

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

IN RE: VIRNETX, INC.,

*Petitioner,*

*On Petition for a Writ of Mandamus to the United States Patent and Trademark  
Office, Patent Trial and Appeal Board in Nos. IPR2015-01046 & IPR2015-01047*

**BRIEF OF THE BIOTECHNOLOGY INNOVATION ORGANIZATION  
(BIO) AND PHARMACEUTICAL RESEARCH AND MANUFACTURERS  
OF AMERICA (PhRMA) AS *AMICI CURIAE* SUPPORTING PETITIONER**

Nancy J. Linck  
Michael H. Jones  
ROTHWELL, FIGG, ERNST &  
MANBECK, P.C.  
607 14th Street, N.W., Suite 800  
Washington, DC 20005  
Ph: 202-783-6040  
nlinck@rfem.com

March 17, 2016

*Counsel for Amici Curiae BIO and PhRMA*

---

**CERTIFICATE OF INTEREST**

Counsel for Amici Curiae BIO and PhRMA, certify the following:

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

Biotechnology Innovation Organization (“BIO”) (formerly:  
Biotechnology Industry Organization);  
Pharmaceutical Research and Manufacturers of America (PhRMA)

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

None.

3. All parent corporations and any publicly held companies that own 10 percent 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 *amici curiae* now represented by me in the trial court or are expected to appear in this court are:

ROTHWELL, FIGG, ERNST & MANBECK, P.C.  
Nancy J. Linck  
Michael H. Jones  
607 14th Street, N.W., Suite 800  
Washington, DC 20005  
Telephone: 202-783-6040

Date: March 17, 2016

Respectfully submitted,

/s/ Nancy J. Linck

Nancy J. Linck  
Rothwell, Figg, Ernst & Manbeck, P.C.  
607 14<sup>th</sup> Street, N.W., Suite 800  
Washington, DC 20005  
Ph: 202-783-6040  
nlinck@rfem.com

## TABLE OF CONTENTS

CERTIFICATE OF INTEREST .....	i
TABLE OF AUTHORITIES .....	iii
TABLE OF ADDENDA.....	v
INTEREST OF AMICI CURIAE.....	1
ARGUMENT .....	2
I. The PTO’s Interpretation of 35 U.S.C. § 315(c) Is Unreasonably Broad and Prejudices Patent-Dependent Innovators .....	3
A. The Improper Joinder of Time-Barred Parties Harms Patent Owners.....	3
B. Denying Any Right to Timely and Meaningful Review of Either the PTO’s Statutory Interpretations or the Board’s Decision on Joinder Would Compound the Harm to Patent Owners.....	5
C. The PTO’s Rule 42.122(b) Is Not Entitled to Deference Because the Statute Is Clear, and the PTO’s Interpretation Is Unreasonable .....	7
II. The PTO’s Interpretation Improperly Interferes with Late-Stage Judicial Proceedings and Encourages Administrative Re-Adjudication of Issues Already Decided by Article III Courts.....	9
III. The PTO’s Joinder Practice Supports Unreasonable Serial Attacks on Patent Owners, Incentivizes Opaque Arrangements with Proxies, and Encourages Delay Tactics in Litigation. ....	11
CONCLUSION .....	14

## TABLE OF AUTHORITIES

### Cases

<i>Achates Reference Publ’g, Inc. v. Apple Inc.</i> , 803 F.3d 652 (Fed. Cir. 2015) .....	6
<i>Apple Inc. v. Achates Reference Publ’g, Inc.</i> , IPR2013-00081, Paper No. 17 (P.T.A.B. April 3, 2013) .....	6
<i>Bowen v. Michigan Acad. of Family Physicians</i> , 476 U.S. 667 (1986) .....	6
<i>CaptionCall, L.L.C. v. Ultratec, Inc.</i> , IPR2015-00636, Paper No. 42 (P.T.A.B. Feb. 23, 2016) .....	13
<i>Chevron, U.S.A., Inc. v. Natural Res. Def. Council, Inc.</i> , 467 U.S. 837 (1984) .....	7
<i>Cuozzo Speed Techs., LLC v. Lee</i> , 136 S. Ct. 890 (2016) .....	5
<i>Dunlop v. Bachowski</i> , 421 U.S. 560 (1975) .....	6
<i>In re Cuozzo Speed Techs., LLC</i> , 793 F.3d 1268 (Fed. Cir. 2015) .....	5, 8
<i>In re Cuozzo Speed Techs., LLC</i> , 793 F.3d 1297 (Fed. Cir. 2015) .....	5
<i>Michigan v. EPA</i> , 135 S. Ct. 2699 (2015) .....	8
<i>Se. Cmty. Coll. v. Davis</i> , 442 U.S. 397 (1979) .....	8
<i>Target Corp. v. Destination Maternity Corp.</i> , IPR2014-00508, Paper No. 28 (P.T.A.B. Feb. 12, 2015) .....	9
<i>Versata Dev. Group, Inc. v. SAP Am., Inc.</i> , 793 F.3d 1306 (Fed. Cir. 2015) .....	10

<i>Zhongshan Broad Ocean Motor Co., Ltd. v. Nidec Motor Corp.</i> , IPR2015-00762, Paper No. 16 (P.T.A.B. Oct. 5, 2015).....	4
---------------------------------------------------------------------------------------------------------------------------------	---

**Statutes**

35 U.S.C. § 314(b) .....	9
35 U.S.C. § 314(d) .....	5, 6, 7
35 U.S.C. § 315(b) .....	<i>passim</i>
35 U.S.C. § 315(c) .....	<i>passim</i>

**Other Authorities**

157 Cong. Rec. S1041-42 (daily ed. Mar. 1, 2011).....	3
H.R. Rep. No. 112-98 (June 1, 2011) .....	3
House Judiciary Transcript for Mark-Up of H.R. 1249, The America Invents Act, at 72 (Apr. 14, 2011).....	12

**Rules**

37 C.F.R. 42.107 .....	9
37 C.F.R. 42.122(b) .....	7, 8

## TABLE OF ADDENDA

1. *Apple Inc. v. Achates Reference Publ'g, Inc.*, IPR2013-00081, Paper No. 17 (P.T.A.B. April 3, 2013).
2. *CaptionCall, L.L.C. v. Ultratec, Inc.*, IPR2015-00636, Paper No. 42 (P.T.A.B. Feb. 23, 2016).
3. *Target Corp. v. Destination Maternity Corp.*, IPR2014-00508, Paper No. 28 (P.T.A.B. Feb. 12, 2015).
4. *Zhongshan Broad Ocean Motor Co., Ltd. v. Nidec Motor Corp.*, IPR2015-00762, Paper No. 16 (P.T.A.B. Oct. 5, 2015).

## **INTEREST OF AMICI CURIAE**

The Biotechnology Innovation Organization (“BIO”) is the principal trade association representing the biotechnology industry domestically and abroad.

Approximately 90% of BIO’s corporate members are small or mid-size businesses that have annual revenues of under \$25 million, and who count their patents among their most valuable business assets. BIO’s members depend heavily on a robust system of patent rights and a fair system for adjudicating their validity.

Pharmaceutical Research and Manufacturers of America (PhRMA) represents leading research-based pharmaceutical and biotechnology companies. Its members develop cutting-edge medicines, treatments, and vaccines that save and improve the lives of countless individuals. In 2014 alone, PhRMA companies invested over \$51 billion in discovering and developing new medicines. Over the past decade, PhRMA members have secured FDA approval of more than 300 new medicines.

Biotechnology and pharmaceutical businesses and entrepreneurs place significant reliance interests in the validity of their patents. It is not uncommon for a company to devote a decade of effort and up to \$2 billion to develop innovative products that address unmet medical needs, increase crop yields, and provide real-world tools in the fight against disease, hunger, and pollution. These investments are protected, in large part, with patents and without the promise of effective and predictable patent rights, these investments would be far more difficult—if not

impossible—to undertake. Unlike typical products in, for example, the e-commerce, enterprise software, or mobile communications industries, a given biotechnology or pharmaceutical product tends to be protected by a relatively small number of patents. Thus, while the manufacturer of a smartphone may take comfort knowing it is impossible to tear down the thousands of patents that protect its flagship product, *amici*'s members can face the loss of their entire business if a few, or even potentially just one, of their key patents are invalidated. *Amici*'s members therefore have a strong interest in preventing unfairness or imbalance in post-grant proceedings at the Patent and Trademark Office (“PTO”), including instances where such proceedings are improperly instituted or multiple parties improperly joined to the detriment of the patent owner.<sup>1</sup>

### **ARGUMENT**

VirnetX's interpretation of 35 U.S.C. § 315(c), in light of the plain language and purpose of the statute, is the correct interpretation. The PTO should not be permitted to re-write the statute by expanding the exception for *joinder requests* to

---

<sup>1</sup> Pursuant to Federal Rule of Appellate Procedure 29(c)(5), *amici* certify that no counsel for a party authored this brief in whole or in part, and no such counsel or party, nor any person other than the *amici* or its counsel, made a monetary contribution intended to fund the preparation or submission of this brief. This brief is solely the work of *amici*; it reflects the members' consensus view, but not necessarily the view of any individual member. Pursuant to Federal Rule of Appellate Procedure 29(b), *amici curiae* BIO and PhRMA concurrently file a motion for leave to file this brief.

permit time-barred *petitions*. By imposing the one-year limitation on filing an *inter partes* review (IPR) petition, Congress deliberately crafted a balance between encouraging IPR, avoiding “serial” attacks on patent owners, and respecting the appropriate roles of the PTO and Article III courts. *See* 157 Cong. Rec. S1041-42 (daily ed. Mar. 1, 2011); H.R. Rep. No. 112-98, pt. 1, at 48 (June 1, 2011). That balance should not be undone through unnecessary and unreasonable statutory interpretation. The arguments set forth by VirnetX merit a stay and immediate consideration by the Court, given the importance of the question presented and the widespread impact the Court’s decision will have on similarly-situated cases.

**I. The PTO’s Interpretation of 35 U.S.C. § 315(c) Is Unreasonably Broad and Prejudices Patent-Dependent Innovators**

**A. The Improper Joinder of Time-Barred Parties Harms Patent Owners.**

The harm to a patent owner from the joinder of time-barred parties is real and manifest. Respondents’ arguments to the contrary, Apple’s Opp’n to Mot. (Doc. 20) at 13, ignore the realities of being forced to defend one’s patent against multiple parties and in multiple forums.

The burden of effectively responding to alternative or additional arguments and evidence set forth in the multiple petitions, often with constrained page limits, can be considerable. Further, a patent owner is prejudiced when time-barred defendants are given the opportunity to cooperate, pool resources, access each

other's evidence and experts, and in general "gang up" on the patent owner.<sup>2</sup> In this instance, VirnetX is battling against three parties, including a much larger corporation whose invalidity arguments have already proven unsuccessful in district court. The one-year time bar of § 315(b) was designed to provide at least some protection against such prejudice. Congress could not have intended that such substantive protections could so easily be bypassed through the purely procedural mechanism of joinder found in § 315(c).

Moreover, the PTO's interpretation of §§ 315(b) and (c) invites further abuse of the IPR framework. For instance, if a petitioner files within one year and later realizes its initial petition is deficient (e.g., when deficiencies are identified in a Patent Owner Response or denial of institution on certain grounds), it can re-file an improved petition that addresses those deficiencies, even if the later petition is time barred. Under the PTO's present interpretation, all the petitioner has to do is request joinder along with its time-barred petition. *See, e.g., Zhongshan Broad Ocean Motor Co., Ltd. v. Nidec Motor Corp.*, IPR2015-00762, Paper No. 16 (P.T.A.B. Oct. 5, 2015).

---

<sup>2</sup> Such harm is particularly acute for a small patent owner with limited resources. Apple's revenue for 2015 was \$234 billion. *See* Press Release, October 27, 2015, available at <http://www.apple.com/pr/library/2015/>. To suggest that its involvement, given its resources, does not prejudice VirnetX defies logic.

