No. 23-2158, -2159

United States Court of Appeals
for the Federal Circuit

VLSI Technology LLC,
Appellant,
v.
OpenSky Industries, LLC,
Cross-Appellant

Intel Corporation,
Appellee,

Coke Morgan Stewart, Acting Under Secretary of Commerce for Intellectual Property and Acting Director of the United States Patent and Trademark Office,
Intervenor.

On Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board, IPR2021-01064

CORRECTED BRIEF OF THE NATIONAL RETAIL FEDERATION IN SUPPORT OF INTEL AND OPENSKY AND AFFIRMANCE

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February 1, 2025

CERTIFICATE OF INTEREST

Pursuant to Federal Circuit Rules 29(a) and 47.4, counsel for the National Retail Federation certifies that:

1. The full name of the party that I represent is the National Retail Federation
2. There are no real parties in interest of the party that I represent
3. There are no parent corporations or publicly held companies that own ten percent or more of the stock of the party that I represent
4. No other law firms, partners, or associates who have not entered an appearance in this appeal either appeared for the party that I represent in the originating court or are expected to so appear in this Court
5. I do not know of any case in this or any other court or agency that will directly affect or be directly affected by this Court's decision in this case
6. No disclosure regarding organizational victims in criminal cases or debtors or trustees in bankruptcy cases is required under Fed. R. App. P. 26.1(b) or (c).

February 1, 2025 *<u>/s/ Joseph Matal</u>*

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INTEREST OF AMICUS CURIAE

The National Retail Federation ("NRF") is the world's largest retail trade association. Retail is by far the largest private-sector employer in the United States, supporting one in four U.S. jobs—approximately 52 million American workers—and contributing $3.9 trillion to the annual GDP.

Retailers and other main-street businesses are frequent targets of patent assertions. In many cases, the asserted patents claim things that were already known at the time the patent was filed. In these circumstances, post-issuance review at the Patent Trial and Appeal Board can prove to be a critical tool. NRF and its members have a strong interest in preserving access to post-issuance review at the USPTO.[1]

[1] No counsel for any party wrote any part of this brief. No party other than amicus curiae's members contributed any money that was intended to fund the preparation or submission of this brief. This brief is filed with the consent of all parties.

ARGUMENT

I. The AIA allows joinder of a petition that is filed outside of § 315(b)'s one-year deadline

The first sentence of 35 U.S.C. § 315(b) bars institution of an *inter partes* review "if the petition requesting the proceeding is filed more than one year after the date" on which the petitioner or its real parties in interest or privies are served with an infringement complaint. 35 U.S.C. § 315(b). The second sentence creates an exception to this one-year bar: it provides that "the time limitation set forth in the proceeding sentence shall not apply to a request for joinder under subsection (c)." *Id*.

The only thing that the first sentence of § 315(b) does is create a one-year time bar. Thus the second sentence, by creating an exception to that first sentence, necessarily creates an exception to that one-year bar—that is the only thing to which it *can* create an exception.

The second sentence of § 315(b) does not create an exception to the deadline for filing a motion for joinder. The joinder-motion deadline is imposed by 37 C.F.R. § 42.122(b) pursuant to the authority of § 316(a)(12). But the second sentence of § 315(b) does not refer to either of these provisions. Thus when the second sentence of § 315(b) suspends the application of the first sentence, it necessarily creates an exception for otherwise-untimely petitions, not for untimely motions for joinder.

VLSI's contrary interpretation would render both the joinder authority under § 315(c) *and* the joinder-motions deadline under § 315(a)(12) entirely superfluous. VLSI contends that a petition that is sought to be joined with an instituted proceeding must comply with the one-year bar and other institution requirements and that § 315(b)'s second sentence only allows an untimely *request* to join the other proceeding. VLSI Br. at 51-53. Section 315(d), however, already grants the Director broad authority to "consolidate[e]" pending IPRs—and that subsection imposes no deadline for seeking to consolidate instituted proceedings.[2] If § 315(c) were construed to allow joinder only of IPRs that were timely filed under § 315(b), it would allow nothing that is not already permitted under § 315(d)—§ 315(c)'s functions would be completely subsumed by § 315(d).

