

Automated Merchandising Systems Inc. v. Lee, Appeal No. 2014-1728 (Fed. Cir. April 10, 2015). Before Prost, Taranto, and Fogel. Appealed from E.D. Va. (Judge Trenga).

Background:

Automated Merchandising Systems, Inc. (AMS) sued Crane for infringing four of its patents. Crane had requested an inter partes reexamination for each patent. AMS and Crane later entered into a consent judgment that dismissed the infringement suit and the parties stipulated to the validity of the patents. AMS petitioned the USPTO to terminate the four pending inter partes reexaminations, arguing that the reexaminations must stop because under 35 U.S.C. § 317(b), the consent judgment was a final decision entered against a party in a civil action where the party has not sustained its burden of proving the invalidity of any patent claim in suit. The PTO denied AMS' petition to terminate the reexaminations.

AMS filed suit in the district court and argued that § 317(b) required the PTO to terminate the reexaminations. The district court disagreed and denied AMS' motion to terminate the reexaminations. AMS appealed

Issue/Holding:

Is the PTO's decision not to terminate the reexaminations a "final agency action" subject to judicial review? No, affirmed.

Discussion:

The PTO argued that its refusal to terminate the reexaminations was not a "final agency action" subject to judicial review. Although the PTO did not raise this issue before the district court, the Federal Circuit found that it should consider this issue (despite the PTO's failure to preserve these issues for appeal) because it is a significant question of continuing public concern that affects a range of proceedings in the regular operation of the PTO.

Under the Administrative Procedures Act, agency action made reviewable by statute and final agency action for which there is no adequate remedy in a court are subject to judicial review. The PTO's act of refusing to terminate the reexaminations is not reviewable unless it is a "final agency action for which there is no other adequate remedy in a court." There are two requirements for determining whether an agency action is final: (1) the action must mark the consummation of the agency's decision-making process, and must not be tentative or interlocutory; and (2) the action must be one by which rights or obligations have been determined or from which legal consequences will flow. The PTO's refusal to terminate the reexaminations is not a "final agency action" because it simply permits each reexamination to reach a final disposition, and nothing more, and AMS has lost no patent rights.