

2018-1400, -1401, -1402, -1403, -1537, -1540, -1541

United States Court of Appeals
for the
Federal Circuit

Facebook, Inc.,
Appellant,

v.

Windy City Innovations, LLC,
Cross-Appellant.

Appeal from the Patent and Trademark Appeal Board
Case Nos. IPR2016-01156, -01157, -01158, and -01159

CROSS-APPELLANT'S REPLY BRIEF

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1. The full name of every party or amicus represented by me is:

Windy City Innovations, LLC

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

Windy City Innovations, LLC

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

None.

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court and who are not already listed on the docket for the current case:

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5. The following cases are pending in a court or agency and will directly affect or be directly affected by this court's decision in the pending appeal:

Patent & Trademark Office - Patent Trial & Appeal Board in Inter Partes Review Nos. IPR2016-01156, IPR2017-00709, IPR2017-00659, IPR2016-01157, IPR2016-01158, and IPR2016-01159.

***Windy City Innovations, LLC v. Facebook, Inc.*, Case No. 4:16-cv-01730-
YGR, United States District Court, Northern District of California**

Dated: December 21, 2018

By: /s/ Vincent J. Rubino III

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STATEMENT OF THE ISSUES

1. Did the Board twice exceed its statutory authority and abuse its discretion when it granted joinder to Facebook — an otherwise-time-barred party that was already the petitioner in the case — in order to add new claims and new issues to two instituted *inter partes* review.
2. Did the Board err when it found that a person of ordinary skill in the art would combine U.S. Patent No. 6,608,636 (“Roseman”) and EP 0621532 A1 (“Rissanen”) in Final Written Decisions in IPR2017-01157, IPR2017-01158 and IPR2017-01159?

I. THE BOARD EXCEEDED ITS AUTHORITY WITH ITS JOINDER DECISIONS¹

Facebook's Response incorrectly construes the plain language of 35 U.S.C. § 315(c) to allow a party to join its own petition and to add new claims to its own petition. Given that the language of the statute is unambiguous, this Court should find that the Board exceeded its authority when it allowed Facebook to twice join its own petitions with respect to different patents. Beyond the statute, *Chevron* deference is not appropriate as different Board panels have reached conflicting decisions on this exact issue and both the legislative history and the policy rationale behind § 315(c) run counter to the Board's joinder decisions.

A. Facebook Incorrectly Limits the Scope of Claims Implicated by the Joinder Decisions

As an initial matter, Facebook's Response incorrectly suggests that the scope of the relevant claims implicated by the Board's joinder decisions is limited to Claims 19 and 22-25 of the '245 Patent and Claims 203, 209, 215, and 221 of the '657 Patent. (Yellow Br. at 20.) However, as Windy City noted in its cross-appeal, Claims 477, 482, 487 and 492 of the '657 Patent were only found not patentable after Facebook's IPR2017-00659 was joined with its own IPR2017-01159. (Red Br. at 46, Appx158, Appx8172.) Hence, should this Court find that

¹ The issue of whether the Board properly joined two IPR proceedings was the subject of Windy City's cross-appeal and is, therefore, a proper issue for this Reply Brief. (Red. Br. at 2, 39-46.)

that joinder decisions were *ultra vires* of the Board's authority those claims would also be impacted.

B. The Full Record at the Board Indicates Windy City did not Waive the Same Party Joinder Issue

Windy City did not waive any argument before this Court that the Board lacked authority to grant joinder under 35 U.S.C. § 315(c) as the Board appreciated the issue and a full record was developed. While Facebook relegates the relevant portion of Windy City's opposition papers to a footnote, it concedes that Windy City timely objected to joinder by stating that it "would circumvent . . . statutory limitations on petitioners, all within the Board's familiarity." (Yellow Br. at 25, n.4, Appx7371, Appx8147.) Indeed, the issue of same-party joinder under § 315(c) is well within the Board's familiarity as different panels (including expanded panels) have ruled on this issue. *See e.g., SkyHawke Technologies, LLC v. L&H Concepts, LLC*, Case IPR2014-01485, Paper 13 at 3–4 (P.T.A.B., Mar. 20, 2015); *Target Corp. v. Destination Maternity, Corp.*, Case IPR2014–00508, Paper 28 (P.T.A.B., Feb. 12, 2015). More specifically, a majority of the panel deciding the petitions at issue *here* specifically wrote that "§ 315(c), when properly interpreted, does not authorize same-party joinder because a party cannot be joined to a proceeding 'as a party' if it already is a party to that proceeding." (Appx776); *see also* IPR2017-00659, Paper 11 at 17 (Appx7401.)