**B. Denying Any Right to Timely and Meaningful Review of Either the PTO's Statutory Interpretations or the Board's Decision on Joinder Would Compound the Harm to Patent Owners.**

Respondents and the PTO would not only deny VirnetX *timely* relief in the form of a mandamus and stay, but also would deny its right to *any* judicial review of the propriety of the PTO's actions. PTO's Opp'n (Doc. 27) at 6 ("This Court's precedents make clear, however, that § 314(d) bars *any* challenge based on § 315(b)....") (emphasis in original). However, the cases relied upon by Respondents and the PTO are inapposite. VirnetX is not challenging the institution of an IPR, but rather, the *post-institution* joinder decision and the PTO's interpretation of § 315(c). This is a case of first impression regarding the § 315(c) joinder provision.

At most, this Court's precedents addressing institution decisions, and certain pre-institution decisions, hold that such decisions cannot be appealed. *See, e.g., In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1271 (Fed. Cir. 2015). This in itself is problematic, having prompted dissents by five judges regarding rehearing *en banc*, *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1297, 1303 (Fed. Cir. 2015), and drawn the attention of the Supreme Court, 136 S. Ct. 890 (2016) (granting writ). But even under the Federal Circuit's *Cuozzo* case, institution decisions may be challenged via a mandamus petition under certain circumstances. *In re Cuozzo*, 793 F.3d at 1274.

Respondents rely heavily on *Achates Reference Publ'g, Inc. v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015). However, *Achates* is distinguishable. In *Achates*, Apple *did* file its IPR petition within six months of being joined to ongoing litigation against a third party, and unlike here, its petition was not time-barred on its face. *Id.* at 653. Also, there was less evidence of Apple's status as a privy or real party-in-interest. *See Apple Inc. v. Achates Reference Publ'g, Inc.*, IPR2013-00081, Paper No. 17 (P.T.A.B. April 3, 2013) (denying discovery on real party-in-interest).

This Court should reject the PTO's argument that this Court lacks authority to *ever* reach the merits of this case. Improper joinder involves a post-institution decision that goes to the heart of the PTO's authority over IPR disputes and should be reviewed. In addition, there is a "strong presumption" against restricting access to judicial review. *Bowen v. Michigan Acad. of Family Physicians*, 476 U.S. 667, 671 (1986) (quoting *Dunlop v. Bachowski*, 421 U.S. 560, 567 (1975)). Here, the PTO should not be able to avoid review of whether its joinder decision was permissible under the statute, or whether its application is an abuse of its discretion. *See* 5 U.S.C. § 706. The PTO's position on § 314(d) is wrong; Congress would not have written explicit laws governing institution and joinder into the IPR statutory scheme and then given the PTO unfettered authority to ignore that scheme, free from all judicial oversight. Taken as a whole, the plain

language and the structure of the IPR statute support a narrow interpretation of § 314(d) that does not bar judicial review of the joinder decision in this case.

**C. The PTO’s Rule 42.122(b) Is Not Entitled to Deference Because the Statute Is Clear, and the PTO’s Interpretation Is Unreasonable**

The PTO argues in the alternative that the statutory estoppel provision of § 315(b) be set aside because its Rule 42.122(b) is a “reasonable interpretation” of the statute, entitled to *Chevron* deference. PTO Opp’n at 10 (citing *Chevron, U.S.A., Inc. v. Natural Res. Def. Council, Inc.*, 467 U.S. 837 (1984)). However, § 315(b) is clear on its face and thus there is no entitlement to *Chevron* deference. In plain and easily understandable language, Congress barred institution of IPR petitions if filed more than one year after service of an infringement complaint. And in the next sentence, Congress specified that a related but different kind of document – requests for joinder relating to properly filed petitions – may be filed later. To be sure, Congress granted the PTO procedural rulemaking power to fill in spaces that Congress left to the PTO for practical implementation of the proceeding, consistent with its legislative intent. But the space the PTO here claims to have filled by regulation does not exist. There is little ambiguity about Congress’s allocation of the one-year limit and the filings to which it applies. Accordingly, this Court’s authority to review the PTO’s statutory interpretation is not constrained by deference to the PTO’s asserted rulemaking powers.

In any case, Rule 42.122(b) is not a reasonable interpretation of §§ 315(b) and (c), and not entitled to deference. *See, e.g., Michigan v. EPA*, 135 S. Ct. 2699, 2707 (2015) (“Even under this deferential standard, however, ‘agencies must operate within the bounds of reasonable interpretation.’”) (citations omitted); *Cuozzo*, 793 F.3d at 1290 (Newman, J., dissenting) (“Deference is not unlimited ... ‘this deference is constrained by our obligation to honor the clear meaning of a statute, as revealed by its language, purpose, and history.’”) (quoting *Se. Cmty. Coll. v. Davis*, 442 U.S. 397 (1979)).

The unambiguous statutory language only exempts the filing of a “*request for joinder*” from the one-year time bar, not the filing of a new petition itself. 35 U.S.C. § 315(b) (emphasis added); *see* Pet. (Doc. 2) at 13-14. Given the statutory language, once a petition is *properly filed* within the one year time period, and found to merit institution, a motion to join that *properly* instituted IPR to another one need not be filed within that year. 35 U.S.C. § 315(c) (“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 is all the statute says. This makes eminent sense given the statutory framework: A party that files a timely IPR petition within one year from service of suit likely will not receive an institution decision until six months later (*i.e.*, up to 18 months from service). Thus, joinder

motion practice would frequently take place after the expiration of the one-year bar. *See* 37 C.F.R. 42.107 & 35 U.S.C. § 314(b).

In fact, even the Board is split on this issue, as at least some Board judges would hold that “once a petitioner is time-barred under § 315(b) with respect to a particular patent, it is always time barred.” *See Target Corp. v. Destination Maternity Corp.*, IPR2014-00508, Paper No. 28, Dissenting Op. at 18-19 (P.T.A.B. Feb. 12, 2015) (“the majority effectively rewrites the second sentence of § 315(b)”); *Zhongshan*, IPR2015-00762, Dissenting Op. at 2 (“Not only does the majority’s statutory construction of § 315(c) lack compelling support in the statute’s text or legislative history, it directly frustrates [the] Congressional objective of curtailing avenues for harassment by sanctioning ‘repeated . . . administrative attacks.’”).

## **II. The PTO’s Interpretation Improperly Interferes with Late-Stage Judicial Proceedings and Encourages Administrative Re-Adjudication of Issues Already Decided by Article III Courts.**

The PTO’s implementation of *inter partes* review sets the stage for potential conflicts between Article III courts and the Board on the question of validity.

Congress foresaw the potential for such conflict, and through inclusion of the time-bar limitation in § 315(b) sought to mitigate, at least, the tension that occurs between Article III courts and the PTO when the same parties argue the same issue in different forums. That is, because a petition must be filed within a

year of service, (1) litigation over anticipation or obviousness will rarely reach advanced stages in district court by that time; and (2) district courts have the discretion to stay the litigations if appropriate, an act they are very reluctant to do late in the litigation. One purpose of the time bar of § 315(b) is to require district court defendants to make an early choice between seeking prompt IPR review or attacking the patent in district court. Another is to provide finality between the parties. Both are undermined by the PTO's implementation of the purely procedural joinder mechanism of § 315(c). Congress could not have intended such an end-run to be used to set aside the substantive estoppel provision of § 315(b).

Moreover, the PTO's decisions on institution and joinder show a notable lack of concern for decisions that were already conclusively litigated in district court. Particularly troubling are situations where, as here, a district court and jury have decided a patent is not invalid, and the PTO steps in to re-decide the patent's validity and potentially supersede the judgment of the district court. Although the PTO has argued that it is not bound by what courts have done because it operates under a lower standard of proof and a broader claim construction, it has shown little concern for traditional notions of comity, judicial economy, or fairness. *See Versata Dev. Group, Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1336 (Fed. Cir. 2015). By allowing joinder as a tool to circumvent the time-bar of § 315(b), the PTO effectively permits *the same party* to re-litigate *the same issue* that was already

decided in district court. In analogous circumstances in Article III courts, no district court would so unhesitatingly agree to re-decide a dispute between the same parties that was decided in a fellow court; nor could a district court avoid the constraints of *res judicata*, or avoid prudential considerations favoring abstention and comity.

The PTO has advanced no policy rationale sufficient to support its ability to operate in such a manner. Certainly judicial economy is not served by permitting joinder of a time-barred petition, as a time-barred petition would never have to be decided by the Board or addressed on appeal by the Federal Circuit. With the inclusion of § 315(b), Congress sought to avoid duplicative proceedings, and did not intend IPR proceedings to interfere with advanced litigation and undo judgments already rendered in Article III courts. *See* H.R. Rep. No. 112-98, at 48 (2011) (describing “the purpose of the section as providing quick and cost effective *alternatives to litigation*”) (emphasis added); *see* Pet. at 23-26.

### **III. The PTO’s Joinder Practice Supports Unreasonable Serial Attacks on Patent Owners, Incentivizes Opaque Arrangements with Proxies, and Encourages Delay Tactics in Litigation.**

The PTO’s interpretation of §§ 315(b) and 315(c) incentivizes practices that should not be condoned by this Court: serial attacks on patents (and their owners) that contravene traditional notions of fairness, finality and efficiency; opaque

arrangements with proxies; and delay tactics in district court litigations and appeals before this Court.

Examples of the first two concerns are apparent in the record before this Court. As explained by VirnetX, “Apple previously filed (directly or through a proxy) *seven inter partes* review petitions against the same patents, in addition to having challenged their validity in two reexamination proceedings and (unsuccessfully) in district court litigation and on appeal before this Court.” Pet. at 1 (emphasis in original); *see also* 3-11 (detailing Apple’s attempts to invalidate the patents at issue). Serial attacks of this kind upset the balance sought by Congress between “the need to encourage” use of IPRs and “preventing the serial harassment of patent holders.” House Judiciary Transcript for Mark-Up of H.R. 1249, The America Invents Act, at 72 (Apr. 14, 2011) (statement of Cong. Smith) (Ex. 59 to Pet.); *see also* 157 Cong. Rec. S1041-42 (daily ed. Mar. 1, 2011) (statement of Sen. Kyl); Pet. at 23-26.

The risk of opaque proxy arrangements is likewise illustrated in this case. Three previous IPR petitions by RPX Corp. were dismissed after it became apparent that parties “fail[ed] to disclose that Apple and RPX shared counsel,” “represent[ed] that Apple and RPX had no pre-filing communications,” and “metadata demonstrat[ed] that Apple’s counsel had involvement in the preparation or review of RPX’s filings in those proceedings.” Pet. at 6. Yet, despite a history

of proxy dealings, in the instant case VirnetX has not been afforded sufficient discovery to probe a relationship between Mangrove and RPX (and ultimately Apple). *See* Pet. at 9.

When seemingly unrelated entities bring IPR petitions for the conspicuous benefit of time-barred defendants, patent owners must often seek discovery to address proxy relationships and the nondisclosure of privity. *See, e.g.,* Pet. (Doc. 2) at 5-9. Yet the Board has shown an apparent lack of interest in the underlying relationships of potential proxy filers, as evidenced by its routine denial of discovery related to the issue. *See, e.g., CaptionCall, L.L.C. v. Ultratec, Inc.*, IPR2015-00636, Paper No. 42 at 8-9 (P.T.A.B. Feb. 23, 2016). Troublingly, there are few repercussions for the Board if it gets the question of real party in interest wrong because, under this Court’s current precedent, this question does not appear subject to judicial oversight.