[2] As a practical matter, of course, the Board is unlikely to grant requests to consolidate proceedings that are already far along.

Similarly, if the second sentence of § 315(b) were construed to create an exception to 37 C.F.R. § 42.122(b)'s joinder-motion deadline, it would render that deadline entirely meaningless: the exception to the deadline for seeking joinder would apply to every motion for joinder. Under VLSI's interpretation of § 315(b), the second sentence would effectively read: "[The deadline for seeking joinder under subsection (c)] shall not apply to a request for joinder under subsection (c)." Surely one must give Congress enough credit to assume that it would not enact a statute so ridiculous.

Finally, VLSI's reliance on legislative history simply highlights the danger of relying on the legislative record of an earlier bill that did not become law. VLSI quotes a floor statement from the 110th Congress discussing the joinder provisions of S. 3600, the Patent Reform Act of 2008.[3] The statement notes that in order for a joinder petition to be "properly filed," the "time deadlines for fling petitions must be complied with in all cases." VLSI Br. at 50-51 (citing 154 Cong. Rec. S9988 (daily ed. Sept. 27, 2008)).

[3] Available at https://www.congress.gov/bill/110th-congress/senate-bill/3600.

That statement accurately describes the operation of this earlier bill—but not the America Invents. Like the AIA, S. 3600 proposed to allow the Director to "join as a party . . . any person who properly files a petition . . . [that] warrants the instituting of a . . . proceeding." S. 3600, 110th Cong., § 5 (proposed 35 U.S.C § 325(b)). This earlier bill also included a version of § 315(b)'s time deadline: it provided that the "proceeding may not be instituted if the petition requesting the proceeding is filed more than 3 months after the date on which the petitioner, real party in interest, or his privy is required to respond to a civil action alleging infringement of the patent." *Id.* (proposed 35 U.S.C § 322(b)(2)).

Unlike the AIA, however, S. 3600 did not make any exception to its post-infringement-action filing deadline: this earlier bill included no equivalent to the second sentence of current § 315(b). *See id.*

The legislative development of the AIA thus tends to confirm Intel's interpretation of the joinder statute rather than VLSI's. The 110th Congress *considered* a joinder provision that did not exempt joinder petitions from its post-infringement-action deadline—but that bill was not enacted. The 112th Congress, which adopted the AIA, took a different approach. It enacted into law an infringement-action deadline that 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), second sentence. Congress thus made a conscious decision to depart from its previous legislative draft and to exempt joinder petitions from the one-year deadline.

While § 315(b)'s one-year deadline and other procedural protections aim to provide "quiet title to patent owners," H.R. Rep. No. 112-98, at 48 (2011), the AIA does not pursue this goal at all costs. At least in the circumstance in which the Board has *already* instituted another IPR for a patent—and has thus found a "reasonable likelihood" that claims of the patent are invalid, 35 U.S.C. § 314(a)—the AIA "elevat[es] resolution of patentability above a petitioner's compliance with § 315(b)." *Thryv, Inc. v. Click-to-Call Techs.*, LP, 590 U.S. 45, 55 (2020); *see also Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 272 (2016) (noting the AIA's purpose of "improving patent quality"); *Blonder-Tongue Labs., Inc. v. U. of Illinois Found*., 402 U.S. 313, 344 (1971) (emphasizing the Patent Act's policy of permitting the "authoritative testing of patent validity").

Thus when an IPR has already been instituted by another petitioner, the joinder authority under § 315(c) allows a "§ 315(b)-barred party [to] join [the] proceeding initiated by . . . [that other] petitioner." *Thryv*, 590 U.S. at 55.

