

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

**IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

FACEBOOK, INC.,

Appellant,

v.

WINDY CITY INNOVATIONS, LLC,

Cross-Appellant.

Appeals from the United States Patent and Trademark Office,
Patent Trial and Appeal Board, in Nos. IPR2016-01156, IPR2016-01157,
IPR2016-01158, IPR2016-01159, IPR2017-00659, and IPR2017-00709

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

THOMAS W. KRAUSE
Solicitor

FARHEENA Y. RASHEED
Acting Deputy Solicitor

JOSEPH MATAL
MOLLY R. SILFEN
Associate Solicitors
United States Patent and Trademark Office

JOSEPH H. HUNT
Assistant Attorney General

SCOTT R. McINTOSH
JEFFREY E. SANDBERG
Attorneys, Appellate Staff
Civil Division, Room 7214
U.S. Department of Justice
950 Pennsylvania Avenue NW
Washington, DC 20530
(202) 532-4453

TABLE OF CONTENTS

	<u>Page</u>
STATEMENT.....	1
ARGUMENT	5
I. POP Opinions Interpreting The AIA Are Entitled To <i>Chevron</i> Deference.....	5
II. The POP's <i>Proppant</i> Decision Merits <i>Chevron</i> Deference.....	11
CONCLUSION	15
CERTIFICATE OF COMPLIANCE	
CERTIFICATE OF SERVICE	
ADDENDUM	

TABLE OF AUTHORITIES

Cases:	<u>Page(s)</u>
<i>Aqua Products, Inc. v. Matal</i> , 872 F.3d 1290 (Fed. Cir. 2017) (en banc)	8, 9
<i>Auer v. Robbins</i> , 519 U.S. 452 (1997)	5
<i>Barnhart v. Walton</i> , 535 U.S. 212 (2002)	6, 8
<i>Chevron U.S.A. v. Natural Resources Defense Council, Inc.</i> , 467 U.S. 837 (1984)	1
<i>Cuozzo Speed Techs., LLC v. Lee</i> , 136 S. Ct. 2131 (2016)	12
<i>Encino Motorcars, LLC v. Navarro</i> , 136 S. Ct. 2117 (2016)	7
<i>Entergy Corp. v. Riverkeeper, Inc.</i> , 556 U.S. 208 (2009)	12
<i>Gonzales v. Oregon</i> , 546 U.S. 243 (2006)	7
<i>Holly Farms Corp. v. N.L.R.B.</i> , 517 U.S. 392 (1996)	10
<i>INS v. Aguirre-Aguirre</i> , 526 U.S. 415 (1999)	11
<i>Kisor v. Wilkie</i> , 139 S. Ct. 2400 (2019)	5
<i>Mahn v. Attorney General</i> , 767 F.3d 170 (3d Cir. 2014)	7
<i>Mylan Pharmaceuticals Inc. v. Research Corp. Techs., Inc.</i> , 914 F.3d 1366 (Fed. Cir. 2019)	15
<i>Negusie v. Holder</i> , 555 U.S. 511 (2009)	6

NLRB v. Bell Aerospace Co.,
416 U.S. 267 (1974).....8

Pesquera Mares Australes Ltda. v. United States,
266 F.3d 1372 (Fed. Cir. 2001)..... 10, 11

SAS Inst., Inc. v. Iancu,
138 S. Ct. 1348 (2018).....14

SEC v. Chenery Corp.,
332 U.S. 194 (1947)8

SEIU, United Healthcare Workers-West v. NLRB,
574 F.3d 1213 (9th Cir. 2009).....10

Shalala v. Guernsey Mem’l Hosp.,
514 U.S. 87 (1995) 9

Skidmore v. Swift & Co.,
323 U.S. 134 (1944).....15

Suprema, Inc. v. ITC,
796 F.3d 1338 (Fed. Cir. 2015) (en banc)11

United States v. Eurodif S.A.,
555 U.S. 305 (2009).....11

United States v. Mead Corp.,
533 U.S. 218 (2001)5, 6, 7, 15

U.S. Postal Serv. v. Postal Regulatory Comm’n,
599 F.3d 705 (D.C. Cir. 2010)7

Administrative Decisions:

Proppant Express Investments, LLC v. Oren Technologies, LLC,
No. IPR2018-00914, Paper 38 (P.T.A.B. P.O.P. Mar. 13, 2019)..... 1, 12, 13, 14, 15

Statutes:

5 U.S.C. § 551(6)-(7).....9

8 U.S.C. § 1103(g)(2).....11

19 U.S.C. § 133511

29 U.S.C. § 156.....10

35 U.S.C. § 3(a)(2)(A)..... 1

35 U.S.C. §§ 101-105.....5

35 U.S.C. §§ 311-319.....6

35 U.S.C. § 311(a) 1

35 U.S.C. § 311(b).....1

35 U.S.C. § 314(a) 1

35 U.S.C. § 315(b).....2, 3, 13

35 U.S.C. § 315(c) 2, 12, 14, 15

35 U.S.C. § 315(d).....2

35 U.S.C. § 316(a)(1)-(13).....9

35 U.S.C. § 316(a)(3) 15

35 U.S.C. § 316(a)(4) 6, 7

35 U.S.C. § 316(a)(11) 12

35 U.S.C. § 316(a)(12) 2

35 U.S.C. § 318(a) 1

Regulations:

37 C.F.R. § 42.22 3

37 C.F.R. § 42.122(b) 3

Legislative Materials:

157 Cong. Rec. 3429 (Mar. 8, 2011) 13

Other Materials:

Kent Barnett & Christopher J. Walker, *Chevron in the Circuit Courts*,
116 Mich. L. Rev. 1 (2017)..... 10

Pierce & Hickman, *Administrative Law Treatise* (6th ed. 2019).....8, 9

USPTO, Standard Operating Procedure 2 (Rev. 10),
<https://go.usa.gov/xVQcN> 2

The United States submits this brief pursuant to the Court’s order of August 12, 2019, requesting the government’s views on “what, if any, deference should be afforded to decisions of a Patent Trial and Appeal Board Precedential Opinion Panel (‘POP’), and specifically to the POP opinion in *Proppant Express Investments, LLC v. Oren Technologies, LLC*, No. IPR2018-00914, Paper 38 (P.T.A.B. Mar. 13, 2019).” As explained below, the POP’s interpretations of the Leahy-Smith America Invents Act (AIA) qualify for deference under *Chevron U.S.A. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984), and the *Proppant* opinion should receive such deference.

STATEMENT

1. The AIA created inter partes review (IPR), an adjudicative process through which the U.S. Patent and Trademark Office (USPTO) may reconsider the validity of issued patents. 35 U.S.C. § 311(b). “[A] person who is not the owner of a patent” may petition for IPR. *Id.* § 311(a). The Patent Trial and Appeal Board (PTAB or Board), exercising delegated authority of the USPTO Director, may institute an IPR if it determines that “there is a reasonable likelihood that the petitioner would prevail” with respect to at least one challenged patent claim. 35 U.S.C. § 314(a). The PTAB then issues a final written decision with respect to patentability. *Id.* § 318(a).

The Patent Act reserves to the Director the authority to issue “policy direction and management supervision for the [USPTO] and for the issuance of patents.” 35 U.S.C. § 3(a)(2)(A). Accordingly, the PTAB’s decisions ordinarily are not precedential. In 2018, however, the Director created a new Precedential Opinion

Panel (“POP”) to develop “binding agency authority through adjudication before the Board.” Standard Operating Procedure 2 (Rev. 10), at 3, <http://go.usa.gov/xVQcN>.¹ The POP’s members are selected by the Director; by default, the POP comprises the Director, the Commissioner for Patents, and the PTAB Chief Judge. *Id.*

2. At issue in *Proppant* was the interpretation of 35 U.S.C. § 315. Section 315(b) provides that “[a]n inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent.” It also provides, however, that “[t]he time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).” Subsection (c) provides:

(c) Joinder.—If the Director institutes an inter partes review, *the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director . . . determines warrants the institution of an inter partes review under section 314.*

Id. § 315(c) (emphases added). Finally, subsection (d) gives the USPTO additional, more general authority to consolidate or simplify multiple proceedings involving the same patent. *See id.* § 315(d). Unlike joinder under subsection (c), however, consolidation under subsection (d) is not exempted from the one-year time bar.

