reviewability and decide whether it is rebutted by the statutory language and structure.<sup>171</sup> On the other hand, this type of preliminary agency decision may still implicate some of the considerations *Heckler* weighed against congressional intent, such as institutional competence and the proper role of the Executive Branch. Thus, *Heckler*'s reasoning may still have relevance (and additional insights) in determining the proper scope of judicial review in preliminary agency decisions to proceed with enforcement (or an IPR proceeding).

In all, *Heckler* provides a common-sense, functional approach meant to exploit the respective competencies of the three branches of government, while attempting to maintain “a well-functioning statutory scheme.”<sup>172</sup> Therefore, *Heckler*'s considerations of congressional intent, institutional competence, and separation of powers in distinguishing reviewability of agency action and inaction provide the much-needed functional and pragmatic rubric for construing the AIA's IPR nonappealability provision.

In terms of congressional intent, *Heckler* provides a simple presumption—did Congress provide “a meaningful standard” for judicial review of agency discretion? In terms of denial of institution, it is clear Congress provided few guideposts. There is no mandate to institute an IPR and no criteria in the statute about when denial is appropriate: “The Director may not authorize an inter partes review to be instituted *unless* . . . .”<sup>173</sup> Under *Heckler*, it would appear that the denial of IPR institution is “a decision generally committed to an agency's absolute discretion.”<sup>174</sup>

Even more clarity can be gleaned from *Heckler* once institutional competence is considered. When the PTO declines review, it may be considering a variety of factors, including factors contemplated by Congress in a related context: the “effect of [the agency decision] on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted.”<sup>175</sup> Just as in *Heckler*, here the courts may not be “the most appropriate body to police” this type of decision-making process.<sup>176</sup> Therefore,

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170. 575 U.S. 480, 486 (2015) (“[T]his Court applies a ‘strong presumption’ favoring judicial review of administrative action.” (quoting *Bowen v. Mich. Acad. Fam. Physicians*, 476 U.S. 667, 670 (1986))).

171. *Id.* (“[The presumption] fails when a statute's language or structure demonstrates that Congress wanted an agency to police its own conduct.”).

172. *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1364 (2018) (Breyer, J., dissenting).

173. 35 U.S.C. § 314(a) (emphasis added).

174. *Heckler v. Chaney*, 470 U.S. 821, 831 (1985).

175. 35 U.S.C. § 316(b) (providing considerations of when the agency should regulate).

176. *Heckler*, 470 U.S. at 834.

SAS was plainly wrong in forcing the agency to institute on all grounds. The agency is generally much more aware of facts on the ground, and Congress intended the PTO to make such case-specific resource allocation decisions.<sup>177</sup>

Finally, the separation of powers consideration is strong with respect to IPR denials. The PTO is an executive agency, and consideration of the policies of the current administration may be part of its decision of how to allocate resources. The courts should hardly interfere with this “special province of the Executive Branch” without any guideposts.<sup>178</sup>

In contrast, when the PTO does institute review, the congressional intent considerations point the other way. Congress provided a variety of statutory limitations: the one-year time bar, the reasonable likelihood threshold, and other requirements for petitions.<sup>179</sup> Whether one looks to *Mach Mining* or *Heckler*, it seems clear that Congress intended to limit agency exercise of its discretionary power here. As *Heckler* states, “[Congress] has indicated an intent to circumscribe agency enforcement discretion, and has provided meaningful standards for defining the limits of that discretion, . . . [then] courts may require that the agency follow that law . . . .”<sup>180</sup> Though *Heckler* was specifically referring to the context of an agency’s decision not to enforce, its reasoning regarding congressional intent aligns with *Mach Mining*, which was not so limited.<sup>181</sup> Of course, review of all these requirements may not necessarily be appropriate in view of other statutory text (i.e., rebutting any presumption),<sup>182</sup> but the decision in *Heckler* (as it aligns with *Mach Mining*) at least helps to orient the Court in the right direction in terms of congressional intent.