II. The *Noerr–Pennington* doctrine precludes the Director from sanctioning OpenSky for filing a meritorious *inter partes* review petition

The *Noerr–Pennington* doctrine derives from the First Amendment's guarantee of "the right of the people . . . to petition the Government for a redress of grievances." U.S. Constitution, First Amendment. Under *Noerr–Pennington*, parties that petition the government for redress are generally immune from statutory liability for their petitioning conduct. *See SSI Techs., LLC v. Dongguan Zhengyang Elec. Mech. Ltd*., 59 F.4th 1328, 1337 (Fed. Cir. 2023); *Content Extraction and Transmission LLC v. Wells Fargo Bank, Nat'l Ass'n*, 776 F.3d 1343, 1349-50 (Fed. Cir. 2014).

The *Noerr–Pennington* doctrine arose in the antitrust context and initially reflected the Supreme Court's effort to reconcile the Sherman Act with the First Amendment Petition Clause. In *Eastern Railroad Presidents Conference v. Noerr Motor Freight, Inc*., 365 U.S. 127 (1961), trucking companies brought suit against railroad companies alleging that efforts by the railroads to influence legislation regulating trucking violated the Sherman Act. *Id*. at 129. The Court held that "the Sherman Act does not prohibit . . . persons from associating . . . in an attempt to persuade the legislature or the executive to take particular action with respect to a law that would produce a restraint or a monopoly." *Id*. at 136–37. In reaching this conclusion, the Court observed that construing the Sherman Act to reach such conduct "would raise important constitutional questions" respecting the right of petition, stating "we cannot . . . lightly impute to Congress an intent to invade . . . freedoms" protected by the Bill of Rights. *Id*. at 138.

The *Noerr-Pennington* doctrine protects efforts to petition administrative agencies. *United Mine Workers v. Pennington*, 381 U.S. 657 (1965), extended *Noerr*'s antitrust immunity to those engaging in lobbying activities directed toward executive branch officials. And *California Motor Transport Co. v. Trucking Unlimited*, 404 U.S. 508 (1972), recognized "[t]he same philosophy governs the approach of citizens or groups of them to administrative agencies (which are both creatures of the legislature, and arms of the executive) and to courts, the third branch of Government." *Id.* at

510; *see also id.* ("Certainly the right to petition extends to all departments of the Government.").[4]

The courts also have made clear that *Noerr-Pennington* is not limited to the antitrust field—it applies generally to any attempt to punish or sanction the act of petitioning the government. *Bill Johnson's Restaurants, Inc. v. NLRB*, 461 U.S. 731 (1983), held that the Petition Clause protects access to judicial processes in the labor relations context and that the labor laws must be interpreted, where possible, to avoid burdening such access. *See id*. at 741–44; *see also Carroll Touch, Inc.*, 15 F.3d at 1581-82 (applying *Noerr-Pennington* to preempt unfair-competition and abuse-of-process claims); *Cheminor Drugs, Ltd. v. Ethyl Corp*., 168 F.3d 119, 128 (3d. Cir. 1999) (*Noerr-Pennington* immunity extends to state law claims of malicious prosecution, tortious interference with contract, and tortious interference with prospective economic advantage);

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[4] *See also Carroll Touch, Inc. v. Electro Mechanical Sys., Inc*., 15 F.3d 1573, 1582 (Fed. Cir. 1993) (noting that "[t]he *Noerr* immunity rule has . . . been extended to protect those who petition for other forms of governmental action," such as via "administrative and judicial proceedings"); *Brownsville Golden Age Nursing Home, Inc. v. Wells*, 839 F.2d 155, 160 (3d Cir. 1988) (holding that *Noerr-Pennington*'s protections extend to petitions to administrative bodies to cancel licenses).