*Amici*’s members understand well that IPR proceedings, as implemented by the PTO, create business opportunities for entities that produce no products and contribute nothing to innovation. Newly-formed entities with no purpose other than bringing IPR petitions can make money by seeking an IPR and acting as proxies for time-barred defendants, or simply threatening to do so. In this way, the PTO enables – and by its policies incentivizes – a convergence of dissatisfied district court litigants seeking the quintessential “second bite at the apple,” with

patent intermediary businesses that can extract settlement payments from patentees, arrange for fees from defendants, and couple validity proceedings with other efforts to manipulate the stock and/or options markets.

Finally, the PTO's implementation of §§ 315(b) and 315(c) encourages delay in the district courts and in appeals before this Court. Defendants in district court litigation have a much weakened incentive to promptly file an IPR petition if they can do so much later, after the litigation failed to go according to their expectations. And once such an untimely IPR petition is joined, the petitioner has a great incentive to prevent advanced proceedings in Article III courts from progressing any further, in order to allow the PTO to catch up. In such ways, what should be an orderly determination of patent validity would be transformed into a wasteful race between tribunals.

### **CONCLUSION**

*Amici Curiae* urge this Court to grant the writ of mandamus sought by Petitioner, and direct the Board to revoke its erroneous decision permitting filing of time-barred IPR petitions through the joinder provision of § 315(c).

Dated: March 17, 2016

Respectfully submitted,

/s/ Nancy J. Linck  
Nancy J. Linck  
Michael H. Jones

ROTHWELL, FIGG, ERNST &  
MANBECK, P.C.  
607 14th Street, N.W., Suite 800  
Washington, DC 20005  
Ph: 202-783-6040  
nlinck@rfem.com

*Attorneys for Amicus Curiae BIO and  
PhRMA*

## **ADDENDUM 1**

*Apple Inc. v. Achates Reference Publ'g, Inc.*,  
IPR2013-00081, Paper No. 17 (P.T.A.B. April 3, 2013)

2016-119  
In re: VirnetX, Inc.

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

**APPLE INC.**  
Petitioner

v.

**ACHATES REFERENCE PUBLISHING, INC.**  
Patent Owner

---

Case IPR2013-00080 (Patent 6,173,403)  
Case IPR2013-00081 (Patent 5,982,889)<sup>1</sup>

Before THOMAS L. GIANNETTI, *Lead Administrative Patent Judge*,  
HOWARD B. BLANKENSHIP, and JUSTIN T. ARBES,  
*Administrative Patent Judges*.

ARBES, *Administrative Patent Judge*.

DECISION  
Achates Motion for Additional Discovery  
*37 C.F.R. § 42.51(b)(2)*

---

<sup>1</sup> This decision addresses an issue that is identical in both cases. We therefore exercise our discretion to issue one Order to be filed in each case. The parties, however, are not authorized to use this style heading for any subsequent papers.

*Introduction*

Patent Owner Achates Reference Publishing, Inc. (“Achates”) filed a motion for additional discovery in the instant proceedings and Petitioner Apple Inc. (“Apple”) filed an opposition.<sup>2</sup> For the reasons stated below, Achates’s motion is *denied*.

Achates’s motion seeks the following discovery from Apple:

1. Produce copies of any and all agreements related to rights, obligations or indemnification responsibilities for allegations of infringement of third party intellectual property rights among or between Petitioner and any Defendant in the Texas litigation relating to “apps” by these defendants that were made available on the Apple App Store between January 2010 and July 2011.

2. Produce copies of any and all joint defense agreements related to the Texas litigation among Petitioner and any Defendant in the Texas Litigation.

Mot., Attach. A. Achates contends that the requested information is relevant to determining whether Apple’s co-defendants in the related litigation, *Achates Reference Publishing, Inc. v. Symantec Corp., et al.*, E.D. Tex. Case No. 2:11-cv-00294-JRG-RSP, are real parties-in-interest or privies of Apple. Mot. at 2-4. According to Achates, while Apple was named as a defendant in the litigation less than one year before filing its petitions for *inter partes* review, Apple’s co-defendants were served more than one year prior. *Id.* at 1-2. Therefore, if any of the co-defendants are real parties-in-interest or privies of Apple, an *inter partes* review may not be instituted under the one-year bar provision of 35 U.S.C. § 315(b) (“An *inter partes* review may

---

<sup>2</sup> IPR2013-00080, Papers 10 (“Mot.”), 13 (“Opp.”); IPR2013-00081, Papers 11, 13. While the analysis herein applies to both proceedings, we refer to the papers filed in Case IPR2013-00080 for convenience.

Case IPR2013-00080 (Patent 6,173,403)

Case IPR2013-00081 (Patent 5,982,889)

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.”). Mot. at 1-2. Similarly, if any of the co-defendants are real parties-in-interest for purposes of the instant proceedings, Apple did not correctly identify all of the real parties-in-interest in its petitions as required by 35 U.S.C. § 312(a)(2). *See* Pet. 1 (identifying Apple as the only real party-in-interest).

### *Analysis*

Pursuant to the America Invents Act (AIA), certain discovery is available in *inter partes* review proceedings. 35 U.S.C. § 316(a)(5); *see* 37 C.F.R. §§ 42.51-53. Discovery in an *inter partes* review proceeding, however, is less than what is normally available in district court patent litigation, as Congress intended *inter partes* review to be a quick and cost effective alternative to litigation. *See* H. Rep. No. 112-98 at 45-48 (2011). A party seeking discovery beyond what is expressly permitted by rule must do so by motion, and “must show that such additional discovery is in the interests of justice.” 37 C.F.R. § 42.51(b)(2)(i); *see* 35 U.S.C. § 316(a)(5). The legislative history of the AIA makes clear that additional discovery should be confined to “particular limited situations, such as minor discovery that PTO finds to be routinely useful, or to discovery that is justified by the special circumstances of the case.” 154 Cong. Rec. S9988-89 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl). In light of this, and given the statutory deadlines required by Congress for *inter partes* review proceedings, the Board will be conservative in authorizing additional

Case IPR2013-00080 (Patent 6,173,403)

Case IPR2013-00081 (Patent 5,982,889)

discovery. *See id.*

An important factor in determining whether additional discovery is in the interests of justice is whether there exists more than a “mere possibility” or “mere allegation that something useful [to the proceeding] will be found.” *See Order – Authorizing Motion for Additional Discovery, IPR2012-00001, Paper 20 at 2-3* (explaining a number of important factors to be taken into account in determining whether additional discovery is warranted). This requires the party seeking discovery to come forward with some factual evidence or support for its request.

The only evidence cited by Achates in its motion is a publicly available software development kit (SDK) agreement that Apple allegedly enters into with iPhone application developers like the co-defendants in the related litigation. *See Mot. 4-5* (citing Ex. 2006). Achates points to the indemnification clause in section 6 of the agreement, which states that the developer agrees to indemnify Apple against “any claims that [the developer’s] Applications violate or infringe any third party intellectual property or proprietary rights.” Ex. 2006 § 6. Achates contends that under California law, an indemnification relationship is indicative of the indemnitor being a real party-in-interest or privy of the indemnitee. *Mot. 3-5.*

Whether a non-party is a “real party-in-interest” or “privy” for purposes of an *inter partes* review proceeding is a “highly fact-dependent question” that takes into account how courts generally have used the terms to “describe relationships and considerations sufficient to justify applying conventional principles of estoppel and preclusion.” Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 48759 (Aug. 14, 2012) (“Trial Practice

Case IPR2013-00080 (Patent 6,173,403)

Case IPR2013-00081 (Patent 5,982,889)

Guide”). Whether parties are in privity, for instance, depends on whether the relationship between a party and its alleged privy is “sufficiently close such that both should be bound by the trial outcome and related estoppels.” *Id.* Depending on the circumstances, a number of factors may be relevant to the analysis, including whether the non-party “exercised or could have exercised control over a party’s participation in a proceeding” or whether the non-party is responsible for funding and directing the proceeding. *Id.* at 48759-60. We also find guidance in the Supreme Court’s decision in *Taylor v. Sturgell*, 553 U.S. 880 (2008), which sets forth the general rule under federal common law that a person not a party to a lawsuit is not bound by a judgment in that suit, subject to certain exceptions, including the following:

[N]onparty preclusion may be justified based on a variety of pre-existing “substantive legal relationship[s]” between the person to be bound and a party to the judgment. Qualifying relationships include, but are not limited to, preceding and succeeding owners of property, bailee and bailor, and assignee and assignor. These exceptions originated “as much from the needs of property law as from the values of preclusion by judgment.”

553 U.S. at 894 (citations omitted); *see* Trial Practice Guide at 48759 (citing *Taylor*).

Achates provides no proof that any of Apple’s co-defendants in the related litigation have signed the SDK agreement. But even assuming that the indemnification provision of the SDK agreement applies to Apple’s co-defendants in the related litigation, we are not persuaded that the provision would be indicative of the co-defendants being real parties-in-interest or privies of Apple. The agreement does not give the developer the right to intervene or control Apple’s defense to any charge of patent infringement, nor has Achates argued that to be the case for the

Case IPR2013-00080 (Patent 6,173,403)

Case IPR2013-00081 (Patent 5,982,889)

co-defendants in the related litigation. Indemnification is not one of the “substantive legal relationships” cited in *Taylor* (e.g., assignee-assignor), and is significantly different from those relationships, which involve successive interests in property. Further, Achates’s sole legal authority – a California Practice Guide excerpt – is inapplicable, as it relates to subrogation claims where a “person obligated to pay for a *loss caused by another* may, by virtue of his or her payment, become subrogated to whatever claim the payee has *against the person causing the loss.*” See Paper 12 § 2:28 (emphasis added). We are not persuaded by Achates’s subrogation argument. For example, with subrogation an insurance company that pays an insured for injuries caused to the insured by a third party can then stand in the shoes of the insured to sue the third party. *Id.* §§ 2:28, 30. By contrast, under the indemnification provision in the SDK agreement, an indemnifying developer would be paying Apple for patent infringement liability incurred by Apple, not paying for a loss caused by a third party and then standing in Apple’s shoes to sue the third party. Thus, Achates has not shown a sufficient basis for why the indemnification provision in the SDK agreement would justify discovery of the requested agreements between Apple and the co-defendants.

Moreover, as Apple points out, Apple and its co-defendants have distinct interests in the related litigation such that, at least based on the facts available to us, it does not appear that Apple would be estopped by any judgment against one of the co-defendants. See Opp. at 2-3. Achates accuses Apple of infringing the two patents at issue based on Apple’s own actions as well as those of defendant QuickOffice, Inc. (“QuickOffice”). Ex. 1037 ¶¶ 51-52. Likewise, Achates accuses QuickOffice of infringement

Case IPR2013-00080 (Patent 6,173,403)

Case IPR2013-00081 (Patent 5,982,889)

based on activities relating to the Apple App Store and other systems (e.g., the Amazon Appstore for Android). Ex. 1038 at 84-90. Thus, even if a judgment were obtained against one or more of the co-defendants, Apple would still be exposed to an adverse judgment based on its own actions and would therefore assert its own defenses independent of Apple's co-defendants. This further indicates that the relationship between Apple and the co-defendants is not of the type that would make the co-defendants real parties-in-interest or privies of Apple.

The evidence and argument presented by Achates amount to only a mere allegation and speculation that one or more of the co-defendants are real parties-in-interest or privies of Apple, and do not convince us that the requested additional discovery is likely to uncover information useful to the instant proceedings. Achates therefore has not met its burden to demonstrate that additional discovery is in the interests of justice.

Finally, Achates's delay in requesting additional discovery weighs against granting the motion. As the plaintiff in the related litigation filed in 2011, Achates was well aware of the relevant dates on which Apple and the co-defendants were served with a complaint, but waited until nearly three months after Apple's petitions were filed and one week prior to the due date for its preliminary responses to make its request.

In consideration of the foregoing, it is hereby:

ORDERED that Achates's motion for additional discovery is *denied*.