In accordance with the AIA’s directive to “prescribe regulations . . . setting a time period for requesting joinder under section 315(c),” 35 U.S.C. § 316(a)(12), the

¹ Separately, the Director may designate existing PTAB decisions to be precedential. That separate designation process is not at issue in these appeals.

USPTO promulgated a regulation providing that “[a]ny request for joinder must be filed, as a motion under [37 C.F.R.] § 42.22, no later than one month after the institution date of any *inter partes* review for which joinder is requested.” 37 C.F.R. § 42.122(b). The regulation further provides that the statutory one-year time bar “shall not apply when the petition is accompanied by a request for joinder.” *Id.*

3. In recent years, PTAB panels reached varying conclusions concerning the scope of the Director’s discretionary joinder authority under Section 315(c). To resolve that disagreement and provide an authoritative interpretation by agency leadership, the Director convened the POP to consider three questions: whether “§ 315(c) permit[s] joinder of new issues into an existing proceeding”; whether “a petitioner [may] be joined to a proceeding in which it is already a party”; and how “the existence of a time bar under 35 U.S.C. § 315(b)” affects the analysis. *Proppant Op.* 3.

Following notice to the public, briefing from the parties and six amici, and an oral hearing, the POP issued a precedential opinion concluding that “§ 315(c) provides discretion to allow a petitioner to be joined to a proceeding in which it is already a party and provides discretion to allow joinder of new issues into an existing proceeding.” *Proppant Op.* 4. The POP stated, however, that “the Board will exercise this discretion only in limited circumstances—namely, where fairness requires it and to avoid undue prejudice to a party.” *Id.* The POP ultimately declined to permit joinder in *Proppant* because the request there was motivated by the petitioner’s own errors, not by another party’s prejudicial behavior. *Id.*

4. The current appeals arise from a dispute between patent owner Windy City Innovations, LLC and petitioner Facebook, Inc. Windy City sued Facebook alleging infringement of four patents encompassing 830 patent claims. Facebook repeatedly, but unsuccessfully, demanded that Windy City promptly identify the claims it would assert in litigation. In June 2016, facing the one-year time bar under Section 315(b), Facebook filed four IPR petitions challenging a subset of the 830 patent claims. Several months later, Windy City finally identified the patent claims allegedly infringed by Facebook, which included claims not covered by the existing IPR petitions.

In December 2016, the Board instituted IPRs on Facebook's four petitions. Facebook promptly filed follow-on petitions challenging the additional claims identified by Windy City and sought to join them with the existing IPRs. In response, Windy City did not dispute that the Board had authority to grant joinder, but argued joinder should be denied for discretionary reasons. *See* Appx7371-72, Appx8147-48.

The PTAB instituted review on the follow-on petitions and joined them to the existing proceedings. In its December 2017 final written decisions, the Board found that Facebook had established that various claims within Windy City's patents were unpatentable but failed to show other claims were unpatentable. Among the claims on which Facebook prevailed were claims raised in a follow-on petition.

Both parties appealed to this Court. In its cross-appellant brief, Windy City now argued that the Board exceeded its authority by granting joinder and instituting review on Facebook's follow-on petitions.

ARGUMENT

I. POP Opinions Interpreting The AIA Are Entitled To *Chevron* Deference.

Under settled principles of administrative law, the POP's precedential decisions interpreting the AIA qualify for *Chevron* deference.²

a. In *United States v. Mead Corp.*, 533 U.S. 218 (2001), the Supreme Court held that an agency's "implementation of a particular statutory provision qualifies for *Chevron* deference when it appears that Congress delegated authority to the agency generally to make rules carrying the force of law, and that the agency interpretation claiming deference was promulgated in the exercise of that authority." *Id.* at 226-27. "It is fair to assume generally that Congress contemplates administrative action with the effect of law when it provides for a relatively formal administrative procedure tending to foster the fairness and deliberation that should underlie a pronouncement of such force." *Id.* at 230. "Delegation of such authority may be shown in a variety of ways, as by an agency's power to engage in adjudication or notice-and-comment rulemaking, or by some other indication of a comparable congressional intent." *Id.* at 227; *see id.* at 229 (identifying "congressional authorizations" for "rulemaking or adjudication" as a "very good indicator of delegation meriting *Chevron* treatment").

² A POP decision that interprets an ambiguous regulatory provision may be entitled to deference under *Auer v. Robbins*, 519 U.S. 452 (1997), and *Kisor v. Wilkie*, 139 S. Ct. 2400 (2019). This brief does not address such deference, as the POP's decision in *Proppant* interpreted a statute rather than a regulation. Likewise, this brief does not address whether the POP's interpretations of patentability provisions of the Patent Act, 35 U.S.C. §§ 101-105, would be entitled to *Chevron* deference.

The Court has also reasoned that, where Congress enacts a “complex[]” statute implicating a “vast number of claims” with a “consequent need for agency expertise and administrative experience,” it is appropriate to “read the statute as delegating to the Agency considerable authority to fill in, through interpretation, matters of detail related to its administration.” *Barnhart v. Walton*, 535 U.S. 212, 225 (2002).

The POP’s precedential opinions readily qualify for *Chevron* deference under those principles. Congress has expressly delegated authority to adjudicate IPRs, *see* 35 U.S.C. §§ 311-319, as well as authority to enact regulations “establishing and governing inter partes review under this chapter,” *id.* § 316(a)(4). Thus, both of the quintessential forms of lawmaking authority discussed in *Mead*, “adjudication [and] notice-and-comment rulemaking,” are present here. Moreover, the AIA is a complex, specialized statutory regime implicating a “vast number of claims” with a “consequent need for agency expertise and administrative experience.” *Barnhart*, 535 U.S. at 225.

In addition, the POP renders its interpretations through a highly structured process that “foster[s] fairness and deliberation.” *Mead*, 533 U.S. at 230. The POP’s decision here was made following notice to the public (affording 25 days for submitting amicus briefs); further written briefing by the parties and six amici; and an oral hearing. That procedure is comparable to processes employed by other adjudicative bodies to which the Supreme Court and courts of appeals routinely afford *Chevron* deference. *See, e.g., Negusie v. Holder*, 555 U.S. 511, 516 (2009) (stating that “the [Board of Immigration Appeals] is entitled to deference in interpreting

ambiguous provisions of the [Immigration and Nationality Act]”); *U.S. Postal Serv. v. Postal Regulatory Comm’n*, 599 F.3d 705, 710 (D.C. Cir. 2010) (affording *Chevron* deference to Commission decision where statute “was clearly delegated to the Commission to implement and thereby to interpret”).

Finally, the POP plainly “set[s] out with a lawmaking” purpose. *Mead*, 533 U.S. at 233. A POP opinion reflects the considered judgment of the political leadership of the agency, and the Director has expressly made POP opinions binding on future Board panels unless he directs otherwise. Those opinions thus carry legal force in the sense described in *Mead*. *Cf., e.g., id.* (holding that tariff letters did not qualify for *Chevron* deference because the letters were “conclusive only” as to “the importer to whom it was issued”); *Mahn v. Attorney General*, 767 F.3d 170, 173 (3d Cir. 2014) (collecting cases “declin[ing] to apply *Chevron* deference” to “non-precedential decision[s] issued by a single BIA member”).³

b. In addition to authorizing the agency to proceed by adjudication, Congress empowered the USPTO to “prescribe regulations . . . establishing and governing inter partes review.” 35 U.S.C. § 316(a)(4). Noting that provision, certain members of this

³ There may be case-specific reasons not to afford deference to particular POP decisions even when the statutory text is ambiguous. If, for example, the interpretive question before the POP is not one that Congress would have expected the agency to resolve, *Chevron* deference might be inappropriate. *See, e.g., Gonzales v. Oregon*, 546 U.S. 243, 266-67 (2006). Or if the POP failed to engage in reasoned analysis, a court may justifiably decline to defer to its determination. *See Encino Motorcars, LLC v. Navarro*, 136 S. Ct. 2117, 2125-26 (2016). But those case-specific considerations do not prevent POP decisions, as a class, from generally qualifying for *Chevron* deference.