Yet *Heckler* can provide more guidance than *Mach Mining* because it does not focus solely on congressional intent.<sup>183</sup> *Heckler* also reasons that once the PTO makes the decision to commit resources and institute an

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177. See Eric Biber, *Two Sides of the Same Coin: Judicial Review of Administrative Agency Action and Inaction*, 26 VA. ENV'T. L.J. 461, 478 (2008) (noting a decision not to act implicates resource allocation more than a decision to act); see also *Heckler*, 470 U.S. at 839 (Brennan, J., concurring) (“Individual, isolated nonenforcement decisions, however, must be made by hundreds of agencies each day. It is entirely permissible to presume that Congress has not intended courts to review such mundane matters, absent either some indication of congressional intent to the contrary . . .”).

178. *Heckler*, 470 U.S. at 832.

179. See 35 U.S.C. §§ 312(a), 314(a), 315(b).

180. *Heckler*, 470 U.S. at 834–35.

181. Other legal theories, such as those considering collective action problems and agency capture, also support the notion that when meaningful statutory standards are provided, courts are traditionally expected to defer less to agency discretion. See, e.g., Eric Biber, *The Importance of Resource Allocation in Administrative Law*, 60 ADMIN. L. REV. 1, 40 (2008) (“[A]gency failures to implement regulatory statutes may be the result of asymmetries in the ability of regulatory subjects and regulatory beneficiaries to monitor and influence the political process. Thus, in order to counterbalance those asymmetries, at least in the most egregious situations, courts should uphold clear, specific congressional requirements for agencies to act.”).

182. See *infra* Section V.B.1 (discussing that it is not clear whether Congress wanted the courts to review the reasonable likelihood threshold).

183. See *supra* text accompanying notes 170–71 (discussing the applicability of *Heckler* in this context).

IPR, and to use its coercive power to potentially deprive a person of a patent right, the argument for deference is much weaker.<sup>184</sup> Now the PTO is in an “area[] that courts often are called upon to protect.”<sup>185</sup> Moreover, in terms of *Heckler*’s consideration of comparative institutional competence, the courts may be better equipped than the agency to decide novel legal questions that arise at the institution stage, such as those related to the one-year bar, like when was a complaint filed in civil court, who the real parties in interest are, or whether Congress meant to effectuate the one-year bar in joinder decisions.

In fact, the PTAB has shown a discomfort with such legal analysis. In the PTAB decision underlying *Thryv*, the Board simply cited Federal Circuit caselaw—with a single sentence and without any further analysis—in holding that a voluntary dismissal of a civil case does not trigger the time bar.<sup>186</sup> In view of this discomfort and the PTO’s generally weak position in shaping patent law,<sup>187</sup> the PTAB should not be the institution that gets the last word on what the statute means in this area (despite *Thryv*’s holding to the contrary). And the courts should not have to contort themselves in order to address these novel legal questions, like the Federal Circuit had to do in *Windy City* in view of *SAS* and *Thryv*.<sup>188</sup>

This is not meant to imply that the courts should entangle themselves in minor, day-to-day operations of the PTO and its institution decisions. For minor questions, such as whether a petition meets the formal requirements (e.g., the issue in *Cuozzo* under 35 U.S.C. § 312(a)), the court can choose not to review those based on the APA’s prejudicial error requirement.<sup>189</sup> As for whether the reasonable likelihood threshold was met upon institution, although the *Heckler* approach does not provide a clean answer here,<sup>190</sup> it is likely that courts will never actually review this preliminary decision of the PTO because it “will be subsumed by the ultimate question whether the challenger *should in fact* prevail” on

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184. See *Heckler*, 470 U.S. at 832.

185. Biber, *supra* note 181, at 10 (quoting *Heckler*, 470 U.S. at 832).

186. See *Oracle Corp. v. Click-to-Call Techs. LP*, No. IPR2013-00312, 2013 WL 11311788, at \*7 (P.T.A.B. Oct. 30, 2013) (“The Federal Circuit consistently has interpreted the effect of such dismissals as leaving the parties as though the action had never been brought.” (first citing *Graves v. Principi*, 294 F.3d 1350, 1356 (Fed. Cir. 2002); and then citing *Bonneville Assocs. v. Barram*, 165 F.3d 1360, 1364 (Fed. Cir. 1999))).