Case IPR2013-00080 (Patent 6,173,403)

Case IPR2013-00081 (Patent 5,982,889)

PETITIONER:

Jeffrey P. Kushan  
Joseph A. Micallef  
SIDLEY AUSTIN LLP  
1501 K Street, N.W.  
Washington, DC 20005  
jkushan@sidley.com

PATENT OWNER:

Brad D. Pedersen  
Bradley J. Thorson  
PATTERSON THUENTE PEDERSEN, P.A.  
80 South Eighth Street, Suite 4800  
Minneapolis, MN 55402  
prps@ptslaw.com

## **ADDENDUM 2**

*CaptionCall, L.L.C. v. Ultratec, Inc.*,  
IPR2015-00636, Paper No. 42 (P.T.A.B. Feb. 23, 2016)

2016-119  
In re: VirnetX, Inc.

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

CAPTIONCALL, L.L.C.,  
Petitioner,

v.

ULTRATEC, INC.,  
Patent Owner.

---

Cases<sup>1</sup>

IPR2015-00636 (Patent 8,917,822) IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116) IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604) IPR2015-01359 (Patent 6,493,426)

---

Before WILLIAM V. SAINDON, BARBARA A. BENOIT, and  
LYNNE E. PETTIGREW, *Administrative Patent Judges.*

BENOIT, *Administrative Patent Judge.*

ORDER  
Denying Patent Owner's Motion for Additional Discovery  
*37 C.F.R. § 42.51(b)(2)*

---

<sup>1</sup> This Order addresses issues that are the same in all six cases. We exercise our discretion to issue one order to be filed in each case.

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

## I. INTRODUCTION

Pursuant to authorization from the Board (Paper 21),<sup>2</sup> Ultratec, Inc. (“Patent Owner”) filed a Motion for Additional Discovery (Paper 29, “Mot.”), to which Petitioner, CaptionCall, L.L.C., filed an opposition (Paper 35, “Opp.”). Substantially similar motions were filed by Patent Owner seeking additional discovery in each of IPR2015-00636, IPR2015-00637, IPR2015-01355, IPR2015-01357, IPR2015-01358, and IPR2015-01359.

The six proceedings at issue here are on different trial schedules. Petitions for two of the proceedings—IPR2015-00636 and IPR2015-00637—were filed around a year ago on January 29, 2015, and trial was instituted for each petition on September 8, 2015. Petitions in the other four proceedings—IPR2015-01355, IPR2015-01357, IPR2015-01358, and IPR2015-01359—were filed in June 2015 and trials were instituted in mid-December 2015.

Other petitions challenging Patent Owner’s patents also have been filed by Petitioner. For example, Petitioner filed eight other petitions<sup>3</sup> challenging Patent Owner’s patents in August 2013 for which trials were instituted in March 2014 and final written decisions issued in March 2015. *See, e.g.*, IPR2013-00540, Papers 2, 78. An appeal to the United States Court of Appeals for the Federal Circuit is pending for each of those *inter partes* reviews. *See, e.g.*, IPR2013-00540, Paper 81.

---

<sup>2</sup> All citations are to IPR2015-00636 unless otherwise indicated.

<sup>3</sup> IPR2013-00540, IPR2013-00541, IPR2013-00542, IPR2013-00543, IPR2013-00544, IPR2013-00545, IPR2013-00549, and IPR2013-00550.

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

More recently, in September 2015, Petitioner filed three additional petitions<sup>4</sup> seeking *inter partes* review of three more of Patent Owner's patents. Decisions whether to institute a trial have not yet been issued in those proceedings. In addition to *inter partes* reviews, the parties are engaged with one another in various proceedings in district court, and Petitioner is involved in bankruptcy proceedings. *See, e.g.*, IPR2015-00636, Paper 1, 2; Opp. 2 (referring to bankruptcy documents).

## II. DISCUSSION

Patent Owner's Motion requests additional discovery concerning whether Petitioner properly identified real parties-in-interest in its Petition. Mot. 1; *see* 35 U.S.C. § 312(a)(2) (requiring a petition to identify all real parties-in-interest).

### A. Additional Discovery Concerning Real Parties-in-Interest

A party seeking discovery beyond routine discovery that is expressly permitted by rule must do so by motion, and must show that such additional discovery is in the interests of justice. 35 U.S.C. § 316(a)(5); 37 C.F.R. § 42.51(b)(2)(i). As the movant, Patent Owner bears the burden of establishing it is entitled to additional discovery. 37 C.F.R. § 42.20(c).

Illustrative factors to be considered in determining whether a discovery request is in the interests of justice have been explained in *Garmin International, Inc. v. Cuozzo Speed Technologies, LLC*, Case IPR2012-00001, slip op. at 6–7 (PTAB Mar. 5, 2013) (Paper 26) (informative). These *Garmin* factors include: (1) there must be more than a mere possibility of

---

<sup>4</sup> IPR2015-01885, IPR2015-01886, and IPR2015-01889.

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

finding something useful or a mere allegation that something useful will be found; (2) a party may not seek another party's litigation positions or the underlying basis for those positions; (3) a party should not seek information that reasonably can be generated without a discovery request; (4) instructions and questions should be easily understandable; and (5) the discovery requests must not be overly burdensome to answer. *Id.*

Whether a non-identified party is a real party-in-interest to a proceeding is a highly fact-dependent question. Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012) ("Trial Practice Guide") (citing *Taylor v. Sturgell*, 553 U.S. 880 (2008)). "Courts invoke the terms 'real party-in-interest' and 'privy' to describe relationships and considerations sufficient to justify applying conventional principles of estoppel and preclusion." *Id.* *Taylor* lists six categories that create an exception to the common law rule that normally forbids non-party preclusion in litigation. *Taylor*, 553 U.S. at 893–95. "A common consideration is whether the non-party exercised or could have exercised control over a party's participation in a proceeding." Trial Practice Guide, 77 Fed. Reg. at 48,759 (citing *Taylor*, 553 U.S. at 895).

Factors for determining actual control or the opportunity to control include existence of a financially controlling interest in the petitioner. Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions; Final Rule, 77 Fed. Reg. 48,612, 48,617 (Aug. 14, 2012). Additional relevant factors include: the non-party's relationship with the petitioner; the non-party's relationship to the petition itself, including the nature and/or degree of involvement in the

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

filing; and the nature of the entity filing the petition. Trial Practice Guide, 77 Fed. Reg. at 48,760.

Concerning the timing of bringing a challenge to real party-in-interest identification, the Final Rule indicates that such a challenge “should be brought before or with the filing of the patent owner preliminary response,” but does not preclude a later challenge. Final Rule, 77 Fed. Reg. at 48,695 (Response to Comment 8).

In addition, the Office has rejected the suggestion that “the discovery rules should be expanded to permit the patent owner to investigate the petitioner’s compliance with the identification of the real party-in-interest.” *Id.* (Response to Comment 10). Instead, the Final Rule indicates “[a]dditional discovery may be authorized where a patent owner raises sufficient concerns regarding the petitioner’s certification” of real party-in-interest identification. *Id.*

Thus, to prevail in its Motion for Additional Discovery concerning real parties-in-interests, Patent Owner has the burden of persuasion to show its discovery requests are in the interests of justice. This would not be met by requests that amount to investigating Petitioner’s compliance with the requirement to identify the real parties-in-interest. Rather, to meet its burden in these particular circumstances, Patent Owner should provide evidence in its possession tending to show beyond speculation that a non-party exercised or could have exercised control over a party’s participation in a proceeding or otherwise raise sufficient concerns regarding Petitioner’s real parties-in-interest identification in its Petition.

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

*B. Patent Owner's Motion and Evidence*

In its Motion, Patent Owner seeks information and documents from Petitioner regarding Petitioner's identification of CaptionCall, L.L.C. ("CaptionCall") and Sorenson Communications, Inc. ("Sorenson Communications") as real parties-in-interest in these proceedings. Mot. 1; IPR2015-00636, Paper 1 ("Pet."), 2. In its motion, Patent Owner indicates it "now believes" that an unnamed party—Sorenson Holdings, Inc. ("Sorenson Holdings")—did or could have exercised control over these proceedings and should have been named a real party-in-interest. *See, e.g., id.* at 2–3, 5. Patent Owner requests three types of information and documents sufficient to corroborate the requested information. *Id.* at 3–4.

First, Patent Owner seeks information (and "documents sufficient to corroborate" the information) about the "corporate chain of ownership and control" from CaptionCall to Sorenson Holdings "or other ultimate parent." *Id.* at 4. ("Identification of the corporate chain of ownership and control from CaptionCall LLC to the owners of [Sorenson] Holdings (or other ultimate parent).").

Second, Patent Owner seeks the "[i]dentification of the individuals serving as the officers of, and on the Boards of, CaptionCall LLC, Sorenson Communications Inc. and Holdings, and an identification of who they represent (e.g., GSO or Franklin [private equity firms]) and who has the power to appoint such officers and Boards."

Third, Patent Owner seeks "[i]dentification of which officers or Boards of such companies have oversight and authority over funding, progress, and resolution of these proceedings." *Id.*

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

Using the analysis framework of the five *Garmin* factors, Patent Owner argues that those discovery requests are in the interests of justice. *Id.* at 2–5 (arguing its evidence shows beyond speculation that something useful will be found), 5–6 (arguing its discovery requests satisfy the other *Garmin* factors). Patent Owner proffers various documents in support of its arguments. *See generally* Mot. 2–4 (citing Exs. 2066, 2072–2074).

Chief among Patent Owner’s supporting documents is an application, dated March 18, 2014, from Sorenson Communications to the Federal Communications Commission (“FCC”) requesting Sorenson Communications be permitted to continue to receive payment from the Interstate Telecommunications Relay Service Fund for providing video relay services and Internet protocol captioned telephone service. Ex. 2066, 5, 8.<sup>5</sup> In its application, Sorenson Communications sought “special temporary authority” to operate “under the new ownership and structure” described as a financial restructuring plan in the application and related to its bankruptcy proceedings. *Id.* at 4. The application indicates the restructuring plan “will extinguish prior equity interests, result in the issuance of new equity interests, principally to entities that formerly were holders of the senior secured notes, and adopt a new debt structure” with certain favorable attributes. *Id.*

In addition to the Sorenson Communications FCC application (Ex. 2066), Patent Owner also proffers a letter dated September 19, 2014 from Pat Nola, President and CEO of CaptionCall and Sorenson, indicating

---

<sup>5</sup> Page numbers cited for Ex. 2066 refer to the exhibit page numbers, not to the page numbers of the application itself.

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

that after an event involving “Sorenson and CaptionCall, we filed IPR Petitions with the Patent Trial and Appeal Board.” Ex. 2077. Patent Owner also filed other exhibits concerning a Board member of Sorenson Holdings and alleging that Board member participated on behalf of Sorenson Communications in settlement negotiations not directly related to these proceedings. Mot. 3 (citing Exs. 2072–2074).

### *C. Petitioner’s Opposition and Evidence*

Petitioner contends that Patent Owner’s discovery requests are not in the interests of justice, but rather are being used to investigate Petitioner’s compliance with its identification of the real parties-in-interest. Opp. 1–2. Petitioner also contends, citing various documents for support, that Patent Owner’s motion should be denied because it is untimely and because Patent Owner has the information that it now seeks. *See, e.g.*, Opp. 2 (citing Exs. 1031, 2069, 2074), 4 (citing Exs. 1032, 1033, 2066, 2067, 2069), 5 (conclusion).