Court have questioned whether *Chevron* deference ought to be available if the USPTO interprets the AIA through adjudication rather than through notice-and-comment rulemaking. See *Aqua Products, Inc. v. Matal*, 872 F.3d 1290, 1331 (Fed. Cir. 2017) (en banc) (Moore, J., concurring) (discussing § 316(a)(4) and positing that “the [agency’s] exercise of [Congress’s] delegated authority must be through the promulgation of regulations in order to be entitled to *Chevron* deference”).

Established precedent precludes any inference that Congress, by authorizing or directing an agency to issue “regulations,” thereby impliedly withdraws the agency’s authority to issue binding interpretations through other mechanisms Congress has also provided. It is a foundational administrative-law principle that an agency’s decision “between proceeding by general rule or by individual, ad hoc litigation is one that lies primarily in the informed discretion of the administrative agency.” *SEC v. Chenery Corp.*, 332 U.S. 194, 203 (1947). And precisely because “the choice between rulemaking and adjudication lies in the first instance within the [agency’s] discretion,” an agency “is not precluded from announcing new principles in an adjudicative proceeding.” *NLRB v. Bell Aerospace Co.*, 416 U.S. 267, 294 (1974). Moreover, *Mead* and subsequent cases make clear that where, as here, Congress has empowered an agency to proceed both by adjudication and regulation, it is not a precondition for *Chevron* deference that the agency choose the rulemaking path. See, e.g., *Barnhart*, 535 U.S. at 222 (reiterating *Mead*’s conclusion that “the presence or absence of notice-and-comment rulemaking” is not “dispositive” for *Chevron* purposes); see also *Pierce &*

Hickman, *Administrative Law Treatise*, § 4.9, at 524 (6th ed. 2019) (explaining that “[m]ost agency-administered statutes confer on the agency power to issue rules and power to adjudicate cases, leaving the agency with discretion to choose any combination of rulemaking and adjudication it prefers”).

Congress did contemplate that the USPTO would not rely exclusively on adjudication insofar as it provided that the Director “shall prescribe regulations” about specified topics. *See* 35 U.S.C. § 316(a)(1)-(13).⁴ But Congress certainly understood that such regulations would not and could not resolve every interpretive problem that would arise in administering the AIA. *Cf. Shalala v. Guernsey Mem’l Hosp.*, 514 U.S. 87, 96 (1995) (rejecting proposition “that the Secretary has a statutory duty to promulgate regulations that . . . address every conceivable question in the process of determining equitable reimbursement” under Medicare). Rather, Congress has long expected that an agency may fill smaller gaps in the statutory and regulatory framework through adjudication. That expectation is particularly sensible where, as here, the relevant statute is one governing the process of adjudication itself. And in so doing, an agency may properly claim *Chevron* deference for the authoritative,

⁴ That section 316(a) authorizes the Director to issue “regulations,” rather than “rules,” also does not demonstrate that Congress confined *Chevron* deference to the fruits of notice-and-comment rulemaking. *Cf. Aqua Products*, 872 F.3d at 1330-31 (Moore, J., concurring). The ability of agencies to obtain *Chevron* deference for interpretations announced through adjudication, *see supra* pp. 5-7, does not depend on express statutory authorization to make “rules.” Indeed, the APA itself describes “adjudication” as a process for reaching “a final disposition . . . in a matter *other than rule making*.” 5 U.S.C. § 551(6)-(7) (emphasis added).

binding interpretations it adopts. *See, e.g., Pesquera Mares Australes Ltda. v. United States*, 266 F.3d 1372, 1380 (Fed. Cir. 2001) (recognizing *Chevron* deference is “not limited to regulations adopted after notice-and-comment rulemaking,” but rather, “is due at least to those statutory interpretations that are articulated in any relatively formal administrative procedure . . . [and] embodied in rulings that are given precedential effect by the agency”); *cf. Kent Barnett & Christopher J. Walker, Chevron in the Circuit Courts*, 116 Mich. L. Rev. 1, 27, 36 (2017) (finding that during an 11-year period across federal courts of appeals, adjudicative interpretations received *Chevron* deference at the same rate as those issued through rulemaking, around 75% of the time).

Courts have long afforded *Chevron* deference to interpretations rendered through adjudication even if the agency also possessed rulemaking authority but chose not to use it. For example, the National Labor Relations Board has plenary authority to issue “such rules and regulations as may be necessary to carry out the provisions of” the National Labor Relations Act, 29 U.S.C. § 156, but the Board nonetheless frequently resorts to adjudication to adopt new interpretations of the Act, to the virtual exclusion of notice-and-comment rulemaking. It is well established that *Chevron* applies to those interpretations. *See, e.g., Holly Farms Corp. v. NLRB*, 517 U.S. 392, 398-99 (1996); *SEIU, United Healthcare Workers-West v. NLRB*, 574 F.3d 1213, 1214 (9th Cir. 2009). As noted above, the Board of Immigration Appeals receives *Chevron* deference for its precedential decisions interpreting the INA, even though the Attorney General also possesses authority to interpret the statute by regulation. *See*

INS v. Aguirre-Aguirre, 526 U.S. 415, 424-25 (1999); 8 U.S.C. § 1103(g)(2).

This Court has made clear that the same is true for other agencies. Statutory interpretations announced in adjudications by the International Trade Commission are reviewed under *Chevron* notwithstanding that the Commission also possesses rulemaking authority. See *Suprema, Inc. v. ITC*, 796 F.3d 1338, 1345-46 (Fed. Cir. 2015) (en banc) (concluding that “Congress has delegated authority to the Commission to resolve ambiguity in [the statute] if the Commission does so through formal adjudicative procedures”); cf. 19 U.S.C. § 1335 (rulemaking authority). Similarly, in *Pesquera*, this Court afforded *Chevron* deference to statutory interpretations contained in Commerce Department antidumping rulings, “even when there [was] no formal regulation at issue.” *Pesquera*, 266 F.3d at 1382; see *United States v. Eurodif S.A.*, 555 U.S. 305, 316 (2009) (reaching same conclusion). Given this settled backdrop, Congress in enacting the AIA would have understood that its grant of rulemaking authority in Section 316(a)(4) would not be construed to limit the agency’s ability to render interpretations through adjudication and to receive deference for those interpretations to the extent they resolve ambiguities or fill gaps in the statute.

II. The POP’s *Proppant* Decision Merits *Chevron* Deference.

This Court has also inquired “what, if any, deference should be afforded . . . specifically to the POP opinion in *Proppant*.” The POP’s decision in *Proppant* has all of the characteristics discussed above that make precedential POP decisions eligible for *Chevron* deference. And because *Proppant*’s interpretation of Section 315 is not

foreclosed by the text and is “reasonable in light of the text, nature, and purpose of the statute,” that opinion merits *Chevron* deference. *Cuozz’o Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142 (2016); *cf. Entergy Corp. v. Riverkeeper, Inc.*, 556 U.S. 208, 218 (2009) (citing *Chevron* and explaining that “[the agency’s] view governs if it is a reasonable interpretation of the statute”).