Brownsville Golden Age Nursing Home, Inc., 839 F.2d at 160 (civil conspiracy, tortious interference, and abuse of process claims).[5]

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[5] Consistent with this approach, courts have broadly read *Noerr-Pennington*'s objective baselessness standard into Rule 11. *See Intamin Ltd. v. Magnetar Techs., Corp*., 483 F.3d 1328, 1337-38 (Fed. Cir. 2007) (Rule 11 requires that a "pleading or motion is well-grounded in fact, has a basis in law, and is not filed for an improper purpose." "[A] frivolous claim or pleading for Rule 11 purposes is one that is legally or factually baseless from an objective perspective and made without a reasonable and competent inquiry.") (applying Ninth Circuit law); *Gulisano v. Burlington, Inc*., 34 F.4th 935, 942 (11th Cir. 2022) ("When deciding whether to impose sanctions under Rule 11, a district court must conduct a two-step inquiry, determining (1) whether the party's claims are objectively frivolous; and (2) whether the person who signed the pleadings should have been aware that they were frivolous."); *Tejero v. Portfolio Recovery Assocs.*, L.L.C., 955 F.3d 453, 460 (5th Cir. 2020) ("[T]he inquiry into whether an improper purpose or unusual circumstances existed should be based on the objective reasonableness of the filing, not subjective suspicion.").

By contrast, the Supreme Court has indicated that fee-shifting statutes do not implicate the Petitions Clause. *Octane Fitness, LLC v. ICON Health & Fitness, Inc*., 572 U.S. 545 (2014), declined to construe 35 U.S.C. § 285 as incorporating the *Noerr-Pennington* protections that the Court has read into the Sherman Act and the NLRA. *See id.* at 556-557. The Court concluded that "the mere shifting of attorney's fees" "far [less] significantly chills the exercise of the right to petition" than does "[t]he threat of antitrust liability," and that a declaration that parties "should bear the costs of their lawsuit in exceptional cases" is "far less onerous" than "a judicial declaration that their filing of a lawsuit was actually unlawful." *Id.*

A. OpenSky's petition is neither baseless nor part of a series of meritless petitions

When applying *Noerr-Pennington*, courts distinguish between cases involving a single petition and those involving a series of petitions. Single-petition cases are subject to the demanding two-prong test of *Professional Real Estate Investors, Inc. v. Columbia Pictures Industries, Inc*. ("*PRE*"), 508 U.S. 49 (1993): "the lawsuit must be objectively baseless in the sense that no reasonable litigant could realistically expect success on the merits," *id.* at 60, and the petition must have been filed in subjective bad faith such that it seeks to "the use of the governmental process—as opposed to the outcome of that process—[to achieve a prohibited end]." *Id.* at 61 (citations omitted).

On the other hand, a pattern or series of meritless petitions are subject to the less demanding standard of *California Motor Transport Co.*, 404 U.S. 508: "a violation of the antitrust laws [may] be established" by showing the existence of a "combination . . . to harass and deter . . . competitors . . . by massive, concerted, and purposeful activities of the group." *Id*. at 515; *see also id.* at 518 (Stewart, J., concurring in judgment) (antitrust liability may be imposed for petitioning that amounts to "a consistent, systematic and uninterrupted program of opposing with or without probable cause and regardless of the merits every application, with insignificant exceptions."); *Hanover 3201 Realty, LLC v. Village Supermarkets, Inc*., 806 F.3d 162, 179-80 (3d Cir. 2015) (noting that Courts of Appeals have applied "*California Motor* to a series of sham petitions and *Professional Real Estat*e to a single sham petition") (citing cases).

Thus "[w]here there is only one alleged sham petition, *Professional Real Estate* 's exacting two-step test properly [applies and] . . . requires a showing of objective baselessness before looking into subjective motivations." *Hanover 321 Realty*, 806 F.3d at 180. But "when a party alleges a series of legal proceedings," the *Noerr* inquiry "asks whether a series of petitions were filed with or without regard to merit and for the purpose of using the governmental process (as opposed to the outcome of that process) to harm a market rival." *Id.*[6]

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[6] *See also* Federal Trade Commission, Enforcement Perspectives on the Noerr-Pennington Doctrine (2006), available at https://tinyurl.com/2pddu3tb, at 31 (noting that courts have held that "a pattern of invoking the judicial or administrative process, without regard to the individual merit of each filing and with the intent to harm competitors, amounts to an abuse of government process that is not shielded from antitrust enforcement by *Noerr*, even though some of the filings individually may not meet *PR*E's standard for objective baselessness"); *id.* at 35; 8 Bus. & Com. Litig. Fed. Cts. § 87:68 (5th ed.) (noting an exception to *PRE* for a pattern of meritless litigation).

To determine whether a series of petitions was filed without regard to the merits, courts consider whether only an insignificant number of the filings had merit and look for other evidence of bad faith:

> In deciding whether there was such a policy of filing petitions with or without regard to merit, a court should perform a holistic review that may include looking at the defendant's filing success—*i.e.*, win-loss percentage—as circumstantial evidence of the defendant's subjective motivations. If more than an insignificant number of filings have objective merit, a defendant likely did not have a policy of filing 'willy-nilly without regard to success.' A high percentage of meritless or objectively baseless proceedings, on the other hand, will tend to support a finding that the filings were not brought to redress any actual grievances. Courts should also consider other evidence of bad-faith as well as the magnitude and nature of the collateral harm imposed on plaintiffs by defendants' petitioning activity (*e.g.*, abuses of the discovery process and interference with access to governmental agencies).

Id. at 180-81 (citations omitted).

Regardless of OpenSky's subjective intent in filing its *inter partes* review petition, its actions do not satisfy either of the standards for sanctioning petitioning activity under *Noerr-Pennington*. OpenSky's petition was found by the USPTO to be not just reasonable, but ultimately meritorious, precluding a finding that it was objectively baseless. And—even if this Court were to reverse the Patent Trial and Appeal Board and conclude that the petition lacked merit—OpenSky filed only a single petition. There is no basis to find that OpenSky filed a series of meritless petitions within the meaning of *California Motor Transport.*

Whatever ill motives OpenSky harbored when it filed its petition, the *Noerr-Pennington* doctrine precludes the USPTO from sanctioning it for advancing a petition that is neither baseless nor part of a pattern of meritless petitions.[7]

[7] Courts also apply *Noerr-Pennington* to protect conduct that is incidental to petitioning activity, such as OpenSky's settlement demands. *See SSI Techs., LLC v. Dongguan Zhengyang Elect. Mech. Ltd*., 59 F.4th 1328, 1337 (Fed. Cir. 2023) (*Noerr-Pennington* protects patent owner's communications with infringement defendant's customers); *Sosa v. DIRECTV, Inc.*, 437 F.3d 923, 932-35 (9th Cir. 2006) (pre-litigation settlement demands).

CONCLUSION

The USPTO's decision to allow Intel to join OpenSky's *inter partes* review and its refusal to terminate the proceeding should be affirmed.

Respectfully submitted,

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Dated: February 1, 2025

CERTIFICATE OF COMPLIANCE

Pursuant to Federal Rule of Appellate Procedure 32(g), the undersigned counsel for amicus curiae certifies that this brief:

(1) complies with the type-volume limitation of Federal Rule of Appellate Procedure 29(a)(5) and Federal Circuit Rule 29(b) because it contains 2927 words, including footnotes and excluding the parts of the brief exempted by Federal Circuit Rule 32(b) and Federal Rule of Appellate Procedure 32(f); and

(2) complies with the typeface and style requirements of Federal Rules of Appellate Procedure 32(a)(5) and 32(a)(6) because this document has been prepared using Microsoft Office Word and is set in the Verdana font in a size equivalent to 14 points or larger.

Dated: February 1, 2025 *\/s/ Joseph Matal*