### *D. Patent Owner’s Discovery Requests Are Investigative*

We agree with Petitioner that Patent Owner’s discovery requests suggest that Patent Owner is investigating Petitioner’s compliance with its identification of the real parties-in-interest, a practice expressly rejected by the Office during adoption of the AIA Rules. Trial Practice Guide, 77 Fed. Reg. at 48,760 (Response to Comment 10). In its first and second discovery requests, Patent Owner seeks general information about “corporate structure and control” and Board members, which amounts to casting a broad net with only the mere hope of finding something relevant. *See* Mot. 4. In its third discovery request, Patent Owner seeks identification of officers or Boards of

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

those companies that have oversight and authority over funding, progress, and resolution of these proceedings. *Id.* at 5. We agree with Petitioner that Patent Owner’s third discovery request is a thinly veiled request for Petitioner to identify real parties-in-interest by using one of the factors used to determining actual control or the opportunity to control these proceedings. *See* Trial Practice Guide, 77 Fed. Reg. at 48,760 (indicating a party’s relationship to the petition itself, including the nature and/or degree of involvement in the filing, may be considered in whether a party is a real party-in-interest to the proceeding); *Opp.* 3 (indicating this discovery request “is essentially a request for admission concerning RPI, which Petitioner would deny”).

Notably, Patent Owner’s discovery requests do not mention by name and otherwise are not limited to Sorenson Holdings, which Patent Owner alleges is an unnamed real party-in-interest. *See id.* at 2–4. The general nature of these discovery requests further supports a finding that these requests are merely to investigate Petitioner’s compliance with its identification of the real parties-in-interest.

The nature of Patent Owner’s discovery requests weighs against finding its requested additional discovery is in the interests of justice.

#### *E. Garmin Factors*

We next turn to a discussion of Patent Owner’s arguments that its discovery requests are in the interests of justice as shown by the five *Garmin* factors. *Mot.* 2–6.

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

*1. Whether Something Useful Will Be Found*

The first *Garmin* factor considers whether there exists more than a mere possibility of finding something useful or a mere allegation that something useful will be found. *Garmin*, slip op. at 6. Rather, “[t]he party requesting discovery should already be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered.” *Id.*

*i. Proffered Evidence of the Sorenson Communications FCC Application*

Patent Owner contends that the Sorenson Communications FCC application shows the Board of Sorenson Holdings is selected at the sole discretion of the majority equity holders and exercised or could have exercised control over these proceedings. Mot. 2–3 (citing Ex. 2066). For support, Patent Owner principally relies on a purported quote from the Sorenson Communications FCC application: “[p]ursuant to the Plan, the Board of Managers for the new holdco [Sorenson Holdings] and the details of the new holdco’s governance structure will be determined by [two majority equity holders] *in their sole discretion.*” *Id.* at 2 (citing Ex. 2066, pp. 6, 8). Petitioner correctly counters that “the quoted and emphasized text” in Patent Owner’s Motion concerning this issue does not appear in the Sorenson Communications FCC application. Opp. 4 (citing Mot. 2).

For additional support that Sorenson Holdings did or could have exercised control over these proceedings, Patent Owner relies on the

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

application statement that, under control of the two majority equity holders,<sup>6</sup> Sorenson Communications will continue to provide service. Mot. 2.

Although Patent Owner cites the indication that Sorenson Communications will operate under the “control” of two majority equity holders, Patent Owner does not address the application’s statement that Sorenson Communications “will be under the *indirect* control of” the two majority equity holders. Ex. 2066, 9 (emphasis added). The application continues to describe what Patent Owner terms “two majority equity holders” as investment funds:

Specifically, certain investment funds for which Franklin Mutual Advisers, LLC acts as investment advisor (“Franklin”), and certain funds managed or sub-advised by GSO Capital Partners, L.P., (“GSO”), will hold, in the aggregate, at least 10 percent of the equity interest in New Holdco, which will indirectly own 100 percent of Sorenson [Communications].”

*Id.*

Moreover, the Sorenson Communications FCC application is indefinite as to what such “control” or “indirect control” constitutes in the financial restructuring. On its face, the Sorenson Communications FCC application suggests Sorenson Holdings may have some financial control but does not indicate persuasively that Sorenson Holdings has operational control, much less control (or the ability to exert control) over these proceedings.

---

<sup>6</sup> The application refers to the two majority equity holders as “Control Parties,” the term used in the cited portion of the application. Ex. 2066, 9 (indicating the term “Control Parties” refers to Franklin Mutual Advisers, LLC (“Franklin”) and GSO Capital Partners, L.P., (“GSO”)).

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

Furthermore, the Sorenson Communications FCC application draws a distinction between Sorenson Communications and “the Debtors,” which includes Sorenson Communications and its affiliated entities (including Sorenson Holdings). The application refers to Sorenson Communications’ operations, rather than to the Debtors’ operations. *See, e.g.*, Ex. 2066, 9 (“Under this corporate structure, Sorenson [Communications] remains the eligible VRS and IP CTS provider.”) The application also indicates no changes in operations are expected. *Id.* (“The Debtors expect operations to continue as usual during the chapter 11 process.”). This undermines Patent Owner’s position that the Sorenson Communications FCC application shows Sorenson Holdings controlled or could have controlled these proceedings.

Thus, we agree with Petitioner (Opp. 4) that Patent Owner has failed to explain persuasively how the debt transaction described in the Sorenson Communications FCC application relates to these proceedings, much less how it shows beyond mere speculation something useful regarding real parties-in-interest of these proceedings will be uncovered by Patent Owner’s discovery requests.

Furthermore, the strongest record evidence proffered by Patent Owner directly addresses control over some of Petitioner’s *inter partes* reviews and supports a finding that CaptionCall and Sorenson Communications (the real parties-in-interest named in the petitions at issue) control the *inter partes* reviews (“IPRs”). *See* Ex. 2077. Specifically, Patent Owner proffered a letter dated September 19, 2014, from Pat Nola, President and CEO of

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

CaptionCall and Sorenson, indicating “we filed IPR Petitions<sup>7</sup> with the Patent Trial and Appeal Board.” Ex. 2077. Notably, this letter is dated six months after the date of the Sorenson Communications FCC application, which weighs against finding that Sorenson Holdings controls or could have controlled these proceedings.

Accordingly, this letter contravenes Patent Owner’s arguments based on the FCC application. Further, because the letter expressly addresses control of *inter partes* reviews (albeit not the particular proceedings at issue here), it outweighs the general and vague statements about “control” in the Sorenson Communications FCC application directed to the financial restructuring of Sorenson Communications.

*ii. Corporate Relationships*

Patent Owner’s other proffered evidence concerns corporate relationships between Sorenson Communications and the named real parties-in-interest (CaptionCall and Sorenson Communications). Mot. 3–4. We determine that such information does not show beyond mere speculation that something useful will be uncovered based on Patent Owner’s discovery requests to show that Sorenson Holdings did or could have exercised control over *these* proceedings.

Patent Owner argues that, because Sorenson Holdings is the sole owner of CaptionCall and Sorenson Communications, they share a common

---

<sup>7</sup> Given the date of the letter, the IPR petitions mentioned in the letter apparently refer to IPR2013-00540, IPR2013-00541, IPR2013-00542, IPR2013-00543, IPR2013-00544, IPR2013-00545, IPR2013-00549, and IPR2013-00550. The IPR petitions at issue here were filed after the date of the letter.

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

interest. *Id.* at 4; *see also* Ex. 2066 (the Sorenson Communications FCC application describing post-bankruptcy corporate restructuring). Patent Owner further argues that the corporate lines between Sorenson Communications and Sorenson Holdings were blurred when Sorenson Communications loaned a large sum of money to Sorenson Holdings so it “could buy back debt.” Mot. 4 (citing Ex. 2070).

The mere existence of a relationship between a petitioner and a parent company is insufficient to demonstrate a real party-in-interest issue. *See* Trial Practice Guide, 77 Fed. Reg. at 48,760 (indicating relevant factors to consider include, but are not limited to, the unnamed party’s relationship to petitioner). Patent Owner has failed to provide persuasive evidence or argument that Sorenson Holdings and Sorenson Communications do not have corporate boundaries and are inextricably intertwined. *See, e.g., Atlanta Gas Light Co. v. Bennett Regulator Guards, Inc.*, Case IPR2013-00453, slip op. at 11 (PTAB Jan. 6, 2015) (Paper 88) (determining that “[r]ather than maintaining well-defined corporate boundaries, [the parent and its subsidiaries] are so intertwined that it is difficult for both insiders and outsiders to determine precisely where one ends and another begins”).

Instead, the evidence of record shows the opposite. The January 2016 article proffered by Patent Owner refers to (i) Sorenson Holdings as “HoldCo”; (ii) Sorenson Communications as “OpCo”; and (iii) Sorenson Communications together with Sorenson Holdings as “Sorenson.” *See* Ex. 2070, 1, 2. The article draws distinctions between OpCo and HoldCo. *See, e.g.,* Ex. 2070, 2 (“OpCo has executed . . .”; “HoldCo financed . . .”).

Further, Sorenson Communications’ application to the FCC distinguishes Sorenson Communications and “the Debtors” throughout the

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

application (*see* Ex. 2066), which further undercuts Patent Owner’s assertion that the corporate lines between Sorenson Holdings and Sorenson Communications have been blurred.

Thus, Patent Owner has not provided persuasive evidence to demonstrate that outsiders would have difficulty determining where Sorenson Communications begins and Sorenson Holdings ends, or to otherwise support Patent Owner’s contentions that Sorenson Holdings and Sorenson Communications are so intertwined that Sorenson Holdings would be a real party-in-interest in these proceedings. This weighs against a finding that there exists more than a mere possibility of finding something useful.

*iii. Board Member*

Patent Owner seems to suggest, without stating directly, that the Chairman of the Board of Sorenson *Holdings*, and not the Chairman of the Board of Sorenson *Communications*, attended settlement negotiations for various disputes between the parties involved in these proceedings. Mot. 3. According to Patent Owner, Mr. Jim Continenza, who at the time of the settlement negotiations was identified as “Chairman of the Board,” attended settlement negotiations sometime in or around November 2014. *Id.* (citing Ex. 2073) (an email dated November 11, 2014 from settlement counsel that indicates “Jim Continenza, Chairman of the Board” would attend settlement negotiations conditioned upon reaching some agreement). Patent Owner indicates that, at that time, it reasonably believed that Mr. Continenza was Chairman of the Board of Sorenson *Communications*. *Id.* (indicating reasons why such a belief was reasonable). Patent Owner also represents

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

that it only recently learned that Mr. Continenza is or was on the Board of Sorenson *Holdings*. *Id.* (citing Ex. 2074) (listing Mr. James V. Continenza as a member of the Board of Managers of New HoldCo, which Patent Owner identifies as Sorenson Holdings).

To the extent Patent Owner argues that the Chairman of the Board of Sorenson *Holdings*, and not the Chairman of the Board of Sorenson *Communications*, attended settlement negotiations for various disputes between the parties involved in these proceedings, the proffered evidence of this is tenuous at best. A single email indicates, conditioned upon some agreement, that Mr. Continenza, “Chairman of the Board,” would attend. Ex. 2073. There is no evidence of record that negotiations took place or of which entity—CaptionCall, Sorenson Communications, or Sorenson Holdings—Mr. Continenza was Chairman of the Board. Although evidence indicates that Mr. Continenza was a member of the Board of Managers for Sorenson Holdings, the evidence does not indicate that Mr. Continenza was Chairman of the Board of Sorenson Holdings. Ex. 2074. Moreover, Patent Owner represents that it reasonably believed that, at the time of the purported settlement negotiations, Mr. Continenza was Chairman of the Board of Sorenson Communications. Mot. 3. More importantly, there is no evidence of Mr. Continenza’s role in settlement negotiations included the proceedings at issue here.

Even if Mr. Continenza was a member of both Boards of Sorenson Communications and Sorenson Holdings, that by itself is insufficient to show a real party-in-interest issue. There is no persuasive evidence that Mr. Continenza controlled or participated in the filing or other control of these proceedings, which were filed between two and seven months after the

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

date of the purported settlement negotiations. *See, e.g., Fieldcomm Group v. SIPCO, LLC*, IPR2015-00659, slip op. at 3–4 (PTAB June 18, 2015) (Paper 10) (concluding Patent Owner did not establish that something useful will be found because it presented no persuasive evidence that a common officer between two corporate entities “was involved in the filing of the present IPRs or had the ability to direct the filing of the present IPRs”).