First, *Proppant* reasonably concluded that section 315(c) permits challenges to additional patent claims to be joined to an existing proceeding. *See Proppant Op.* 11-16. Section 315(c) provides that “the Director, in his or her discretion, may join as a party to [an existing] inter partes review any person *who properly files a petition under section 311 that the Director . . . determines warrants the institution of an inter partes review under section 314.*” 35 U.S.C. § 315(c) (emphasis added). The statute nowhere states that a party filing a petition referred to in section 315(c) is confined, in that petition, to raising only issues already presented in the existing IPR. Indeed, if Congress had intended joinder to be categorically limited to issues already raised in an existing IPR, it is not apparent why it would require the Director to determine whether the newly filed petition warrants institution of inter partes review. *See Proppant Op.* 12. Nor is it apparent why the statute would contemplate a need to extend the one-year deadline for completing the proceeding “in the case of joinder under § 315(c),” 35 U.S.C. § 316(a)(11), if no new issues could be raised by the joined petition. The more logical inference is that Congress anticipated that a new petition, though related to the existing proceeding, may raise different claims or issues and thus may require

additional consideration. Indeed, the legislative history confirms that understanding. *See* 157 Cong. Rec. 3429 (Mar. 8, 2011) (Senator Kyl) (explaining that if a petitioner “presents additional challenges to validity,” section 315(c) permits the Director to “join that party *and its new arguments*”) (emphasis added).

Second, *Proppant* reasonably concluded that section 315(c) permits joinder of persons raising challenges that otherwise would be time-barred. *Proppant* Op. 16-19. Although section 315(b) states that an IPR cannot be instituted if the “petition requesting the proceeding is filed more than 1 year” after the petitioner is served with a patent-infringement complaint, the next sentence provides that “[t]he time limitation *set forth in the preceding sentence* shall not apply to a *request for joinder under subsection (c)*.” 35 U.S.C. § 315(b) (emphasis added). The most natural reading of the latter sentence is that the Board may consider challenges raised in petitions under subsection (c) even if the challenges would otherwise be time-barred under the first sentence. *See Proppant* Op. 17-18. Moreover, in order for section 315(c)’s joinder provision to have effect beyond the consolidation authority already granted by section 315(d), there must be some instances in which subsection (c) would allow the Board to combine challenges that would not otherwise be permitted under subsection (d). Such independent effect exists only because subsection (c), and not subsection (d), is subject to a statutory exception from the one-year time bar.

Third, *Proppant* reasonably concluded that section 315(c) provides such discretion regardless of whether the follow-on petition is brought by the same

petitioner or a different petitioner. *Proppant* Op. 5-11. Section 315(c) allows “the Director, in his or her discretion, to join as a party . . . *any person* who properly files a petition under section 311,” 35 U.S.C. § 315(c) (emphasis added), and section 311 in turn allows any “person who is not the owner of a patent” to file a petition. As *Proppant* explains, the text of section 315(c) does not restrict joinder requests only to “a person who is [not] already a petitioner in a proceeding”; rather, it extends that ability to “any person.” *Proppant* Op. 6; see *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1354 (2018) (“[T]he word ‘any’ naturally carries ‘an expansive meaning.’”).

Proppant’s interpretation is particularly reasonable because it allows a petitioner to raise new issues under section 315(c) “only in limited circumstances, where fairness requires it and to avoid undue prejudice.” *Proppant* Op. 16. As *Proppant* reaffirms, a petitioner ordinarily must present all of its challenges within the one-year time bar. But circumstances exist in which it is appropriate to permit a petitioner to assert new claims in a follow-on petition, such as when “a patent owner in a co-pending litigation” has made a “late addition of newly asserted claims.” *Id.* at 19.⁵ This case presents such an example: despite its diligence, Facebook was unable to ascertain within one year which patent claims were at issue in the infringement litigation, because Windy City withheld that information until after the one-year bar had passed. By contrast, in *Proppant*, the POP denied joinder because the request for joinder was

⁵ The USPTO has not yet determined whether other AIA provisions, such as 35 U.S.C. § 316(a)(3), would also allow the agency to address such gamesmanship.

occasioned by “the mistakes or omissions of [the] petitioner” itself. *Id.* at 4; *see also id.* at 18 (noting that a per se rule could create incentives for gamesmanship).

That the statute refers to joining a person who files a follow-on petition “as a party,” 35 U.S.C. § 315(c), does not foreclose the POP’s interpretation. The phrase “as a party” does not preclude joinder requests by persons who are parties to the existing proceeding. Rather, as this Court explained in *Mylan Pharmaceuticals Inc. v. Research Corp. Techs., Inc.*, 914 F.3d 1366, 1373 (Fed. Cir. 2019), Congress included the phrase “as a party” to make clear that, upon joinder, any person bringing a follow-on petition would enjoy the same procedural rights with respect to its claims as persons in the existing proceeding, including the right to seek appellate review in this Court.

If, for whatever reason, this Court concludes that the decision in *Proppant* is not entitled to *Chevron* deference, it should instead defer under *Skidmore v. Swift & Co.*, 323 U.S. 134 (1944). An interpretation receives *Skidmore* deference “depend[ing] upon the thoroughness evident in its consideration, the validity of its reasoning, its consistency with earlier and later pronouncements, and all those factors which give it power to persuade, [even] if lacking power to control.” *Mead*, 533 U.S. at 228. The decision in *Proppant* merits deference because it thoroughly addresses the questions at issue and sets forth a sound solution for solving a recurring problem under the AIA.

CONCLUSION

For the foregoing reasons, the POP’s opinions generally, and its decision in *Proppant* specifically, are entitled to *Chevron* deference.

Respectfully submitted,

JOSEPH H. HUNT
Assistant Attorney General

SCOTT R. McINTOSH

THOMAS W. KRAUSE
Solicitor

FARHEENA Y. RASHEED
Acting Deputy Solicitor

JOSEPH MATAL
MOLLY R. SILFEN
Associate Solicitors
United States Patent and Trademark Office

/s/ Jeffrey E. Sandberg
JEFFREY E. SANDBERG
Attorneys, Appellate Staff
Civil Division, Room 7214
U.S. Department of Justice
950 Pennsylvania Avenue NW
Washington, DC 20530
(202) 532-4453
jeffrey.e.sandberg@usdoj.gov

SEPTEMBER 2019

CERTIFICATE OF COMPLIANCE

This brief complies with this Court's order of August 12, 2019, because its body contains 15 pages. This brief also complies with the typeface and type-style requirements of Federal Rule of Appellate Procedure 32(a)(5)-(6) because it was prepared using Microsoft Word 2016 in Garamond 14-point font, a proportionally spaced typeface.

/s/ Jeffrey E. Sandberg
Jeffrey E. Sandberg
Counsel for the United States

CERTIFICATE OF SERVICE

I hereby certify that on September 17, 2019, I electronically filed the foregoing brief with the Clerk of Court for the United States Court of Appeals for the Federal Circuit by using the appellate CM/ECF system. Participants in the case are registered CM/ECF users, and service will be accomplished by the appellate CM/ECF system.

/s/ Jeffrey E. Sandberg
Jeffrey E. Sandberg
Counsel for the United States

ADDENDUM

Trials@uspto.gov
571-272-7822



Patent Trial and Appeal Board
PRECEDENTIAL
Standard Operating Procedure 2
Designated: 03/13/2019

Paper 38
Entered: March 13, 2019

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PROPPANT EXPRESS INVESTMENTS, LLC, and
PROPPANT EXPRESS SOLUTIONS, LLC
Petitioner,

v.

OREN TECHNOLOGIES, LLC,
Patent Owner.

Case IPR2018-00914
Patent 9,511,929 B2

Before ANDREI IANCU, *Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office*,
DREW HIRSHFELD, *Commissioner for Patents*, and
SCOTT R. BOALICK, *Acting Chief Administrative Patent Judge*.

BOALICK, *Acting Chief Administrative Patent Judge*.

DECISION

Granting Petitioner's Request for Rehearing
37 C.F.R. § 42.71(d)

Denying Petitioner's Motion for Joinder
35 U.S.C. § 315(c)

Denying Institution of *Inter Partes* Review
35 U.S.C. § 315(b)

IPR2018-00914
Patent 9,511,929 B2

I. INTRODUCTION

Proppant Express Investments, LLC and Proppant Express Solutions, LLC (collectively, “Petitioner”) filed a Petition (Paper 1, “Pet.”) requesting an *inter partes* review of claim 4 of U.S. Patent No. 9,511,929 B2 (Ex. 1004, “the ’929 patent”). Oren Technologies, LLC (“Patent Owner”) filed a Preliminary Response (Paper 11) to the Petition. Petitioner also filed a Motion for Joinder (Paper 3, “Mot.”) requesting that it be joined to a pending proceeding, IPR2017-02103 (“the 2103 IPR”). Patent Owner filed an Opposition to the Motion for Joinder (Paper 7), and Petitioner filed a Reply in Support of the Motion for Joinder (Paper 8).