187. Arti K. Rai, *Who’s Afraid of the Federal Circuit?*, 121 *YALE L.J. ONLINE* 335, 336–37 (2011) (“Additionally, the PTO’s relative weakness as an agency cannot be denied. Unlike most agencies with portfolios involving complex technological and scientific problems, the PTO does not have rulemaking authority over the substantive questions that it addresses. The Federal Circuit appears to have taken this lack of rulemaking authority to mean that the PTO is entitled to no deference on any of its views of substantive law or policy (including views that may be expressed in adjudication of individual patents).” (citing *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1294 (Fed. Cir. 2011))).

188. See *supra* Part III.

189. 5 U.S.C. § 706; see also *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2153 (2016) (Alito, J., concurring in part and dissenting in part) (citing 5 U.S.C. § 706) (“[E]rrors that do not cause a patent owner prejudice may not warrant relief.”).

190. See *infra* Section V.B.1 (arguing *Heckler* can “cut both ways” in deciding this question).

appeal.<sup>191</sup>

Overall, the *Heckler* approach explains why *Cuozzo*, *SAS*, and *Thryv* all reached incorrect conclusions if one separately considers agency action and inaction in terms of congressional intent, institutional competence, and separation of powers. A more appropriate and pragmatic approach would have left more discretion to the agency to deny review in *SAS* while allowing courts to review *ultra vires* agency action in *Cuozzo* and *Thryv*. In *Cuozzo*, the Court should have found that judicial review of the PTO institution decision was appropriate, although the outcome of that case—that it was not an error for the PTAB to consider claims that were only implicitly challenged by the petition—may have turned out the same. In *SAS*, the Court should have declined to review the PTO’s practice of partial institution denials. And in *Thryv*, the Court should have reviewed the PTAB’s ruling that the petition was not time-barred.

## V. EVALUATING THE HECKLER APPROACH

### A. PRACTICAL ADVANTAGES

The *Heckler* approach of distinguishing agency action and inaction in IPR institution decisions has a variety of practical advantages. First, it avoids the artificial distinction between institution and final written decisions drawn by *Thryv*. As the *SAS* and *Windy City* decisions plainly demonstrated, that dichotomy is easily manipulated (by the agency and the courts) and has little to do with procedural realities.<sup>192</sup> This leads to unpredictable, results-oriented decisions. Although the action/inaction paradigm may be harder to distinguish in other administrative law contexts,<sup>193</sup> that is not the case here. Judicial review is only appropriate under the *Heckler* approach if (and only to the extent that) an IPR is instituted.<sup>194</sup>

Second, allowing the PTO the freedom to *not* institute parts of a petition would mean it no longer needs to deny large numbers of petitions on procedural grounds to conserve resources, as it has after *SAS*.<sup>195</sup>

Third, the *Heckler* approach, especially the increased discretion for the PTO to deny review, provides for a better balance of institutional interests between individuals, courts, and the agency.<sup>196</sup> Denial of review, where the agency would get most discretion, has the least impact on indi-

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191. *Cuozzo*, 136 S. Ct. at 2153 (Alito, J., concurring in part and dissenting in part).

192. See *supra* Part III; see also notes 91–99 and accompanying text.

193. See *infra* Section V.B.3.

194. I.e., only claims that are instituted should be reviewable.

195. See *Cuozzo*, 136 S. Ct. at 2139–40; U.S. PAT. & TRADEMARK OFF., *supra* note 78, at 52; Brief for the Federal Respondent at 35, *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348 (2018) (No. 16-969), 2017 WL 3948437 (“Granting review of claims that the agency believes have no reasonable likelihood of being invalidated would . . . force the USPTO and the parties to spend time and energy on claims that are unlikely to be affected [in an IPR].”).