Finally, even if we could conclude that the evidence supports a conclusion that Mr. Continenza, acting solely as Chairman of the Board of Managers for Sorenson Holdings, participated in settlement negotiations between the parties (a conclusion that we cannot reach on the evidence presented), the evidence still lacks a connection to *these proceedings*.

Thus, we are unpersuaded that the inconclusive evidence concerning Mr. Continenza’s Board membership provides sufficient evidence tending to show beyond speculation that Sorenson Holdings exercised or could have exercised control over these proceedings.

#### *iv. Discovery Motion Evinces Speculation*

The language of Patent Owner’s Motion for Additional Discovery evinces speculation, rather than demonstrating Patent Owner has evidence in its possession tending to show beyond speculation that Sorenson Holdings exercised or could have exercised control over these proceedings. For example, Patent Owner states in its Motion:

Patent Owner “*believes, beyond mere speculation, that information exposing [Sorenson] Holdings and/or its pair of majority equity holders [GSO and Franklin], as being a real party in interest (‘RPI’) will be discovered.*”

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

Mot. 2 (emphasis added). That Patent Owner “*believes . . . that [useful] information . . . will be discovered*” on its face suggests only the mere possibility of finding something useful or a mere allegation that something useful will be found. Patent Owner does not specify the type of information that it expects to be found or how such information would show Sorenson Holdings to be a real party-in-interest in these proceedings. Additionally, in naming three possible outcomes, Patent Owner equivocates as to the identity of the unnamed real party-in-interest (or unnamed real parties-in-interest) that will be “discovered”—(i) Sorenson Holdings, (ii) GSO and Franklin, or (iii) Sorenson Holdings, GSO, and Franklin. This further supports a finding that Patent Owner’s discovery requests are based on mere speculation.

Similar language appears elsewhere in Patent Owner’s Motion. For example, Patent Owner argues that “[i]f [Sorenson] Holdings (*or even the private equity firms behind Sorenson [Holdings]*) should have been included as a RPI, then Patent Owner will” take particular action in the proceedings. *See id.* at 5 (emphasis added). In another example, Patent Owner indicates that, based on information disclosed by the Sorenson Communications application to the FCC (Ex. 2066), “it now *believes* that the Board of [Sorenson] Holdings, selected at the sole discretion of GSO and Franklin, did or could have exercised control over these proceedings.” *Id.* at 2–3 (emphasis added). Here, Patent Owner’s general statement of belief that Sorenson Holdings controlled, or had opportunity to control, the proceedings without specifying the type of control that was exercised or could have been exercised over these proceedings further supports a conclusion that Patent Owner’s discovery requests are based on mere speculation.

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

*v. Conclusion Regarding Garmin Factor 1*

For the reasons given, Patent Owner’s arguments and evidence with respect to finding something useful to show Sorenson Holdings is a real party-in-interest in these proceedings are tenuous. Indeed, Patent Owner’s discovery requests do no more than suggest a mere possibility of finding something useful and are mere allegations that something useful will be found. Moreover, the strongest evidence proffered by Patent Owner (i.e., the September 19, 2014 letter, Ex. 2077) supports the opposite conclusion — that CaptionCall and Sorenson Communications, the named real parties-in-interest, control these proceedings. Thus, the first *Garmin* factor does not weigh in favor of granting the Motion.

*2. Garmin Factors 2 and 3*

Patent Owner contends it is not seeking information indicative of Petitioner’s litigation positions or the underlying basis for such positions (*Garmin* Factor 2). Mot. 5. Petitioner does not challenge Patent Owner’s contention regarding this *Garmin* factor. *See generally* Opp. 2.

Regarding whether Patent Owner is seeking information that reasonably can be generated without a discovery request (*Garmin* Factor 3), Patent Owner contends its discovery requests “narrowly target information” about Sorenson Holdings’ ability to exercise control of these IPR proceedings and that such information is not publicly available. Mot. 5.

Petitioner contends that Patent Owner already has significant information about requested topics. Opp. 2. Specifically, concerning Patent Owner’s first and second discovery requests, Petitioner maintains that Patent Owner has information about the “corporate chain of ownership and control”

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

from bankruptcy documents provided to Patent Owner in 2014, and that evidence filed by Patent Owner (Exs. 2069, 2074) discloses information about board members and who they represent. *Id.* Petitioner also maintains that Patent Owner’s third discovery request “presupposes control over the proceedings and is essentially a request for admission concerning RPI, which Petitioner would deny.” *Id.* at 3.

We do not agree with Patent Owner that its discovery requests are narrowly targeted and seeking information not publicly available. Rather, for the reasons discussed above, we characterize Patent Owner’s requests as a broad net cast with only the mere hope of finding something relevant and as requests for discovery to investigate Petitioner’s compliance with the identification of the real parties-in-interest. Indeed, as noted above, Patent Owner do not specifically mention Sorenson Holdings.

Thus, we determine that the third *Garmin* factor does not weigh in favor of granting the Motion.

### 3. *Garmin* Factors 4 and 5

Turning to *Garmin* Factors 4 and 5, Patent Owner contends its instructions and questions are easily understandable and are not overly burdensome to answer because the topics concern Petitioner’s own corporate organization. Mot. 5–6. Petitioner counters that “Patent Owner did not serve on Petitioner, or file with its Motion, formal discovery requests or *any* instructions identifying their scope.” Opp. 3. Petitioner concludes that “Patent Owner has thus failed to provide ‘easily understandable instructions.’” *Id.* According to Petitioner, Patent Owner’s request is overly

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

burdensome “because it is vague and lacks any guidance concerning the precise information it seeks.” *Id.*

Based on the nature of Patent Owner’s discovery requests and the broad wording that does not tie any of the requests to Sorenson Holdings discussed previously with respect to *Garmin* Factor 1, we agree with Petitioner that Patent Owner’s discovery requests are not easily understandable and would be overly burdensome to answer.

Thus, we determine that the fourth and fifth *Garmin* factor do not weigh in favor of granting the Motion.

### III. CONCLUSION

After considering Patent Owner’s Motion for Additional Discovery, the evidence and arguments proffered by Patent Owner in support of its Motion, and Petitioner’s Opposition, we determine that Patent Owner has not met its burden to show the requested discovery is in the interests of justice, as required for additional discovery made under 37 C.F.R. § 42.51(b)(2)(i). Patent Owner has not provided sufficient evidence showing, or tending to show, beyond speculation that Sorenson Holdings or any other non-party exercised control or could have exercised control these proceedings, or otherwise raising sufficient concerns regarding Petitioner’s real parties-in-interest identification in its Petitions.

Having determined Patent Owner did not meet its burden to establish it is entitled to its requested additional discovery, we need not decide whether Patent Owner’s request for additional discovery concerning real parties-in-interest is timely.

IPR2015-00636 (Patent 8,917,822)      IPR2015-00637 (Patent 8,908,838)  
IPR2015-01355 (Patent 5,974,116)      IPR2015-01357 (Patent 6,934,366)  
IPR2015-01358 (Patent 7,006,604)      IPR2015-01359 (Patent 6,493,426)

#### IV. ORDER

Accordingly, it is ORDERED that Patent Owner's Motion for Additional Discovery is denied.

#### FOR PETITIONER:

Todd E. Landis  
Eric J. Klein  
Ruben H. Munoz  
Akin Gump Strauss Hauer & Feld LLP  
tlandis@akingump.com  
eklein@akingump.com  
rmunoz@akingump.com

#### FOR PATENT OWNER:

Michael Jaskolski  
Michael J. Curley  
Martha Jahn Snyder  
Nikia L. Gray  
Stephen J. Gardner  
Quarles & Brady, LLP  
michael.jaskolski@quarles.com  
michael.curley@quarles.com  
martha.snyder@quarles.com  
nikia.gray@quarles.com  
stephen.gardner@quarles.com

## **ADDENDUM 3**

*Target Corp. v. Destination Maternity Corp.*,  
IPR2014-00508, Paper No. 28 (P.T.A.B. Feb. 12, 2015)

2016-119  
In re: VirnetX, Inc.

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

TARGET CORPORATION,  
Petitioner,

v.

DESTINATION MATERNITY CORPORATION,  
Patent Owner.

---

Case IPR2014-00508  
Patent RE43,563 E

---

Before MICHAEL P. TIERNEY, LORA M. GREEN, JONI Y. CHANG,  
THOMAS L. GIANNETTI, JENNIFER S. BISK,  
MICHAEL J. FITZPATRICK, and MITCHELL G. WEATHERLY,  
*Administrative Patent Judges.*

Opinion for the Board filed by *Administrative Patent Judge*  
LORA M. GREEN.

Opinion Dissenting filed by *Administrative Patent Judge*  
MICHAEL J. FITZPATRICK, in which *Administrative Patent Judges*  
JENNIFER S. BISK and MITCHELL G. WEATHERLY join.

GREEN, *Administrative Patent Judge.*

DECISION  
Granting Petitioner's Request for Rehearing  
*37 C.F.R. § 42.71*

## I. INTRODUCTION

Petitioner, Target Corporation (“Target”), requests reconsideration of our Decision Denying Joinder of the instant proceeding with IPR2013-00531 (Paper 18), as well as our Decision Denying Institution of *Inter Partes* Review (Paper 20). Paper 22 (“Request for Rehearing”). Patent Owner, Destination Maternity Corporation, was authorized to file an Opposition (Paper 24), to which Petitioner was authorized to file a Reply (Paper 25). For the reasons discussed below, we grant the Request for Rehearing.

## II. BACKGROUND

Petitioner filed a Petition for *inter partes* review of U.S. Patent No. RE43,563 E (“the ’563 patent”) on March 14, 2014 (Paper 1), and concurrently filed a Motion for Joinder, requesting joinder of this proceeding with IPR2013-00531, involving the same parties and patent as this proceeding. Paper 3. To facilitate joinder and to reduce the burden on Patent Owner, Petitioner requested authorization to file a Motion to Limit the Petition to simplify the issues presented. With the Board’s authorization, Petitioner filed such a motion, limiting the claims challenged to two: claims 20 and 21.<sup>1</sup> Paper 7. In IPR2013-00531, the Board instituted a trial as to claim 20, but not claim 21. *Id.* at 1; *see* IPR2013-00531, Paper 10, 29. In its Motion to Limit the Petition in the current proceeding, Petitioner moved to limit the new grounds of challenge to five. Paper 7, 1–2. All but one of the

---

<sup>1</sup> Petitioner included also claim 1 in its motion, on the theory that as claims 20 and 21 are dependent on claim 1, any challenge of claims 20 and 21 would necessarily also apply to claim 1. Paper 7, 2 n.3.

new grounds is based upon a Japanese patent publication (Asada), which Petitioner contends was known to Patent Owner and requested in federal court discovery, but which was withheld from Petitioner until after the Petition in IPR2013-00531, and a bar under 35 U.S.C. § 315(b) arose. Paper 3, 2–3. Petitioner’s Motion for Joinder was filed, no later than one month after institution of the trial in IPR2013-00531, which is timely in accordance with 37 C.F.R. § 42.122(b).

### III. ANALYSIS

When rehearing a decision on petition, the Board reviews the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion occurs, *inter alia*, when a “decision . . . [was] based on an erroneous conclusion of law.” *Stevens v. Tamai*, 366 F.3d 1325, 1330 (Fed. Cir. 2004). A request for rehearing “must specifically identify all matters the party believes the Board misapprehended or overlooked.” 37 C.F.R. § 42.71(d).