In the 2103 IPR, Petitioner requested an *inter partes* review of claims 1–7, 10, and 12–19 of the ’929 patent. Mot. 1. Patent Owner filed a Preliminary Patent Owner Response which, among other things, pointed out that Petitioner had failed to account for all of the limitations of claim 4 under the ground asserted against claim 4. *Id.* at 3. Although the Board instituted an *inter partes* review, it did not institute on the ground challenging claim 4 for this reason. *Id.* Thereafter, Petitioner filed the Petition and Motion for Joinder in this case to correct the error for claim 4. *Id.* at 4. The Board denied the Petition and Motion for Joinder. Paper 21, 2. The Board interpreted 35 U.S.C. § 315(c) as providing authority to join only “other parties to existing proceedings without introducing new issues of patentability.” *Id.* at 4. Thus, the Board denied the Motion for Joinder because Petitioner is already a party to the 2103 IPR and sought to introduce new issues to the 2103 IPR. *Id.* at 6. The Board denied the Petition under 35 U.S.C. § 315(b) because Petitioner had been served with a complaint

IPR2018-00914
Patent 9,511,929 B2

alleging infringement of the '929 patent more than one year before the date on which the Petition in this proceeding was filed. *Id.*

Petitioner requested rehearing of the Board's decision. Paper 22, 1–2. Because Board decisions conflict on the proper interpretation of § 315(c), the Precedential Opinion Panel (“POP”) ordered a review on rehearing to address the following issues:

1. Under 35 U.S.C. § 315(c) may a petitioner be joined to a proceeding in which it is already a party?
2. Does 35 U.S.C. § 315(c) permit joinder of new issues into an existing proceeding?
3. Does the existence of a time bar under 35 U.S.C. § 315(b), or any other relevant facts, have any impact on the first two questions?

Paper 24, 2 (citing Standard Operating Procedure 2 (“SOP 2”),¹ 3–7).

Petitioner and Patent Owner each filed an additional brief addressing the POP review issues (Paper 26, “Pet. Br.”; Paper 25, “PO Br.”), and each party filed a response to the other party's additional brief (Paper 34, “Pet. Resp.”; Paper 33, “PO Resp.”). Several *amici curiae*—The Naples Roundtable, IXI IP, LLC, American Intellectual Property Law Association, Mr. David Boundy, Biotechnology Innovation Organization, and Microsoft Corporation—filed briefs addressing the POP review issues. Paper 27 (“Naples Br.”); Paper 28 (“IXI Br.”); Paper 29 (“AIPLA Br.”); Paper 30 (“Boundy Br.”); Paper 31 (“BIO Br.”); Paper 32 (“MS Br.”). An oral hearing was held on January 31, 2019, and a transcript of the hearing is included in the record. Paper 37 (“Tr.”).

¹ Available at <https://go.usa.gov/xPMqx>.

IPR2018-00914
Patent 9,511,929 B2

As noted above, Petitioner's request for rehearing has been granted to address the POP review issues. As to the first two issues, we conclude that 35 U.S.C. § 315(c) provides discretion to allow a petitioner to be joined to a proceeding in which it is already a party and provides discretion to allow joinder of new issues into an existing proceeding. We further conclude that the existence of a time bar under 35 U.S.C. § 315(b) is one of several factors that may be considered when exercising our discretion under § 315(c). In order to balance various considerations, including those raised by other statutes such as the time bar of § 315(b), the Board will exercise this discretion only in limited circumstances—namely, where fairness requires it and to avoid undue prejudice to a party. Circumstances leading to this narrow exercise of our discretion may include, for example, actions taken by a patent owner in a co-pending litigation such as the late addition of newly asserted claims. On the other hand, the Board does not generally expect fairness and prejudice concerns to be implicated by, for example, the mistakes or omissions of a petitioner.

As discussed below in more detail, the Petition for *inter partes* review and the Motion for Joinder in this case are denied because the request for joinder was filed as a result of Petitioner's errors, there are no fairness or undue prejudice concerns implicated, and the Petition is otherwise time-barred under § 315(b). The Board declines to exercise its discretion under § 315(c) in this case.

IPR2018-00914
Patent 9,511,929 B2

II. ANALYSIS

A. POP Review Issues

1. Same Party Joinder

The first issue for POP review is whether 35 U.S.C. § 315(c) permits a petitioner to be joined to a proceeding in which it is already a party.

Paper 24, 2. We conclude that it does. However, as explained in more detail in Part 3, the Board will exercise its discretion to grant joinder in situations involving same-party joinder only in limited circumstances.

Section 315(c) states that

[i]f the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

35 U.S.C. § 315(c). Petitioner and some *amici* argue that § 315(c) provides discretion to join any person who is not the patent owner to a proceeding.

Pet. Br. 9; Naples Br. 3; MS Br. 5. Patent Owner and other *amici* argue that § 315(c) only provides authority to join a person who is not already a party to a proceeding. PO Br. 5; IXI Br. 6; BIO Br. 5.

Statutory interpretation “begins with ‘the language of the statute.’” *Hughes Aircraft Co. v. Jacobson*, 525 U.S. 432, 438 (1999). Section 315(c) provides discretion to “join as a party . . . *any person* who properly files a petition under section 311 that . . . warrants the institution of an inter partes review under section 314.” 35 U.S.C. § 315(c) (emphasis added). “[T]he word ‘any’ naturally carries ‘an expansive meaning.’” *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1354 (2018). “When used . . . with a ‘singular noun

IPR2018-00914
Patent 9,511,929 B2

in affirmative contexts,’ the word ‘any’ ordinarily ‘refer[s] to a member of a particular group or class without distinction or limitation’ and in this way ‘impl[ies] every member of the class or group.’” *Id.* Thus, by using the expansive phrase “any person” in § 315(c), Congress provided discretion, should the Director find it appropriate, to join every person who properly files a petition that warrants institution.

Further, “[i]t is a ‘fundamental canon of statutory construction that the words of a statute must be read in their context and with a view to their place in the overall statutory scheme.’” *Mylan Pharms. Inc. v. Research Corp. Techs., Inc.*, 914 F.3d 1366, 1373 (Fed. Cir. 2019). In *Mylan*, the Federal Circuit rejected an “argument [that] would require [it] to read the word ‘party’ differently between § 315 and § 319.” *Id.* Here, the word “person” appears in both § 311 and § 315. Specifically, § 311(a) states that “*a person who is not the owner of a patent* may file with the Office a petition to institute an inter partes review of the patent.” 35 U.S.C. § 311(a) (emphasis added). And § 315(c) states that “the Director, in his or her discretion, may join as a party to that inter partes review *any person* who properly files a petition under section 311.” 35 U.S.C. § 315(c) (emphasis added). Thus, when § 315(c) is read in context with § 311(a), Congress specified that any person except the patent owner can be joined to a proceeding, at the Director’s discretion. Congress could have placed other limits on joinder under § 315(c), such as prohibiting joinder of a person who is already a petitioner in a proceeding, but did not. There is no exclusion for a person who is already a petitioner in a proceeding.

We are not persuaded by the arguments of Patent Owner and some *amici* that § 315(c) does not permit same party joinder, and we decline their

IPR2018-00914
Patent 9,511,929 B2

invitation to read the word “person” differently between § 311 and § 315. In particular, Patent Owner and some *amici* argue that the phrase “join as a party” in § 315(c) limits the phrase “any person” to those persons who are not already a party to a proceeding. PO Br. 4–5; IXI Br. 6–7; BIO Br. 5–6. But such a limitation is not found in the statute. One *amicus* points out that the term “join” ordinarily means “[t]o unite, connect, or associate physically so as to make, act, work, appear, hold together, or the like, as one,” and the phrase “joinder of parties” ordinarily means “[t]he combination of two or more persons or entities as plaintiffs or defendants in a civil lawsuit.” BIO Br. 6 (citing WEBSTER’S NEW INTERNATIONAL DICTIONARY 1339 (2d ed. 1945); BLACK’S LAW DICTIONARY 965 (10th ed. 2014)). Thus, it is argued, the phrase “join as a party” in § 315(c) does not include adding a person who is already a party to a proceeding. BIO Br. 5–6.