Seeking to further develop the record, Windy City even sought relief for this issue from this Court in the form of a writ of mandamus. *In Re: Windy City Innovations, LLC*, Case 18-102, No. 2 (Fed. Cir. 2017). While this Court declined to issue that extraordinary form of relief, it stated “it is clear that Windy City will have an opportunity in the relatively near future to address its concerns through a response or cross -appeal [to Facebook’s appeal].” *In Re: Windy City Innovations, LLC*, Case 18-102, No. 19 at *3 (Fed. Cir. 2018).

In contrast to the present record, past cases where this Court has found that a party waived its right were based on an incomplete record at the lower court where arguments were not considered prior to appeal. *See, e.g., Golden Bridge Tech., Inc. v. Nokia, Inc.*, 527 F.3d 1318, 1323 (Fed. Cir. 2008) (“new arguments will not be decided in the first instance on appeal”). Accordingly, Windy City has not waived its right to appeal the joinder decisions.

C. § 315(c) Only Allows Joinder of New Parties

1. The Unambiguous Language of § 315(c) Does Not Allow Joinder of Issues

Facebook argues that the language of § 315 (c) allows for joinder of issues and new claims. (Yellow Br. at 27.) However, *nowhere* within this statute does it actually refer to joining issues or claims. In *Target*, the three dissenting judges understood that § 315(c) was unambiguous in this regard. *Target Corp. v. Destination Maternity, Corp.*, Case IPR2014–00508, Paper 28, at 26-27

(Fitzpatrick, A.P.J., dissenting) (“In our view, § 315(c) is not ambiguous as to whether it permits joinder of grounds or issues. It unambiguously does not. It states that a person ‘may join as a party’ and, despite referring to ‘a petition,’ nowhere refers to the joining of that petition.” (footnote omitted)).

In contrast, § 315 (d) specifically contemplates “consolidation” of different petitions: “if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the *inter partes* review or other proceeding or matter may proceed, including providing for . . . consolidation . . . of any such matter or proceeding.” Therefore, in order for § 315 (d) to be a non-redundant provision, § 315(c) cannot be construed as comprising issue joinder.

Indeed, the structure of § 315 as a whole is consistent with this approach. First, § 315 (b) provides a one-year time limit on when petitions may be filed, but refers to a narrow exception under § 315 (c). Then, §315 (c) allows for joinder with an instituted *inter partes* review. Finally, § 315 (d) discusses coordination between different proceedings. If § 315 (c) allowed for issue joinder, not only would it make §315 (d) superfluous, it would allow for the exception in § 315 (c) to swallow the rule of § 315 (b).

2. The Unambiguous Language of § 315(c) Does Not Allow for Same Party Joinder

Facebook also argues that the language of § 315 (c) allows for joinder of the same party through a broad reading of the term “any person.” (Yellow Br. at 31.)

Nevertheless, Facebook concedes that under the statute “any person” is limited by § 311(a) which specifies that only “a person who is not the owner of a patent may file [a petition].” (*Id.*) However, Facebook fails to acknowledge that “any person” is similarly limited by the “may join as a party” language of § 315 (c) to exclude “a party.” Therefore, Facebook’s reasoning requires selectively emphasizing and de-emphasizing of portions of the statute.

Facebook also suggests that § 315 (c) could have been drafted to refer to “any non-party” instead of “any person” if Congress intended § 315(c) to be limited to joinder of persons not already a party to the instituted petition. (*Id.*) However, given that the statute explicitly recites joinder “as a party,” its scope and purpose is unambiguous.

Finally, adopting Facebook’s reasoning, if Congress had intended § 315(c) to allow a party to an instituted IPR to join that IPR, it could have explicitly stated as such. Similarly, had the PTO thought that such joinder was authorized under § 315(c), it should have addressed this issue in its rulemaking implementing *inter partes* review petitions. Given that neither Congress, nor the PTO addressed this issue more explicitly, § 315(c) should not be interpreted so broadly.

3. The Board’s Decision Is Not Entitled to *Chevron* Deference

If this Court determines that the language of § 315(c) is unambiguous “that is the end of the matter; for the court, as well as the agency, must give effect to the

unambiguously expressed intent of Congress.” *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 842-43 (1984). Even if this Court determines that the statute is ambiguous, it should not afford the Board’s decision *Chevron* deference. First, Facebook fails to cite a single decision where this Court afforded a non-precedential Board decision with such deference. In contrast, this Court has noted that such deference is allowed in cases where an interpretation was advanced through the notice-and-comment rulemaking process or through a precedential decision. *See Pesquera Mares Australes Ltda. v. United States*, 266 F.3d 1372, 1380 (Fed. Cir. 2001) (citing *United States v. Mead Corp.*, 533 U.S. 218, 230 (2001)); *see also Marmolejo-Campos v. Holder*, 558 F.3d 903, 909 (9th Cir. 2009) (“Our cases applying *Mead* treat the precedential value of an agency action as the essential factor in determining whether *Chevron* deference is appropriate.” (citation omitted)).