#### A. *Whether the Board has the Authority to Expand the Panel*

As an initial matter, Patent Owner contends that there is no regulatory or statutory authority for the Board to expand the panel. Paper 24, 7. Patent Owner argues that the regulation that governs rehearing, 37 C.F.R. § 42.71(d), does not authorize rehearing by an expanded panel, but is instead directed to rehearing by the same panel, not a different panel. *Id.* at 8–9. According to Patent Owner, “the designation of an enlarged panel to try to change the current panel’s conclusion affects Destination Maternity’s substantive rights . . . since it is being done here to change the outcome of this inter partes proceeding, which is now not instituted.” *Id.* at 10 (citing *In re Alappat*, 33 F.3d 1526, 1575 n.6 (Fed. Cir. 1994), *overruled on other*

*grounds by In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008)). Patent Owner contends also that the Board’s Standard Operating Procedure 1 (“SOP1”)<sup>2</sup> does not govern the proceedings before the Patent Trial and Appeal Board (“PTAB”), including the proceedings created under the America Invents Act<sup>3</sup> (“AIA”), as it was issued by a Chief Administrative Patent Judge of the Board of Patent Appeals and Interferences (“BPAI”), which no longer exists. *Id.* at 11–12.

We are not persuaded by Patent Owner’s arguments. Section 6(c) of Title 35 reads (in relevant part; emphasis added):

(c) 3-MEMBER PANELS.—Each appeal, derivation proceeding, post-grant review, and inter partes review shall be heard by *at least 3 members* of the Patent Trial and Appeal Board, who shall be designated by the Director. Only the Patent Trial and Appeal Board may grant rehearings.

Thus, Congress did not limit the panel that may hear an *inter partes* review to a three member panel, but set only the minimum size of the panel. That is, the statute specifies that an *inter partes* review must be heard by *at least* three Administrative Patent Judges.

We have considered the decision of the Court of Appeals for the Federal Circuit in *In re Alappat*, but that decision also does not persuade us otherwise. An issue in that case was whether 35 U.S.C. § 7 (1988) granted the Commissioner of the Patent and Trademark Office the authority to

---

<sup>2</sup> See Standard Operating Procedure 1 (Rev. 13), *Assignment of judges to merits panels, motions panels, and expanded panels* (Feb. 12, 2009) (available at <http://www.uspto.gov/ip/boards/bpai/procedures/index.jsp>).

<sup>3</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011).

designate the members of what was an expanded panel to consider a request for reconsideration of a BPAI decision. *Alappat*, 33 F.3d at 1531–32. The Federal Circuit held that it did. *Id.* at 1532. In particular, the Federal Circuit noted as to the expansion of the panel, that “[b]y use of the language ‘at least three,’ Congress expressly granted the Commissioner the authority to designate expanded Board panels made up of more than three Board members.” *Id.*

We acknowledge that the court, in passing, noted:

[T]he Commissioner’s authority to designate the members of a Board panel may or may not be constrained by principles of due process or by Title 5, the Administrative Procedure Act (APA). However, as noted herein, *Alappat* has not raised any such arguments in this appeal, and therefore we need not address such issues.

*Id.* at 1532 n.4. Thus, while noting that due process considerations “may or may not” limit the ability of the Commissioner to expand a panel on rehearing, the Federal Circuit expressly declined to address that issue in *Alappat*.

Moreover, whether SOP1 governs AIA trial proceedings is irrelevant, because, as confirmed by the Federal Circuit in *Alappat*, the Director has the statutory authority to designate an expanded panel. Thus, the Chief Judge, acting on behalf of the Director, has the authority to designate an expanded panel in appropriate cases. *See, e.g.*, Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48,612, 48,647 (Aug. 14, 2012) (“When rehearing a petition decision, the Office envisions that the decision will typically be reviewed by *a panel of at least three administrative patent judges.*”) (emphasis added).

As noted by the dissenting opinion in the Decision Denying Joinder, the Board consistently has allowed joinder of additional grounds by the same party. Paper 18, 2 (Green, dissenting) (citing *Ariosa Diagnostics v. Isis Innovation Ltd.*, Case IPR2012-00022 (PTAB Sept. 2, 2014) (Paper 166)(“*Ariosa*”); *Samsung Elecs. Co. v. Virginia Innovation Scis., Inc.*, Case IPR2014-00557 (PTAB June 13, 2014) (Paper 10); *Microsoft Corp. v. Proxyconn, Inc.*, Case IPR2013-00109 (PTAB Feb. 25, 2013) (Paper 15); *ABB Inc. v. Roy-G-Biv Corp.*, Case IPR2013-00282 (PTAB Aug. 9, 2013) (Paper 15)). The inconsistencies in the interpretation of the statute presented by the Decision Denying Joinder in the instant proceeding are a sufficient reason for expanding the panel. We, therefore, conclude that the Board has the discretion to expand the panel as provided for in 35 U.S.C. § 6(c).

*B. Statutory Interpretation of 35 U.S.C. § 315(c)*

Turning now to the merits of the Request for Rehearing, the contention at the heart of Petitioner’s request for rehearing is that the denial of its Motion for Joinder was “based on an erroneously narrow interpretation of 35 U.S.C. § 315(c).” Paper 22, 1. We agree with Petitioner.

Statutory interpretation begins with the language of the statute itself. *Ransom v. FIA Card Serv.*, 131 S. Ct. 716, 723–24 (2011). Terms that are not defined expressly by a statutory scheme are given their ordinary meaning. *Id.* “[O]ur task is to ‘give effect, if possible, to every clause and word of [the] statute, avoiding, if it may be, any construction which implies that the legislature was ignorant of the meaning of the language it employed.’” *Mitchell v. MSPB*, 741 F.3d 81, 84 (Fed. Cir. 2014) (quoting *Inhabitants of Montclair Twp. v. Ramsdell*, 107 U.S. 147, 152 (1883)).

The statute governing joinder of *inter partes* review proceedings, 35 U.S.C. § 315(c), provides (emphasis added):

(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, 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.

We recognize that although the plain language of the statute mentions joinder of “a party,” and does not mention specifically the joinder of issues, the statute states that “any person who properly *files a petition* under section 311” may be joined at the Director’s discretion. Filing a petition under § 311 is, therefore, a predicate to joinder.

As noted by Petitioner (Paper 22, 5–6), § 311(a) specifies who can file a petition for *inter partes* review. Under that section, “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.” Thus, when “any person” is read in light of § 311(a), the only person excluded by the language is the owner of the patent at issue. More specifically, the statute does not exclude a person who is already a petitioner in an instituted review proceeding that is the subject of the joinder analysis. The choice of Congress to exclude only Patent Owners is telling. *See, e.g., Figueroa v. Sec’y of Health & Human Servs.*, 715 F.3d 1314, 1322 (Fed. Cir 2013) (“[T]he term left out must have been meant to be excluded.” (quoting *Chevron U.S.A. Inc. v. Echazabal*, 536 U.S. 73, 81 (2002))); *Gonzalez v. Dep’t of Transp.*, 551 F.3d 1372, 1375 (Fed. Cir. 2009) (“Where Congress explicitly enumerates certain exceptions to a general prohibition, additional exceptions are not to be implied in the absence of

evidence of a contrary legislative intent.” (quoting *Espenschied v. MSPB*, 804 F.2d 1233, 1237 (Fed. Cir. 1986))).

Moreover, the word “any” may be defined as “one or more without specification or identification.”<sup>4</sup> If the legislature meant to exclude joining the same petitioner to an instituted *inter partes* review, it is unclear why it used the word “any” in the statute, such that “any person” who properly files a petition may be joined. Congress could have specified “any non-party” instead of “any person.” An interpretation that requires us to read “any party” as excluding a same petitioner, in essence, reads the word “any” out of the statute and ignores the statutory language of § 311(a).<sup>5</sup>

Central to the Decision Denying Joinder is the conclusion that the language of the statute is unambiguous. We, however, disagree. We acknowledge that, as written, there is some ambiguity in the statute. Once ambiguity in the statutory language is recognized, the legislative history and other factors become relevant. We, therefore, look at the remainder of the statutory language and the legislative history, as well as the statutory purpose to aid us in resolving that ambiguity.

Section 315(c) specifies that a person seeking joinder need “properly file[ ] a petition under section 311.” According to the Decision Denying

---

<sup>4</sup> Random House, Inc., *Any*, DICTIONARY.COM UNABRIDGED, <http://dictionary.reference.com/browse/any> (last visited September 22, 2014).

<sup>5</sup> While the dissent reiterates the arguments made in Decision Denying Joinder (Dissenting Op. 5), it does not reconcile the language of § 315(c) with § 311, which, as discussed above, specifically defines who may file a petition, that is, “a person who is not the owner of a patent.”

Joinder, “the plain language of § 315(c) permits joinder of only a party to an instituted *inter partes* review,” and thus, under that construction, joinder of issues would not be permitted. Paper 18, 11. The Decision Denying Joinder accounted for the statutory requirement for a petition to be filed with a request for joinder as serving the purpose of identifying the real parties in interest, related matters, lead and backup counsel, and service information. *Id.* at 5–6. In our view, however, a careful reading of § 315(c), as well as statutory sections relating to the content of a petition, however, demonstrates that the Decision Denying Joinder, selectively read out portions of the statute.

Section 315(c) specifies that joinder may be granted only after a person “properly files a petition under section 311,” such that the Director, “after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines [that the petition] warrants the institution of an *inter partes* review under section 314.” Section 314 does not discuss the real parties in interest, related matters, lead and backup counsel, and service information, but instead presents the standard for instituting *inter partes* review on the merits of grounds presented in a petition. Specifically, subsection (a) states:

**THRESHOLD.** -- The Director may not authorize an *inter partes* review to be instituted unless the Director determines that 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). Section 315(c), by specifically referencing § 314, clearly contemplates that the merits of the petition be considered in

determining whether joinder is granted, and thus, as a consequence, necessarily contemplates joinder of issues as well as joinder of parties.

Moreover, review of §§ 311(b) and 312 of the statute further supports our construction. Section 311(b) states that “[a] petitioner . . . may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103.” Section 312, which sets forth the requirements of the petition, specifies that the petition need identify “with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim.” Thus, as is evident from those sections of the statute, the primary purpose of the petition is to frame the issues for *inter partes* review. By requiring a properly filed petition, Congress has made it clear that § 315(c) contemplates the joinder of issues, as well as parties.

We conclude further that the legislative history of that section supports our view that allowing joinder of issues, and not just the joinder of parties, was intended. We acknowledge, as the dissent notes, that the Final Committee Report states, with respect to §§ 315(c) and 325(c), that “[t]he Director may allow other petitioners to join an inter partes or post-grant review.” *See* H.R. Rep. No. 112-98, pt.1, at 76 (2011). While that statement may expressly refer to “other petitioners,” it does not preclude joinder of a same petitioner. During the Senate’s March 2011 debates on the AIA, Senator Kyl explained that the USPTO expected to allow liberal joinder of reviews, including those having new arguments:

The Office anticipates that joinder will be allowed as of right— if an inter partes review is instituted on the basis of a petition, for example, a party that files an identical petition will be joined to that proceeding, and thus allowed to file its own briefs and

make its own arguments. If 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. S 1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (emphasis added). By specifically referring to “new arguments,” Senator Kyl’s remarks contemplate not only the joinder of parties, but, in conflict with the dissent’s interpretation of the statute, specifically contemplate the joinder of additional issues to the pending proceeding. *See also* 154 Cong. Rec. S 9988 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl) (“[A]dditional petitions can be joined only if, among other things, they are properly filed.”); *id.* (“[A] procedurally proper successive petition for . . . review may be joined to a pending proceeding at the discretion of the Director, even if the 329(b)(2) deadline has not been met, so long as the Director determines that the petition satisfies the threshold set in section 327(c).”)