This argument, however, over-emphasizes dictionary definitions taken out of context. For example, nothing in these dictionary definitions prevents two different petitions from the same party being “united” or “connected,” “so as to act as one,” especially in the context of the specific statutory scheme at issue here. In particular, this argument focuses on the phrase “join as a party” in isolation from the rest of § 315(c), and related statutes such as § 311. *See Hibbs v. Winn*, 542 U.S. 88, 101 (2004) (“[W]e follow ‘the cardinal rule that statutory language must be read in context [since] a phrase gathers meaning from the words around it.’”). Rather, the statutory phrase “any person” broadly applies to the phrase “join as a party,” thereby providing discretion to join, if appropriate, any person who properly files a petition that warrants institution.

IPR2018-00914
Patent 9,511,929 B2

Turning from the plain statutory text, Patent Owner and some *amici* argue that, according to the legislative history, § 315(c) was intended to allow only a different petitioner to join a proceeding. PO Br. 5–6; IXI Br. 7–8; BIO Br. 9. Patent Owner and those *amici* point to the House Committee Report, which states that “[t]he Director may allow other petitioners to join an inter partes or post-grant review.” H.R. Rep. No. 112-98, pt. 1, at 76 (June 1, 2011). We do not find this argument persuasive. First, it is not clear that legislative history is pertinent with respect to who may be joined to a proceeding. *Gilead Sciences, Inc. v. Lee*, 778 F.3d 1341, 1348 (Fed. Cir. 2015) (“[T]he authoritative statement is the statutory text, not the legislative history or any other extrinsic material.” (quoting *Exxon Mobil Corp. v. Allapattah Servs., Inc.*, 545 U.S. 546, 568 (2005)) (alteration in original)). In any event, even if we were to consider this legislative history, there is no specific statement of exclusion that would limit the expansive meaning of “any person” in § 315(c). Although the House Committee Report refers to joining “other petitioners” to a proceeding, it does not preclude joining a person who is already a petitioner in a proceeding.

Patent Owner states that the Board previously “reasoned that because ‘there does not appear to be any language in the statute directly *prohibiting* the joinder of issues by the same party,’ it had the power to permit” same party joinder. PO Br. 6–7 (citing *Ariosa Diagnostics v. Isis Innovation Ltd.*, Case IPR2012-00022, slip op. at 19 (PTAB Sept. 2, 2014) (Paper 166)). Patent Owner argues that, under *SAS*, the Board does not have authority to grant same party joinder simply because § 315(c) fails to prohibit it. PO Br. 7 (citing *SAS*, 138 S. Ct. at 1355). We do not agree. This is not a

IPR2018-00914
Patent 9,511,929 B2

situation where the statute simply fails to prohibit same party joinder. Rather, as explained in detail above, by using the expansive phrase “any person” in § 315(c), Congress expressly provided discretion to join a person who is already a petitioner in a proceeding.

Patent Owner and some *amici* argue that consolidation under 35 U.S.C. § 315(d), rather than joinder under § 315(c), is the proper procedure for combining two proceedings that have the same petitioner. PO Resp. 3–4; IXI Br. 8–9; BIO Br. 6–7. One *amicus* argues that otherwise § 315(d) would be superfluous. BIO Br. 6. We do not agree. Section 315(d) states that

[n]otwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an inter partes review, 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 stay, transfer, consolidation, or termination of any such matter or proceeding.

35 U.S.C. § 315(d). The language of § 315(d) is different than § 315(c) because, among other things, § 315(d) allows for consolidation of an *inter partes* review with any other proceeding or matter involving that patent before the Office, whereas § 315(c) instead relates to joinder of two *inter partes* reviews. Joinder and consolidation are two separate and distinct ways of managing parallel USPTO proceedings, with different requirements and limitations. Even if applying § 315(c) might lead to the same result as applying § 315(d) in some cases, the rationales and requirements of each statute are separate and distinct. Therefore, interpreting § 315(c) to allow for same party joinder does not render § 315(d) superfluous.

IPR2018-00914
Patent 9,511,929 B2

One *amicus* argues that several other statutes show that Congress uses the phrase “join as a party” to mean adding a different party. BIO Br. 8. We are not persuaded. Although § 315(c) and the statutes cited by the *amicus* all use the phrase “join as a party,” § 315(c) contains broader language regarding who may be joined. As discussed in detail above, under § 315(c), any person (except the patent owner) may request joinder to an existing *inter partes* review proceeding. In contrast, the statutes cited by the *amicus* do not permit any person to request joinder. Rather, those statutes expressly limit joinder to certain persons, such as those who have an interest in or are affected by the matter to which joinder is sought. *See* 15 U.S.C. § 80a-12(d)(1)(I) (2010) (limiting joinder to “the issuer of any security purchased or otherwise acquired in violation of this paragraph”); 49 U.S.C. § 46109 (2018) (limiting joinder to “[a] person interested in or affected by a matter under consideration in a proceeding before the Secretary of Transportation”); 49 U.S.C. § 1152 (1994) (limiting joinder to “[a] person interested in or affected by a matter under consideration” in an aviation proceeding). Furthermore, the statutes cited by the *amicus* do not expressly prohibit joinder of a person who is already a party.

One *amicus* argues that interpreting § 315(c) to permit same party joinder would promote gamesmanship. BIO Br. 9–10. In particular, this *amicus* argues that allowing same party joinder could enable a petitioner to file a first petition with some grounds of unpatentability and then use the patent owner’s preliminary response and the Board’s institution decision as a guide to file a second petition. *Id.* This is indeed a possibility, and such gamesmanship should be avoided. But a *per se* prohibition of same party joinder could just as easily allow for gamesmanship. For example, a district

IPR2018-00914
Patent 9,511,929 B2

court plaintiff might strategically wait to alter or add late-asserted patent claims in an attempt to wait out the one-year bar on filing an *inter partes* review petition. Perhaps cognizant of these possibilities, Congress provided discretion in § 315(c) and not a *per se* rule one way or the other. As discussed below, the Board will exercise this discretion only in limited circumstances. In the exercise of its discretion, and among other factors, the Board will consider gamesmanship attempts by either party to a proceeding.

2. *Issue Joinder*

The second issue for POP review is whether 35 U.S.C. § 315(c) permits joinder of new issues to an existing proceeding. Paper 24, 2. We conclude that it does. However, as explained in more detail in Part 3, we will exercise our discretion to grant joinder in situations involving new issues only in limited circumstances.

Petitioner and several *amici* argue that § 315(c) provides discretion to join new issues to a proceeding. Pet. Br. 1; Naples Br. 6; IXI Br. 9; BIO Br. 11; MS Br. 5. Patent Owner argues that § 315(c) provides authority to join only a new party, not new issues. PO Br. 7.

Starting with the statutory language itself, there is no express prohibition against raising new issues. Section 315(c) requires a person requesting joinder to “properly file[] a petition under section 311.” 35 U.S.C. § 315(c). Section 311 specifies that a petition may request an *inter partes* review only on grounds “raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications,” but otherwise does not limit the issues that can be raised. 35 U.S.C. § 311(b). Thus, by referencing § 311 in § 315(c), Congress allowed a petition accompanying a request for joinder to raise any grounds under § 102 or

IPR2018-00914
Patent 9,511,929 B2

§ 103 on the basis of patents or printed publications. If Congress had wanted to limit the scope of a petition accompanying a joinder request to only those issues raised in the existing proceeding to which joinder is sought, it could have included such a limitation in § 315(c). Tellingly, it did not.

