



## **Federal Circuit Lacks Authority to Review Denial of Institution of IPR on Some, but Not All, Raised Grounds**

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Shaw petitioned for IPR of all claims of a patent owned by Automated Creel and raised three grounds of invalidity, including anticipation in view of the Payne reference. The PTAB instituted IPR of all claims, but did not institute IPR on the basis of the Payne reference. In its decision instituting IPR, PTAB stated that it denied instituting IPR on the basis of the Payne reference because it was redundant of the other two grounds on which IPR was instituted. Shaw sought review of PTAB's redundancy decision and argued that the Federal Circuit does have jurisdiction to review PTAB's authority in deeming a subset of invalidity grounds redundant of the instituted grounds.

In denying a portion of Shaw's petition for IPR as redundant, PTAB did not consider the substance of the Payne reference or compare it to the other two grounds of invalidity proposed by Shaw. Nor did it make any findings of overlap among the three grounds raised by Shaw. Instead, PTAB merely denied the IPR based on the Payne reference as redundant without specific explanation. Although the court was troubled by PTAB's lack of specific findings with respect to its conclusion of redundancy, the court held that it lacked authority to review PTAB's decision to institute IPR on some, but not all, grounds. It reasoned that, under 37 C.F.R. § 42.108(b), denial of a ground is a PTAB decision not to institute IPR on that ground and that, under 35 U.S.C. § 314(d), it lacks jurisdiction to review a PTAB decision not to institute IPR on a particular ground.

Judge Reyna wrote separately to address PTAB's "unprecedented" "unchecked discretionary authority." At oral argument, the Patent and Trademark Office argued that PTAB does not

have to provide any basis for its institution decisions because the director has complete discretion to deny institution. Judge Reyna took exception with PTAB's unfettered authority and lack of accountability. He urged that PTAB is subject to the Administrative Procedures Act, which requires "reasoned decision making" for agency adjudications. Judge Reyna would require the PTAB to state its findings and conclusions, and the reasons or bases for those findings and conclusions, and not to provide simply a conclusory statement that additional grounds of invalidity are redundant.

*Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*, 20151116, 1119 (Fed. Cir. Mar. 23, 2016). [Moore (opinion), Reyna (concurring), Wallach]

## Categories

Federal Circuit

Patent Trial & Appeal Board

Inter Partes Review

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