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CLIENT ALERT

# Arbitration Agreements Do Not Prevent PTAB from Determining Validity in IPR Proceedings

DECEMBER 6, 2021

*In re MaxPower Semiconductor, Inc., No. 2021-146 (Fed. Cir. Sept. 8, 2021) / MaxPower Semiconductor v. Rohm Semiconductor USA, LLC, Nos. 2021-1950, 1951, 1952, 1953 (Fed. Cir. Sept. 8, 2021)*

Petitioner filed requests for *inter partes* review on four separate patents. The Patentee argued that the Patent Trial and Appeal Board ("PTAB") was precluded from determining patent validity because the parties had agreed to arbitrate that issue. The PTAB found it still had the authority to determine validity and instituted all four IPRs. The Patentee directly appealed those institution decisions and, in the alternative, sought a writ of mandamus.

Under 35 U.S.C. § 314(d), the PTAB's determination of whether to institute an IPR is final and nonappealable. The Patentee argued that the appeal should still be heard under the collateral order doctrine because the claims were subject to arbitration. That argument was rejected because the doctrine is limited to rights that will be irretrievably lost absent an immediate appeal. The Federal Circuit held that any matter that was arbitrable—and not absolutely barred by Section 314(d)—could still be raised after the PTAB's final written decisions. An appeal could not be taken under the Federal Arbitration Act, either, because PTAB institution decisions are not one of the listed categories where interlocutory appeal is allowed. The direct appeal was therefore dismissed.

The Patentee also argued that alternative mandamus relief was appropriate because 35 U.S.C. § 294 deprived the PTAB of authority, as it states that agreements to arbitrate patent validity are valid, irrevocable, and enforceable. This was rejected because the statute only makes arbitration binding on the parties; it does not require the PTAB itself to enforce such agreements. Because the PTAB had not exceeded its authority, the petition for mandamus was denied.

Read the full decision here.

1 Min Read

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