196. Harvey Saferstein, *Nonreviewability: A Functional Analysis of “Committed to Agency Discretion,”* 82 HARV. L. REV. 367, 371 (1968) (detailing weighing of institutional interests).

vidual parties. Patent owners would not have their patent rights affected, and patent challengers would still have the district courts as an alternative forum for the challenge. As for the balance between the agency and the courts, the agency would be able to focus resources on the most promising parts of a petition (a task in which it has more expertise than courts).<sup>197</sup> And the Federal Circuit would not have to waste resources reviewing portions of PTO decisions that the agency thought had weak arguments for institution in the first place.<sup>198</sup>

Finally, the approach is more likely to satisfy both wings of the Court than the institution trio by providing more avenues of judicial review of statutory language (to satisfy the Gorsuch wing) while still deferring to agency expertise (as advocated by the Kagan–Breyer camp).<sup>199</sup>

The fact that the Court decided to take on another IPR-related case in 2021—*United States v. Arthrex*<sup>200</sup>—may indicate that it will continue to target the PTO in its administrative law battles. Perhaps a focus on more functional and pragmatic approaches in this area would soften the blow to the PTO’s day-to-day operations while allowing the courts a proper role in constraining agency discretion.

## B. LIMITATIONS

### 1. *The Merits Threshold*

The one major issue that the proposed *Heckler* approach does not resolve is whether Congress intended courts to review, upon institution of an IPR, the PTO’s threshold determination that the petitioner had a reasonable likelihood to prevail on at least one of the claims in the petition.<sup>201</sup> The APA directs the courts to review only final agency actions, and thus the preliminary decision by the PTO would only be reviewable after the final written decision is issued.<sup>202</sup>

*Heckler*, to the extent it applies in this action/inaction gray area,<sup>203</sup> would seem to cut both ways. On the one hand, there is “a meaningful standard” for judicial review—the statutory threshold. On the other hand, such fact-specific, preliminary decisions are best left to the

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197. See Matthew G. Sipe, *Experts, Generalists, Laypeople—and the Federal Circuit*, 32 HARV. J.L. & TECH. 575, 578 (2019) (“[T]he data suggests that the Federal Circuit affirms findings made by the PTAB reliably more often than findings made by district court judges . . .”).

198. See *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1364 (2018) (Breyer, J., dissenting) (“More than that, to read § 318(a) as requiring a ‘final written decision’ in respect to those 15 perhaps frivolous challenges would seem to lead to judicial review of the Board’s decision about those frivolous challenges.”).

199. See *infra* Section V.C.

200. 141 S. Ct. 1970 (2021).

201. See 35 U.S.C. § 314(a).

202. See 5 U.S.C. § 704 (limiting review to final agency decisions); see also *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (“The Patent Office’s decision to initiate inter partes review is ‘preliminary,’ not ‘final.’” (quoting § 704)).

203. See *supra* text accompanying notes 170–71 (describing applicability of *Heckler* in this context).

agency<sup>204</sup> and its superior expertise in such matters.<sup>205</sup> In addition, given that similar decisions were not appealable in related post-grant proceedings,<sup>206</sup> it is likely Congress did not intend for this question to be reviewed by the courts.

No matter the ultimate conclusion, however, the point is largely moot. First, it is rare that the PTAB finds all reviewed claims patentable,<sup>207</sup> which would be the only time one would convincingly question its preliminary decision that there was a likelihood of finding at least one of the claims unpatentable. Second, in that situation, it hardly seems likely that the patentee would be able to appeal the PTAB's decision on the ground that that the IPR should not have been instituted in the first place<sup>208</sup>; “[c]ourts of appeals employ a prudential rule that the prevailing party in a lower tribunal cannot ordinarily seek relief in the appellate court.”<sup>209</sup> Moreover, such a litigant would have trouble meeting Article III standing requirements. Even such a procedural injury, with its relaxed injury and redressability requirements, still requires a showing that “there is some possibility that the requested relief will prompt the injury-causing party to reconsider the decision that allegedly harmed the litigant.”<sup>210</sup> But why waste litigation resources just to have the PTAB admit it should not have instituted the IPR in the first place? Such fact-specific inquiries hardly make favorable new law. And the patentee does not stand to personally benefit from such an admission as none of the claims had ultimately been disturbed. In fact, a favorable final written decision by the PTAB may actually benefit the patentee in any parallel district court litigation.

In all, this potential ambivalence of the *Heckler* approach with regard to review of the merits threshold issue is irrelevant in practice.

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204. *Heckler v. Chaney*, 470 U.S. 821, 839 (1985) (Brennan, J., concurring) (“Individual, isolated nonenforcement decisions, however, must be made by hundreds of agencies each day. It is entirely permissible to presume that Congress has not intended courts to review such mundane matters, absent either some indication of congressional intent to the contrary . . .”).