Section 315(c) also requires that a petition accompanying a request for joinder “warrants the institution of an inter partes review under section 314.”

35 U.S.C. § 315(c). Under § 314(a), a petition warrants institution if

the information presented in the petition filed under section 311 and any response filed under section 313 shows that *there is a reasonable likelihood that the petitioner would prevail* with respect to at least 1 of the claims challenged in the petition.

35 U.S.C. § 314(a) (emphasis added). The petition in an existing proceeding to which joinder is sought would have already been determined to warrant institution under § 314. Thus, by referencing § 314 in § 315(c), Congress required a separate determination that the petition accompanying a joinder request shows a reasonable likelihood of prevailing on at least one claim. If the petition accompanying a joinder request could only raise the exact same issues as the petition in an existing proceeding, then a separate determination under § 314 would be superfluous of the determination already made in the existing proceeding. *See Hibbs*, 542 U.S. at 101 (“The rule against superfluities complements the principle that courts are to interpret the words of a statute in context.”). Thus, the language of § 315(c) indicates that new issues can be joined to a proceeding if a petition filed with a request for joinder satisfies the “reasonable likelihood” standard.

This interpretation of § 315(c) is consistent with the legislative history. For example, Senator Kyl stated that

IPR2018-00914
Patent 9,511,929 B2

[i]f a party seeking joinder also presents additional challenges to validity that satisfy the threshold for instituting a proceeding, the Office will either join that party *and its new arguments* to the existing proceeding, or institute a second proceeding for the patent.

157 Cong. Rec. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (emphasis added). In other words, the legislative history supports the position that Congress expected that a petition filed with a request for joinder may include new issues, and that the Office would have discretion to join those new issues to an existing proceeding.

The arguments by Patent Owner that § 315(c) does not permit issue joinder are not convincing. Patent Owner argues that § 315(c) refers only to joinder of parties, not joinder of issues. PO Br. 7. We do not agree. As explained in detail above, the language of § 315(c) broadly allows a petition accompanying a joinder request to raise any issues that are appropriate for an *inter partes* review, not just the issues raised in an existing proceeding to which joinder is sought. Thus, § 315(c) expressly provides authority to join new issues to an existing proceeding.

Patent Owner argues that the petition requirement of § 315(c) “serves many purposes, such as ensuring that joinder is voluntary and that the petitioner and its IPR are not barred under §§ 315(a) or (b),” and also “is necessary to confirm that [the second petition] is substantively the same as the first petition.” PO Br. 7–8; PO Resp. 3. Patent Owner, therefore, contends that the petition requirement of § 315(c) “is not evidence that new issues can be joined to an existing proceeding.” PO Br. 8. But although the petition requirement of § 315(c) may serve several purposes, including those Patent Owner identifies, that does not negate the fact that § 315(c) expressly

IPR2018-00914
Patent 9,511,929 B2

allows, as discussed above, a petition accompanying a joinder request to raise new issues.

Patent Owner argues that the “reasonable likelihood” standard in § 314(a) is used to decide whether an “IPR on the second petition could proceed even if a motion for joinder fails,” not to decide whether to join new issues to an existing proceeding. PO Resp. 2–3. But § 315(c) does not state that the “reasonable likelihood” standard is applied when a motion for joinder fails. Rather, § 315(c) states that the “reasonable likelihood” standard is applied when determining whether to grant a request for joinder and the accompanying petition, just as it would be when considering institution of any petition.

Patent Owner argues that consolidation under § 315(d), rather than joinder under § 315(c), is the proper procedure for combining two proceedings that present different issues. PO Br. 8–9; PO Resp. 3–4. Patent Owner contends that Congress intentionally created a distinction between joinder of parties under § 315(c) and consolidation of issues under § 315(d). PO Resp. 3–4. But there are many differences between § 315(c) and § 315(d). As discussed above, joinder and consolidation are two separate and distinct ways of managing parallel proceedings, each with different requirements and limitations. As just one example, joinder under § 315(c) relates only to *inter partes* reviews, whereas § 315(d) allows consolidation of an *inter partes* review of a patent with any other proceeding or matter involving that patent before the Office. Again, even if applying both § 315(c) and § 315(d) might arguably lead to a similar result in some cases, the rationales and requirements of each statute are separate and distinct.

IPR2018-00914
Patent 9,511,929 B2

Thus, the presence of consolidation in § 315(d) does not prohibit issue joinder under § 315(c).

Patent Owner argues that the concurrence in *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co. Ltd.*, 868 F.3d 1013, 1020 (Fed. Cir. 2017) supports its interpretation of § 315(c). PO Br. 9–10. We are not persuaded. The concurrence in *Nidec* states that

The issue in this case is whether the time bar provision allows a time-barred petitioner to add new issues, rather than simply belatedly joining a proceeding as a new party, to an otherwise timely proceeding. Section 315(c) does not explicitly allow this practice. We think it unlikely that Congress intended that petitioners could employ the joinder provision to circumvent the time bar by adding time-barred issues to an otherwise timely proceeding, whether the petitioner seeking to add new issues is the same party that brought the timely proceeding, as in this case, or the petitioner is a new party.

Nidec, 868 F.3d at 1020. Thus, the concurrence in *Nidec* addresses the issue of whether a party who is time-barred under § 315(b) can join new issues to an existing proceeding under § 315(c), not whether issue joinder is allowed generally under § 315(c). We address the impact of the § 315(b) time bar on issue joinder in more detail below. Suffice to say, the Board will exercise its discretion to allow a time-barred party to join new issues to an existing proceeding only in limited circumstances.

One *amicus* argues that the Federal Rules of Civil Procedure and the Federal Rules of Bankruptcy distinguish between joinder of parties and joinder of issues. BIO Br. 8. Therefore, this *amicus* argues, Congress is familiar with the distinction and could have expressly provided for issue joinder in § 315(c). *Id.* We do not agree. Here, § 315(c) provides for both joinder of parties and joinder of issues. As explained in detail above, the

IPR2018-00914
Patent 9,511,929 B2

language of § 315(c) broadly allows a petition accompanying a joinder request to raise any issues that are appropriate for an *inter partes* review, not just the issues raised in an existing proceeding to which joinder is sought. Thus, § 315(c) expressly provides authority to join new issues to an existing proceeding.

3. *Time Bar under § 315(b)*

The third issue for POP review is whether the existence of a time bar under 35 U.S.C. § 315(b), or any other relevant facts, have any impact on the first two questions. Paper 24, 2. We conclude that the existence of a time bar is one of several factors that may be considered when exercising our discretion under § 315(c). In general, the Board will exercise this discretion only in limited circumstances where fairness requires it and to avoid undue prejudice to a party. Circumstances which may justify this narrow exercise of discretion may include, for example, actions taken by a patent owner in a co-pending litigation such as the late addition of new asserted claims. On the other hand, the Board does not generally expect fairness and prejudice concerns to be implicated, for example, where a petitioner merely corrects its mistakes or omissions.

Section 315(b) states that

[a]n *inter partes* review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

35 U.S.C. § 315(b). Petitioner argues that the § 315(b) time bar does not impact same party or issue joinder because § 315(b) includes an exception for joinder under § 315(c). Pet. Br. 10. Patent Owner and some *amici* argue

IPR2018-00914
Patent 9,511,929 B2

that § 315(b) bars any petition filed after the one-year time limitation, even if accompanied by a request for joinder under § 315(c). PO Br. 11; IXI Br. 11–12; BIO Br. 14. Patent Owner and one *amicus* also argue that § 315(c) requires a properly filed petition that warrants institution, and, thus, a petition filed with a request for joinder must still comply with the one-year time limitation of § 315(b). PO Br. 11–12; PO Resp. 7–8; IXI Br. 12–14. Other *amici* argue that the § 315(b) time bar is one of several factors that may be considered as part of the discretion to grant joinder under § 315(c). Naples Br. 10; AIPLA Br. 9; MS Br. 8.

The statutory language is dispositive. The first sentence of § 315(b) places a time limitation on the filing of a petition. The second sentence of § 315(b) refers back to “[t]he time limitation set forth in the preceding sentence” and provides an exception to that time limitation for a request for joinder under § 315(c). The only time limitation in “the preceding sentence” applies to the filing of a petition; there is no statutory time limitation in the prior sentence or elsewhere on the filing of a request for joinder.² Thus, the purpose of the exception in the second sentence must be to exempt the petition that accompanies a joinder request from the time limitation in the first sentence.³ *See Hibbs*, 542 U.S. at 101 (“[W]e follow ‘the cardinal rule

² There is no statute that specifies any particular time limit for a request for joinder. The only time limit specified in § 315(b) is the one-year window between service of an infringement complaint and the petition. Instead, the time limitation on filing a request for joinder is provided by USPTO regulation, in 37 C.F.R. § 42.122(b), which states that a request for joinder must be filed no later than one month after institution of the proceeding to which joinder is requested.

³ This interpretation of § 315(b) is consistent with 37 C.F.R. § 42.122(b), which states that “[t]he time period set forth in § 42.101(b) shall not apply

IPR2018-00914
Patent 9,511,929 B2

that statutory language must be read in context [since] a phrase gathers meaning from the words around it.’ . . . The rule against superfluities complements the principle that courts are to interpret the words of a statute in context.”); Pet. Br. 10–11. Taken as a whole, therefore, the statute provides discretion to grant joinder in appropriate circumstances even after the time limitation set forth in the first sentence of § 315(b).

Indeed, a *per se* prohibition of joinder for any petition filed after the one-year time limitation of § 315(b) could create undesirable incentives. For example, a district court plaintiff might strategically wait to alter or add late-asserted claims in an attempt to wait out the one-year bar on filing an *inter partes* review petition. This could lead to inefficiencies because parties could game the system by delaying full disclosure of all of the claims in dispute to avoid full review of those claims in an *inter partes* review. It also may encourage a petitioner to hedge against the time bar and challenge more claims than the patent owner asserted, and thus more claims than are necessary to resolve the dispute, thereby increasing the costs and decreasing the efficiency of the entire system.

This does not mean, however, that the exception should swallow the rule. The one-year time limitation of § 315(b) is important to ensure “quiet title to patent owners” and to prevent *inter partes* review from being “used as [a] tool[] for harassment.” H.R. Rep. No. 112-98, pt. 1, at 48 (June 1, 2011). Broadly exercising the discretion granted to the Director in § 315(c) could effectively circumvent the time limitation in § 315(b) in many cases. This would obviate the careful statutory balance.

when the petition is accompanied by a request for joinder.”

IPR2018-00914
Patent 9,511,929 B2

Thus, when an otherwise time-barred petitioner requests same party and/or issue joinder, the Board will exercise this discretion only in limited circumstances—namely, where fairness requires it and to avoid undue prejudice to a party. We do not provide an exhaustive list of those circumstances here. As a general matter, however, circumstances leading to this narrow exercise of discretion may include, for example, actions taken by a patent owner in a co-pending litigation—such as the late addition of newly asserted claims. On the other hand, the Board does not generally expect fairness and prejudice concerns to be implicated by, for example, a petitioner’s mistakes or omissions. The conduct of the parties and attempts to game the system may also be considered. In this way, the Board can carefully balance the interest in preventing harassment against fairness and prejudice concerns on a case-by-case basis, based on the facts then before it.

Other factors may also be important when considering this discretion. For example, the stage and schedule of an existing *inter partes* review might make joinder to that proceeding inappropriate. Also, consideration of the non-exclusive factors set out in *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357, slip op. at 16 (PTAB Sept. 6, 2017) (Paper 19) (precedential as to § II.B.4.i), may support the exercise of the Board’s discretion to deny institution under § 314(a). Events in other proceedings related to the patent at issue may also weigh on the Board’s exercise of discretion in a given case.

B. *Petition and Motion for Joinder*

In this case, we decline to exercise our discretion pursuant to § 315(c). Petitioner requested an *inter partes* review of claim 4 in the 2103 IPR, but Petitioner erroneously did not make out a proper case in the petition. Mot. 3.

IPR2018-00914
Patent 9,511,929 B2

Petitioner acknowledges that it filed the Petition and Motion for Joinder in this case in order to correct the error for claim 4 in the 2103 IPR. *Id.* at 4; Tr. 10:1–11:2. Because Petitioner’s own conduct created the need for it to request joinder, this case does not involve one of the limited circumstances in which the Board will exercise its discretion to allow same party and/or issue joinder. As explained above, allowing joinder in cases such as this could effectively vitiate the time limitation of § 315(b) and obviate the careful balance the statute and legislative history contemplate. The Motion for Joinder is denied.⁴

Since the request for joinder is denied, we must determine whether we can or would separately institute the Petition, absent the joinder request. Here, we cannot do so. Petitioner acknowledges that it was served with a complaint alleging infringement of the ’929 patent more than one year before the date on which the Petition was filed. Pet. 5. Because the Motion

⁴ Additionally, as the concurrence in the decision on institution explains, separate and apart from discretion under § 315(c), the Board would decline to institute an *inter partes* review in this case under the non-exclusive factors set forth in *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357, slip op. at 16 (PTAB Sept, 6, 2017) (Paper 19) (precedential), because: (1) Petitioner filed a previous petition in the 2103 IPR challenging the same claim; (2) this Petition applies prior art that Petitioner was aware of when it filed the previous petition; (3) Petitioner acknowledges that it filed this Petition to correct an error in the previous petition that the preliminary response and the decision on institution in the 2103 IPR both identified; (4) Petitioner’s only explanation for the time elapsed between the previous petition and this Petition is that it failed to “appreciate” its error; and (5) the addition of new issues to the 2103 IPR would require modifying the schedule and would make it more difficult to issue a final written decision within the one-year statutory timeframe.

IPR2018-00914
Patent 9,511,929 B2

for Joinder is denied in this case, the exception to § 315(b) does not apply. Therefore, the Petition is denied as untimely under § 315(b).

III. CONCLUSION

Section 315(c) provides discretion to grant same party and issue joinder, but the Board will exercise its discretion only in limited circumstances where fairness requires it and to avoid undue prejudice to a party. In this case, we decline to exercise our discretion under § 315(c) because Petitioner's own conduct created the need for it to request joinder. Therefore, the Motion for Joinder is denied.

The first sentence of § 315(b) prevents the Board from instituting a petition filed more than one year after service of a complaint for patent infringement. The second sentence of § 315(b) provides an exception to the one-year time limitation in case the Director exercises discretion to join pursuant to § 315(c). As discussed, we do not find it appropriate to exercise that discretion here, and therefore there is no exception to the time limitation. Because Petitioner was served with a complaint alleging infringement of the '929 patent more than one year before the date on which the Petition was filed, the Petition is denied and no trial is instituted.

IV. ORDER

It is hereby

ORDERED that Request for Rehearing is *granted* to address the POP review issues;

FURTHER ORDERED that the Motion for Joinder is *denied*; and

FURTHER ORDERED that the Petition is *denied*, and no trial is instituted.

IPR2018-00914
Patent 9,511,929 B2

For PETITIONER:

Mark T. Garrett
W. Andrew Liddell
Catherine Garza
Jeremy B. Albright
Jeffrey P. Kitchen
Charles B. Walker, Jr.
NORTON ROSE FULBRIGHT US LLP
mark.garrett@nortonrosefulbright.com
andrew.liddell@nortonrosefulbright.com
cat.garza@nortonrosefulbright.com
jeremy.albright@nortonrosefulbright.com
jeff.kitchen@nortonrosefulbright.com
charles.walker@nortonrosefulbright.com

For PATENT OWNER:

Gianni Cutri
Eugene Goryunov
Adam Kaufmann
Kyle Kantarek
KIRKLAND & ELLIS LLP
gianni.cutri@kirkland.com
eugene.goryunov@kirkland.com
adam.kaufmann@kirkland.com
kyle.kantarek@kirkland.com