Not only are the Board’s decisions at issue non-precedential, multiple panels have taken conflicting positions on the issue of same party joinder under § 315(c). *Compare, e.g., Target Corp. v. Destination Maternity Corp.*, Case IPR2014-00508 (Paper 28) (Feb. 12, 2015) (allowing a petitioner to join a proceeding in which it is already a party under § 315(c)), *with Proppant Express Investments, LLC et al. v. Oren Technologies, LLC*, Case IPR2018-00914 (Paper 21) (Nov. 8, 2018) (reaching opposite conclusion and incorporating the reasoning of the dissent in

Target). Accordingly, the joinder decisions at issue are not suitable candidates for *Chevron* deference.

4. The Legislative History Does Not Support Joinder of Issues

Facebook’s bid to rebut the Final Committee Report that Windy City cited in its opening paper (Red Br. at 43) with an ambiguous comment from one senator (Yellow Br. at 29-30) flies in the face of established hierarchy for evaluating legislative history and, therefore, merits no consideration. The Supreme Court has “repeatedly stated that the authoritative source for finding the Legislature’s intent lies in the Committee Reports on the bill, which represent the considered and collective understanding of those Congressmen involved in drafting and studying proposed legislation [and has] eschewed reliance on the passing comments of one Member.” *Garcia v. United States*, 469 U.S. 70, 76 (1984) (internal citations omitted).

Additionally, the statement Facebook cited by Senator Kyl could be read to refer to either of § 315(c) or § 325(c). As the dissent explained in *Target*, “[i]t is not clear, from Senator Kyl’s statement, whether every word relates to his view of the operation of § 315(c) or § 325(c). His comments regarding ‘additional challenges’ may relate solely to a second petitioner seeking consolidation of post-grant reviews under § 325(c), which expressly contemplates consolidation of issues presented in multiple petitions.” *Target* at 30 (Fitzpatrick, A.P.J., dissenting); *see*

also § 325(c) (“If more than 1 petition for a post-grant review under this chapter is properly filed against the same patent and the Director determines that more than 1 of these petitions warrants the institution of a post-grant review under section 324, the Director may consolidate such reviews into a single post-grant review.”)

Therefore, the overarching weight of the legislative history counsels against the use of same party joinder under § 315(c).

5. Policy Objectives of IPRs are Upheld by Prohibiting Same-Party Joinders

There are significant policy objectives that would be impaired if the same party joinders under § 315(c) were allowed to continue. First, the Committee Report pertaining to the America Invents Act (AIA) specifically

recognize[d] the importance of quiet title to patent owners to ensure continued investment resources. While this amendment is intended to remove current disincentives to current administrative processes, the changes made by it are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent. Doing so would frustrate the purpose of the section as providing quick and cost effective alternatives to litigation. Further, such activity would divert resources from the research and development of inventions.

H.R. REP. NO. 112-98, pt. 1, at 48 (2011) (emphases added).

One way that the statute seeks to prevent harassment via repeated administrative attacks on the validity of a patent is through the one-year time limit in § 315 (b) which applies to both the petitioner and to “real part[ies]-in-interest”

of the petitioner. As the Office Patent Trial Practice Guide explains, an identification of the “real party-in-interest” and “privies” by a petitioner is necessary “to protect patent owners from harassment via successive petitions by the same or related parties, to prevent parties from having a ‘second bite at the apple,’ and to protect the integrity of both the USPTO and Federal Courts by assuring that all issues are promptly raised and vetted.” 77 Fed. Reg. at 48,759.

Given that petitioners can already submit multiple petitions within the one-year time limit afforded by § 315 (b) and the stated desire to limit harassment through repeated administrative proceedings, it would be counter-intuitive for Congress to have intended an end-run around § 315 (b). To so allow would only encourage all kinds of strategic gamesmanship by petitioners. For example, a petitioner could file one petition, review a patent owner’s preliminary response or a Board’s institution decision, and add new claims addressing any defects.

II. THE CONCLUSORY OBVIOUSNESS OPINION IS NOT SUPPORTED BY SUBSTANTIAL EVIDENCE

Facebook’s expert failed to provide any supported opinion as to why the teachings of Roseman and Rissanen would be combined or how they could be combined to perform the claimed authentication. The expert opined that a skilled artisan “would have found it plainly apparent that the host computer would store and maintain a copy of the keys issued to invitees in order to verify the stored key against a key provided by a user seeking access.” (Yellow Br. at 41.) This

conclusory, unsupported opinion is not substantial evidence because it is inconsistent with the evidence of record and based on a misunderstanding of the claimed invention.

First, to the extent Facebook is suggesting that the database be merely used to store and retrieve keys, Facebook failed to articulate any motivation for why one would swap Roseman's memory system for Rissanen's database. Moreover, in arguing simple substitution of two very different systems which are used for many purposes, Facebook effectively concedes that (1) it isolates the term "database" and (2) improperly reads out the claimed features of the database in combining the references.

Memory and database concepts are not interchangeable, particularly when a database possesses distinct characteristics and requirements for the claimed invention. As Windy City's expert explained:

[a]lthough databases often were associated with some storage or memory, storage is not equivalent to a database, it is merely the physical medium that enables a database. Two hallmarks of a database are (1) persistence of the data, and (2) interactivity with the data via a database management system (DBMS) . . . [and a] database management system (DBMS) is a set of programs (a software package) that allows accessing and/or modification of the database.

(Appx1878-1879; Appx3472-3473; Appx5220-5221; Appx6988-6989.)

Facebook's failure to provide any motivation to combine the references with respect to the database as presented in the claimed invention as a whole is fatal to

its obviousness analysis. *See Rockwell Int'l Corp. v. United States*, 147 F.3d 1358, 1364 (Fed. Cir. 1998) (“In determining obviousness, the invention must be considered as a whole without the benefit of hindsight, and the claims must be considered in their entirety”). Accordingly, Facebook’s obviousness combination lacks the requisite motivation with respect to the claimed database.

Second, to the extent Facebook is suggesting that the database be used to perform authentication of a key to allow a user access, its expert failed to explain how this would be implemented. (*See*, Red. Br. at 35-36.) Facebook faults Windy City for suggesting that the prior art references need to be “bodily incorporate[d].” (*See*, Yellow Br. at 43.) Rather, the claims require authentication based on a database lookup. For example, Claim 1 of the ’356 Patent recites “authenticating a first user identity and a second user identity according to permissions retrieved from the repository of tokens of the database.” (Appx297; *see also id.* (Claim 19); Appx298 (Claim 37).) If a skilled artisan could not use the combined references to perform the claimed authentication there would be no reason to combine both references.

Finally, the Board’s suggestion that since the conference rooms in Roseman have “persistence,” one would want to use the database of Rissanen to store the keys to access the conference room in a persistent manner is classic hindsight bias.

(*See*, Appx71.) Facebook states “[n]othing more [is] required.” (Yellow Br. at 42.) However, Roseman merely discloses that

[t]he conference room itself is actually a combination of stored data and computer programs. The data can include the recorded proceedings of the conference described above.

The data and the programs need not be destroyed after termination of a conference. If they are preserved, a person having proper authorization can gain entry to the conference room and examine the proceedings of the conference. That is, both the conference room and the proceedings of the conference have persistence in time.

This persistence allows a person who did not attend the virtual conference in real time to witness it, or parts of it, afterward.

(Appx1224, 12:16-28.) Roseman does not suggest any connection between the persistence of the computer program and stored data (corresponding to the conference room) and the keys used to access that conference room. This disclosure simply refers to maintaining information such as conference proceedings so that later users can examine them. As there is no connection between the two, there is no motivation to store these keys in a database.

Accordingly, the Court should find that there is no substantial evidence that a person of ordinary skill in the art would have combined the teachings of Roseman and Rissanen.

III. CONCLUSION

For all of the foregoing reasons, Windy City respectfully requests that the Court reverse the Board's unpatentability findings as to Claims 1–9, 12, 15–28, 31, and 34–37 of the '356 Patent, Claims 2, 3, 5, 7, 10–17, 59, and 64 of the '552 Patent, Claims 189, 334, 342, 348, 465, 477, 482, 487, 492, 580, 584, and Claim 592 of '657 Patent.

Dated: December 21, 2018

Respectfully submitted,

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Dated: December 21, 2018

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CERTIFICATE OF COMPLIANCE

I certify that this Brief complies with the type-volume limitation of Fed. Cir. R. 32(a). This Brief contains 3,087 words, excluding the parts of the Brief exempted by Fed. Cir. R. 32(a). This Brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. 32(a)(6). This Brief has been prepared in a proportionally spaced typeface using Microsoft Word 2010 in 14 point Times New Roman font.

Dated: December 21, 2018

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