205. *See Cuozzo*, 136 S. Ct. at 2140 (citing 5 U.S.C. § 701(a)(2) and not (a)(1) in arguing that “the agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion”).

206. *See supra* Section I.A.2.

207. *See* U.S. PAT. & TRADEMARK OFF., *supra* note 13, at 14 (showing that only 6% of final written decisions find all claims to have been patentable).

208. And, the petitioner cannot possibly appeal this decision as it requested institution and argued for it.

209. *SkyHawke Techs., LLC v. DECA Int’l Corp.*, 828 F.3d 1373, 1375 (Fed. Cir. 2016) (first citing *Deposit Guar. Nat’l Bank v. Roper*, 445 U.S. 326, 333–34 (1980); and then citing *Camreta v. Greene*, 563 U.S. 692, 702–04 (2011)).

210. *Massachusetts v. EPA*, 549 U.S. 497, 518 (2007) (first citing *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 572 n.7 (1992); and then citing *Sugar Cane Growers Coop. of Fla. v. Veneman*, 289 F.3d 89, 94–95 (D.C. Cir. 2002)); *see also Summers v. Earth Island Inst.*, 555 U.S. 488, 496 (2009) (“[D]eprivation of a procedural right without some concrete interest that is affected by the deprivation—a procedural right *in vacuo*—is insufficient to create Article III standing.”); *U.S. Inventor, Inc. v. Hirshfeld*, No. 2:21-CV-00047-JRG, 2021 WL 2936385, at \*4 (E.D. Tex. July 13, 2021) (“In the case of a discretionary denial, there is no harm to patentees because the proceeding ends and the patent rights are unaffected; the status quo is maintained.”).

## 2. Criticisms of Heckler

The *Heckler* decision and specifically its emphasis on the action/inaction dichotomy has been criticized as being arbitrary and difficult to reconcile with modern administrative law doctrine. The general argument is that agency inaction, in the modern administrative state of pervasive regulation, is still technically an action by the agency that affects regulated parties and amends regulatory schemes.<sup>211</sup>

Yet the difference between action and inaction, though potentially tricky in other contexts, is not as difficult to distinguish in the PTO institution context.<sup>212</sup> Granting review is an agency action, and denial of review is an agency inaction. And even the critics admit that *Heckler* correctly identified a critical difference between agency action and inaction: the Executive Branch's prerogative and superior ability to make resource allocation decisions for agencies.<sup>213</sup> In fact, one scholar has praised *Heckler* for its "decidedly functional approach" that attempted to ameliorate earlier, more formalistic approaches to unreviewability of agency decisions.<sup>214</sup>

Other criticisms of *Heckler* argue that the lack of judicial review of agency inaction can lead to abuse.<sup>215</sup> Yet *Heckler* reasons that "[t]he danger that agencies may not carry out their delegated powers with sufficient vigor does not necessarily lead to the conclusion that courts are the most appropriate body to police this aspect of their performance."<sup>216</sup> Moreover, the concerns of agency abuse in refusing enforcement are dampened in the IPR context because there is still an alternative recourse for patent challengers—district court litigation.

In general, although courts of appeals have chosen not to read *Heckler* broadly and to create a variety of exceptions to the doctrine,<sup>217</sup> there are still important insights that can be borrowed from that decision. And a

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211. See, e.g., Ashutosh Bhagwat, *Three-Branch Monte*, 72 NOTRE DAME L. REV. 157, 179–80 (1996); Cass R. Sunstein, *Reviewing Agency Inaction after Heckler v. Chaney*, 52 U. CHI. L. REV. 653, 667 (1985) (“[B]oth action and inaction amount to decisions . . . . [A] failure to act might be seen as . . . a ‘subsidy’ to those who benefited from the inaction.” (quoting *West Coast Hotel Co. v. Parrish*, 300 U.S. 379, 399 (1937))).

212. See *supra* Section I.A.

213. Bhagwat, *supra* note 211, at 182 (“[N]on-enforcement decisions tend to involve a complex balancing of many factors, including the likelihood of success in litigation and whether agency resources are better spent elsewhere, which courts are not well placed to review.”); Sunstein, *supra* note 211, at 672–73.

214. Ronald M. Levin, *Understanding Unreviewability in Administrative Law*, 74 MINN. L. REV. 689, 712 (1990) (“The Court subtly undermined the ‘law to apply’ formalism . . . .” (quoting *Citizens to Preserve Overton Park, Inc. v. Volpe*, 401 U.S. 402, 412 (1971))).

215. See Bressman, *supra* note 52, at 1686 (“[A]n agency is subject to improper influences when it refuses to act, just as when it decides to act. Thus, courts committed to combatting such improper influences should do so however they are manifested, whether as inaction or action.”); Sunstein, *supra* note 211, at 675–83 (arguing that courts should entertain challenges to non-enforcement decisions that indicate a pattern of abuse by the agency).

216. *Heckler v. Chaney*, 470 U.S. 821, 834 (1985).

217. BREYER ET AL., *supra* note 164, at 807.

Supreme Court that is generally more skeptical of agency action<sup>218</sup> may be receptive to how the case is applied in the PTO institution context—and perhaps beyond.<sup>219</sup>

### 3. *When an Agency Goes Too Far: The Fintiv Conundrum*

Scholars may wonder how the *Heckler* approach could address a recent PTO trend of increasingly using procedural discretion to deny institution. The PTAB's use of a multifactor test announced in a precedential 2020 PTAB decision, *Apple Inc. v. Fintiv Inc.*,<sup>220</sup> to deny review has “exploded.”<sup>221</sup> Practitioners complain that this decision has “create[d] significant blackout zones in which it will not be possible for a litigation defendant to use PTAB review.”<sup>222</sup>

Although *Fintiv* set out a number of factors to consider in granting or denying review, the one factor that appears to cause the most denials is “whether a district court [in parallel litigation] has scheduled trial for a date before the PTAB would issue a final written decision [on the same patent].”<sup>223</sup> It appears that neither the “petitioner’s diligence” in seeking review, the lack of overlap in issues between the IPR and the district court proceeding, nor the merits of the petition can necessarily rescue a petitioner from this procedural pitfall.<sup>224</sup> As a consequence, patentees can foreclose a challenger’s option of an IPR if they file in districts that set early trial dates.<sup>225</sup> In fact, one district court judge has expressly “indicated that he sets early trial dates” to foreclose PTAB review of patents.<sup>226</sup>

The *Fintiv* conundrum demonstrates a critical problem created by the institution trio. In sapping the resources of the PTO by forcing it to review all claims in each petition, while providing a legal loophole of unbridled discretion in denying review, the PTO has been cornered into using shortcuts to save time on the front end. *Fintiv* is a symptom of this illness.

Although application of the current *Heckler* approach may have prevented this problem, it is more difficult to apply it to force the PTO to reform its current ways. Under the *Heckler* approach, the PTO is in the best position to make resource allocation decisions. Moreover, there seems to be little statutory guidance from Congress about what consider-

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218. Metzger, *supra* note 55, at 67 (“A striking characteristic of many Roberts Court administrative law opinions is their sharp rhetorical attack on the administrative state and bureaucracy.”).

219. *See infra* Section V.C.

220. *Apple Inc. v. Fintiv Inc.*, No. IPR2020-00019, 2020 WL 2126495, at \*2 (P.T.A.B. Mar. 20, 2020).

221. Joseph Matal, *Mapping the Contours of PTAB Discretionary Denials in 2020*, LAW 360 (Dec. 15, 2020, 5:05 PM), <https://www.law360.com/articles/1335699/mapping-the-contours-of-ptab-discretionary-denials-in-2020> [<https://perma.cc/3TPN-NPSZ>].

222. *Id.*

223. *Id.*

224. *Id.*

225. *Id.*

226. *Id.*

ations the PTO may use in denying review. Congress mentioned that, in passing regulations related to IPR proceedings, the PTO “shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted.”<sup>227</sup> Although there may be arguments that the *Fintiv* denials hurt the integrity of the patent system by denying review to meritorious petitions, they also likely help the Office to timely complete proceedings instituted. And, there is no evidence that the PTO has failed to consider these factors in the *Fintiv* decision.

There may also be an argument that these congressional considerations should not apply to *Fintiv* denials at all because the PTO published this policy in a precedential adjudicative decision, not through rulemaking. But the general requirement for rational decision-making by agencies likely blurs this procedural distinction.<sup>228</sup>

It is true that *Heckler* provided some escape hatches where judicial review of agency inaction may be appropriate, including when an agency “‘consciously and expressly adopt[s] a general policy’ that is so extreme as to amount to an abdication of its statutory responsibilities.”<sup>229</sup> But the *Fintiv* denials hardly fit this framing. Had the PTO deliberately denied review to benefit certain patent owners<sup>230</sup> or completely stopped instituting IPRs,<sup>231</sup> there may be something for the Court to sink its teeth into. But general allegations of arbitrary decision-making would likely not provide sufficient standards for courts to review.<sup>232</sup> After all, “if no judicially manageable standards are available for judging how and when an agency should exercise its discretion, then it is impossible to evaluate agency action for ‘abuse of discretion.’”<sup>233</sup>

Unfortunately, *Heckler* provides no easy answers here. The courts may not be the best place to resolve this conflict. Congress may have recently taken the hint, however: “Vermont Sen. Patrick Leahy . . . announced a

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227. 35 U.S.C. § 316(b).

228. Bhagwat, *supra* note 211, at 182 (“[*SEC v. Chenery Corp.*] permits courts to review both the rationality of an agency’s stated reasons for declining to enforce, and the consistency of the current inaction with past behavior and stated policy, but otherwise to defer to agencies on the specific choices they make.” (citing *SEC v. Chenery Corp.*, 318 U.S. 80, 94 (1943)).

229. *Heckler v. Chaney*, 470 U.S. 821, 833 n.4 (1985) (quoting *Adams v. Richardson*, 480 F.2d 1159, 1162 (D.C. Cir. 1973) (en banc)).

230. *Id.* at 839 (Brennan, J., concurring) (“It is possible to imagine other nonenforcement decisions made for entirely illegitimate reasons, for example, nonenforcement in return for a bribe, judicial review of which would not be foreclosed by the nonreviewability presumption.”).

231. Sunstein, *supra* note 211, at 670 (“But there is a distinction between exercising such discretion and refusing to carry out obligations that Congress has imposed on the executive.”); see also *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2141 (2016) (“[N]or does our interpretation enable the agency to act outside its statutory limits . . .”).

232. Sunstein, *supra* note 211, at 682 (“An allegation that an agency has acted arbitrarily because it has failed to take action against a particular violation of the governing statute presents the weakest claim for reviewability.”).

233. *Heckler*, 470 U.S. at 830 (quoting 5 U.S.C. § 706).

bill that would abolish the Patent Trial and Appeal Board’s controversial power to deny [IPR] petitions for reasons other than the merits of the case . . . .”<sup>234</sup>

### C. BROADER IMPLICATIONS

The *Heckler* opinion may provide a clue as to how the divided Supreme Court can potentially reach a more predictable consensus on judicial review of agency action in other contexts beyond the agency action/inaction dichotomy. Although there is still some uncertainty, clear trends in the administrative law context are already emerging in the Court’s recent jurisprudence. The new conservative majority on the Court—including the Gorsuch-led anti-administrative faction—appears much more skeptical of deferring to administrative law constructions of statutory language.<sup>235</sup> Several conservative members of the Court also staunchly defend the importance of judicial review of agency action at seemingly all costs.<sup>236</sup> In addition, the conservative majority has often put greater emphasis on preserving the separation of powers and the respective roles of each branch of government.<sup>237</sup> Along with this trend, more weight has been placed on accountability and chain of command within the agency and the Executive Branch.<sup>238</sup>

At first glance, *Heckler*’s functional approach—looking beyond the text of an agency’s enabling statute—might seem too extreme for the conservative Justices.<sup>239</sup> But *Heckler*’s consideration of institutional competence and separation of powers provides more avenues for judicial review of agency action, potentially satisfying the new conservative majority in general, and maybe even the more anti-administrative fringe led by Justice Gorsuch. Even with the pragmatic considerations in *Heckler*, the

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234. Dani Kass, *Sen. Leahy Aims to Override PTAB’s Fintiv Rule in New Bill*, LAW360 (Sept. 22, 2021, 4:37 PM), <https://www.law360.com/articles/1424079/sen-leahy-aims-to-override-ptab-s-fintiv-rule-in-new-bill> [<https://perma.cc/N96T-9VGZ>].

235. Kristin E. Hickman & Aaron L. Nielson, *Narrowing Chevron’s Domain*, 70 DUKE L.J. 931, 934 (2021) (“At a minimum, the Justices seem more willing to find clarity using traditional tools of statutory interpretation, thereby avoiding *Chevron* deference altogether.”).

236. *See, e.g.*, *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365 (2018) (Gorsuch, J., dissenting) (arguing, with Roberts joining, that judges and not agencies should be the only ones invalidating issued patents); *Cuozzo*, 136 S. Ct. at 2150 (Alito, J., concurring in part and dissenting in part) (defending, with Sotomayor, the “‘strong presumption’ favoring judicial review of administrative action.” (quoting *Mach Mining, LLC v. EEOC*, 575 U.S. 480, 486 (2015))).

237. *See, e.g.*, *Seila L. LLC v. Consumer Fin. Prot. Bureau*, 140 S. Ct. 2183, 2192 (2020) (conservative majority emphasizing “constitutional structure” and “separation of powers” in holding an agency appointment unconstitutional).

238. *Id.* at 2203 (“The CFPB’s single-Director structure contravenes this carefully calibrated system by vesting significant governmental power in the hands of a single individual accountable to no one.”); *United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1981 (2021) (emphasizing “[t]he chain of command” within the PTO).

239. Metzger, *supra* note 55, at 48 (“[Recently] conservatives [have] often [been] taking a more formalist view and the liberals being more nonformalist and specifically functionalist in orientation.”); *id.* at 54 (“The Roberts Court is often described as textualist in its approach to statutory interpretation, including by the Justices themselves.”).

courts, and not the agency, may often have the last word in construing relevant statutory language.<sup>240</sup> And the deference that agency discretion may receive in certain circumstances under a more functional approach may still be palatable to the conservative majority on separation of powers grounds, as respecting the Executive Branch's priority-setting prerogative. In addition, deference to agency discretion does not necessarily undermine accountability within the agency.<sup>241</sup>

As for the deferential faction of the Supreme Court that appears to still have significant influence over the Court's more moderate Justices, it may be placated by *Heckler's* emphasis on pragmatic considerations such as the agency's expertise in reviewing agency action.

## VI. CONCLUSION

The Supreme Court's institution trio of cases has left a mess in its wake. Courts must now jump through artificial hoops designed by the resulting framework in order to review novel legal questions on the scope of PTO statutory authority in instituting review of IPRs. And the agency is forced to needlessly review frivolous grounds in institution petitions instead of using its expertise to weed them out early and focus its resources elsewhere.

The reasoning in *Heckler* can provide a more functional and pragmatic approach in this instance. Had the Court considered congressional intent, comparative institutional competence, and the separation of powers in its institution trio decisions, it would have concluded that judicial review should only be precluded for agency inaction—for example, the denial of IPR institution.

With this new approach, the PTO and the courts can go back to doing their jobs. The PTO can decide whether and to what extent to deny institution of an IPR in view of scarce resources and its unique expertise. And the courts can still review the PTO's adherence to statutory requirements if the PTO institutes review. The agency would no longer be forced to look for shortcuts to deny large numbers of petitions, and the courts would be able to focus on the novel legal questions presented upon institution.

Moreover, *Heckler's* more functional approach to agency action may, in other contexts and even beyond the action/inaction dichotomy, provide a potential compromise that satisfies both sides of the ideological divide in the Court.

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240. For example, in the IPR context, the approach opens up more avenues for judicial review of IPR institution decisions, including the one-year bar. The minority of conservative Justices that view patents as a private right would also be comforted by the availability of judicial review before such rights are invalidated. See *supra* note 236 and text accompanying.

241. In the IPR context, because institution is the statutory responsibility of the Director, there should be no internal accountability issues with providing the Director discretion in denying review.