Noting that §§ 315(c) and 325(c) give the USPTO discretion over whether to allow joinder, Senator Kyl observed that “[t]his safety valve will allow the Office to avoid being overwhelmed if there happens to be a deluge of joinder petitions in a particular case.” 157 Cong. Rec. S 1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl). The Board will determine whether to grant joinder on a case-by-case basis, taking into account the particular facts of each case, substantive and procedural issues, and other considerations. *See id.* (stating that when determining whether and when to allow joinder, the Office may consider factors including “the breadth or unusualness of the claim scope” and claim construction issues). Those remarks highlight the discretion given to the USPTO by Congress in joinder matters. We, thus,

conclude that there is nothing in the language of the statute governing joinder, 35 U.S.C. § 315(c), nor anything in its legislative history, that limits joinder to the joinder of parties only. In fact, joinder of issues was specifically envisioned by Congress.

Consideration of the purpose of the AIA also supports our construction. *See, e.g., Ransom*, 131 S. Ct. at 725 (considering statutory purpose in determining the construction of a term in the Bankruptcy Abuse Prevention and Consumer Protection Act). It is significant that a primary purpose of the AIA was to “limit unnecessary and counterproductive litigation costs.” 157 Cong. Rec. S1349 (daily ed. Mar. 8, 2011) (statement of Sen. Leahy). We look also to our rule governing joinder in *inter partes* review, 37 C.F.R. § 42.122(b), which states:

*Request for joinder.* Joinder may be requested by a patent owner or petitioner. Any request for joinder must be filed, as a motion under § 42.22, no later than one month after the institution date of any *inter partes* review for which joinder is requested. The time period set forth in § 42.101(b) shall not apply when the petition is accompanied by a request for joinder.

The policy basis for construing our rules for these proceedings, which were prescribed as mandated by 35 U.S.C. § 316, is expressed in 37 C.F.R. § 42.1(b): The rules “shall be construed so as to ensure the just, speedy, and inexpensive resolution of every proceeding.” *See also* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,758 (Aug. 14, 2012) (stating the same). Thus, even if some claims of the ’563 patent were to be found unpatentable in IPR2013-00531, by removing the discretion to join claim 21, as well as the new challenges presented in the instant proceeding, the case would necessarily have to go back to the district court for a separate determination as to those claims and challenges not at issue in IPR2013-

00531. That could result in a waste of judicial resources, increase the litigation costs to both parties, and be contrary to the purpose of ensuring a “just, speedy, and inexpensive resolution.”

A review of the facts as presented in Target’s Petition for Joinder suggests that joinder may well have been appropriate had the majority in the Decision Denying Joinder decided the issues that were briefed by the parties, and had reached the merits of those issues. Specifically, the overlap in issues and Petitioner’s agreement to limit the Petition to facilitate joinder are significant factors that should have been considered, but were precluded by the Decision Denying Joinder. *See, e.g., ABB Inc. v. Roy-G-Biv Corp.*, Case IPR2013-00286 (PTAB Aug. 9, 2013) (Paper 14) (permitting joinder of issues presented by the same petitioner to an already instituted trial after the petitioner agreed to limit the issues presented by the second filed petition). That is, permitting joinder in this case may well have served the statutory objective of decreasing litigation costs and conserving judicial resources. The statutory construction proposed by the Decision Denying Joinder, however, would deprive the Board of any discretion to move forward in such circumstances, where a petitioner in a prior *inter partes* proceeding seeks joinder of an issue to that proceeding, and may not bring a separate petition because of a § 315(b) bar. *See Chevron, U.S.A., Inc. v. Natural Resources Defence Council*, 367 U.S. 837, 843 (1984) (noting that “considerable weight should be accorded to an executive department’s construction of a statutory scheme it is entrusted to administer.”); *see also Heckler v. Chaney*, 470 U.S. 821, 832 (1985) (noting that “courts generally will defer to an agency’s construction of the statute it is charged with implementing, and to the procedures it adopts for implementing that statute.”).

Patent Owner agrees with the Decision Denying Joinder that 35 U.S.C. § 315(c) addresses joinder of parties, not issues. Paper 24, 1–2. According to Patent Owner, “where there are multiple proceedings involving the same patent, as here, Congress refers to ‘consolidation,’” which is addressed in § 315(d). *Id.*

We are not persuaded by Patent Owner’s argument. Section 315(d) discusses consolidation and states:

**MULTIPLE PROCEEDINGS**—Notwithstanding 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.

“Consolidation,” as used in § 315(d) is different from “joinder” as used in § 315(c), as § 315(d) allows consolidation of different types of proceedings before the Office. Although consolidation, like joinder, may include a second *inter partes* review of the same patent, other types of proceedings, such as post-grant reviews and reexaminations, are also eligible. *See* 157 Cong. Rec. S 9988 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl) (“Section 325(c) gives the PTO broad discretion to consolidate, stay, or terminate any PTO proceeding involving a patent if that patent is the subject of a post-grant review proceeding. It is anticipated, for example, that if a . . . proceeding is instituted and reexam[ination] is sought, the Director would be inclined to stay the postgrant review during exhaustion of the reexam[ination]. On the other hand, if a postgrant review is near completion, the Director may consolidate or terminate any other PTO proceeding that is initiated with regard to that patent.”).

For joinder under § 315(c), the petition need not be filed within a year of receiving a complaint alleging infringement of the patent at issue, as required § 315(b). With consolidation under § 315(d), there is no waiver of that requirement. Thus, Congress provided two separate and distinct ways to manage parallel proceedings. As explained above, Patent Owner's proffered interpretation would deprive the Board of any opportunity to use either provision to move forward in circumstances where a petitioner in a prior *inter partes* proceeding seeks joinder of an issue to that proceeding, and may not bring a separate petition because of a § 315(b) bar.

Patent Owner contends further that § 315(d) limits the proceeding that may be consolidated with the *inter partes* review to one involving the same patent, whereas § 315(c) does not. Paper 24, 3; *see also* Paper 22, 9 n.3 (Petitioner agreeing that there is no language in § 315(c) that limits joinder to the same patent). Patent Owner argues also that there is nothing in the language of § 315(c) that limits the number of petitions that may be filed, and thus, Petitioner's construction "allows joinder of petitions including any arguments and concerning any patents, and allows multiple, successive petitions." Paper 24, 3. Patent Owner contends that this reading of § 315(c) creates an "untenable" result (*id.* at 2) and "ignores one of Congress's greatest concerns—expressed throughout the legislative history: 'harassment of patent owners who want to assume quiet title over their invention'" (*id.* at 4).

We agree with Petitioner (Paper 25, 1), however, that the remedy to the possible abuses of joinder, including those suggested by Patent Owner, is found in the language of § 315(c) itself. That is, § 315(c) specifies that joinder is at the discretion of the Director, and the Board has exercised that

discretion in situations that may have resulted otherwise, in Patent Owner's words, "untenable results." *See, e.g., Reloaded Games, Inc. v. Parallel Networks LLC.*, Case IPR2014-00950, slip. op. at 4–5 (PTAB Oct. 22, 2014) (Paper 12) (denying joinder request by the same petitioner, concluding that the petitioner was seeking "a second bite of the apple" on grounds that could have been raised in the earlier petition); *Medtronic, Inc. v. Endotach LLC*, Case IPR2014-00695, slip. op. at 5 (PTAB Sept. 25, 2014) (Paper 18) (denying joinder request by the same petitioner based, in part, that Petitioner created its own § 315(b) bar situation); *Apple Inc. v. Virnetx, Inc.*, Case IPR2014-00485, slip. op. at 8 (PTAB Sept. 16, 2014) (Paper 18) (denying joinder request in which the proceedings involved different patents involving claims of different scope).

Moreover, even assuming Patent Owner is correct that one objective of the AIA is to prevent harassment of patent owners who want to enjoy quiet title to their patent, it is unclear how that goal would be met here by denying joinder. Petitioner has limited the Petition to claims 20 and 21, which both depend on claim 1. Paper 7, 2. Thus, if independent claim 1 were determined unpatentable in IPR2013-00531, that determination may possibly cast doubt on Patent Owner's entitlement to dependent claims 20 and 21.

Finally, Patent Owner argues that the Board could not have misapprehended or overlooked any matters, as Petitioner's Request for Rehearing merely "reiterates arguments made by the dissent in the Board's Decision Denying Motion for Joinder." Paper 24, 14. That is, according to Patent Owner, as Petitioner's Request for Rehearing only repeats the arguments made by the dissent, it cannot meet the "misapprehended or

overlooked” standard and, thus, must be rejected on that ground alone. *Id.* at 15.

We are not persuaded by this argument. A conclusion based on an erroneous interpretation of law constitutes an abuse of discretion. *See Stevens*, 366 F.3d at 1331. We conclude that Petitioner is correct in its contention that the Decision Denying Joinder was based on an erroneously narrow interpretation of 35 U.S.C. § 315(c). We, therefore, determine that Petitioner’s Request for Rehearing was proper.

#### IV. CONCLUSION

For the foregoing reasons, we conclude that the Decision Denying Joinder was based on an improper construction of 35 U.S.C. § 315(c), and thus, the denial of joinder on that basis alone constituted an abuse of discretion. Accordingly, Petitioner’s Request for Rehearing is *granted*.

Opinion Dissenting filed by *Administrative Patent Judge* FITZPATRICK, in which BISK and WEATHERLY, *Administrative Patent Judges*, join.

## I. INTRODUCTION

Via expanded panel, the majority grants rehearing of the Decision Denying Joinder. To do so, it rewrites two subsections of 35 U.S.C. § 315; reads past the most relevant provision of the Final Committee Report; misinterprets ambiguous statements by a single Member of Congress, some of which were made in connection with a version of a bill that differed materially from the enacted legislation; relies on non-binding prior Board decisions that allowed joinder of issues without explicitly analyzing § 315(c); and relies on the Board’s Rules and Office Patent Trial Practice Guide, which cannot trump a federal statute. In doing so, the majority converts a statutory bar to *inter partes* review into a discretionary bar. We respectfully dissent.<sup>1</sup>

## II. BACKGROUND

The majority asserts that the Decision Denying Joinder “would deprive the Board of any discretion to move forward in such circumstances, where a petitioner in a prior *inter partes* proceeding seeks joinder of an issue to that proceeding, and may not bring a separate petition because of a

---

<sup>1</sup> We recognize that in opposition to Petitioner’s Request for Rehearing, Patent Owner also makes procedural arguments related to the makeup of the panel. Paper 24, 7–13. Specifically, Patent Owner argues that creating a panel of seven to decide Petitioner’s Request for Rehearing would violate Due Process, the Administrative Procedures Act, and 35 U.S.C. § 2(b)(2). *Id.* Because we would not grant rehearing, we decline to address these additional arguments.

§ 315(b) bar.” Maj. Op. 14. To say that the Decision Denying Joinder would deprive the Board of discretion, however, presumes that the Board begins with the broad discretion resulting from the majority’s interpretation of § 315(c). The divergence in the two interpretations of § 315(c) stems from fundamentally different approaches to reading the statute. The majority reads § 315(c) as if it grants discretion for the Board to act in any way not expressly prohibited by the statute. By contrast, we interpret § 315(c) to grant discretion for the Board to act only in ways that are stated expressly in the statute. For reasons expressed more specifically below, we consider our interpretation also to be more consistent with the other portions of the statutory framework than the majority’s interpretation.

### III. 35 U.S.C. § 315(c)

Petitioner filed a Motion for Joinder pursuant to § 315(c). Paper 3, 1. Specifically, Petitioner seeks to have the instant “Petition . . . joined with the instituted *inter partes* review, *Target Corp. v. Destination Maternity Corp.*, IPR2013-00531.” *Id.*

#### A. The Statutory Language

As our reviewing court has noted, “[a]s always, the ‘starting point in every case involving construction of a statute is the language itself.’” *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1425 (Fed. Cir. 1988) (quoting *United States v. Hohri*, 482 U.S. 64, 69 (1987) and *Kelly v. