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Federal Circuit Patent Bulletin: *Intellectual Ventures II LLC v. JPMorgan Chase & Co.*

April 6, 2015

"[W]e do not have jurisdiction under § 18(b)(2) of the AIA to consider an interlocutory appeal from a decision on a motion to stay until the PTAB institutes a CBMR proceeding."

On April 1, 2015, in *Intellectual Ventures II LLC v. JPMorgan Chase & Co.*, the U.S. Court of Appeals for the Federal Circuit (O'Malley,* Bryson, Hughes) dismissed for lack of jurisdiction over JPMorgan Chase & Co.'s (JPMC) interlocutory appeal of the decision of the U.S. Patent and Trademark Office Patent Trial and Appeal Board (PTAB) denying JPMC's motion to stay the district court proceedings pending covered business method review (CBMR) of four of the five patents-in-suit - U.S. Patents No. 6,715,084, No. 6,314,409, No. 5,745,574, No. 6,826,694, and No. 7,634,666, which related to computer network security. The Federal Circuit stated:

Consistent with the final judgment rule, this court normally only has jurisdiction to review "a final decision of the district court. . . .The parties agree that decisions on motions to stay ordinarily are not immediately appealable under the final judgment rule. And, more specifically, the parties agree that rulings on motions to stay premised on the institution of inter partes review proceedings are not appealable under this rule. There is no doubt, accordingly, that the [America Invents Act (AIA)]'s authorization for immediate appellate review of stay rulings relating to CBMR proceedings is a statutory grant of jurisdiction to this court which must be construed narrowly.

[W]e have jurisdiction over an immediate interlocutory appeal from a district court's decision on a motion to stay "relating to a [CBMR] proceeding for that patent." Because the district court's order on JPMC's motion to stay considered two CBMR petitions pending before the PTAB, we must decide whether the proper interpretation of CBMR "proceeding" in § 18(b)(2) encompasses pending CBMR petitions on which the PTAB has not yet acted. . . .

The AIA differentiates between a petition for a CBMR proceeding (which a party files) and the act of instituting such a proceeding (which the Director is authorized to do). For instance, AIA § 18(a)(1)(B) refers to when a person may file a "petition for a [CBMR] proceeding," which suggests that a petition is a request for a CBMR proceeding, not that the petition itself is part of the proceeding. Section 18(a)(3)(B) uses similar language-referring to "any petition for a [CBMR]proceeding"-again suggesting that the petition is a request that a proceeding be instituted, not that the petition itself institutes a proceeding. Comparing this language with that in § 18(a)(1)(E), which states that "[t]he Director may institute a [CBMR] proceeding only for a patent that is a covered business method patent," is telling. Because the Director decides whether to "institute," or begin, a CBMR proceeding, and necessarily bases that decision on the strength of the petition, the petition itself cannot substitute for the exercise of the Director's discretion.

[W]hen discussing the program for covered business method patents, the House Report on the bill that became the AIA anticipated that "[a]ny party may request a stay of a civil action if a related post-grant proceeding is granted." This interpretation of the legislative history is consistent with the apparent purpose behind taking the unusual step of not only allowing interlocutory review of this narrow class of trial court stay rulings, but allowing for de novo review of the same. It was mainly for those rare circumstances where a stay is denied even after the PTAB has acted to institute a proceeding premised on a showing of likely invalidity that Congress crafted an exception to the final judgment rule and altered the permissible standard of review. Because the language of the statutory scheme consistently defines "proceeding" as beginning when the PTAB institutes review, we adopt that interpretation. . . .

JPMC contends that-even if we accept the fact that a CBMR proceeding does not commence until the Director acts to institute such a proceeding-a petition for a proceeding, or even the anticipation of the filing of a petition, is sufficiently related to a proceeding to give rise to jurisdiction under § 18(b)(2). This interpretation of "relating to," however, is inconsistent with the language in the AIA. The AIA grants us jurisdiction over interlocutory appeals "from a district court's decision" "[i]f a party seeks a stay of a civil action alleging infringement of a patent . . . relating to a [CBMR] proceeding for that patent." Under the only fair reading of the AIA, this means that we only have jurisdiction under § 18(b)(2) if the party's motion to stay is "relat[ed] to" a CMBR proceeding. Absent the existence of a proceeding, jurisdiction is not conferred upon us by § 18(b)(2).

JPMC asks us to read the statute as granting this court jurisdiction over any interlocutory appeal from a decision on a motion to stay where the motion is predicated on "anything that relates to" a CBMR proceeding, even a future intention to file a petition. This argument, however, is premised on a grammatically unsound reading of the AIA. . . . For the foregoing reasons, we do not have jurisdiction under § 18(b)(2) of the AIA to consider an interlocutory appeal from a decision on a motion to stay until the PTAB institutes a CBMR

proceeding. We, therefore, dismiss this appeal for lack of jurisdiction.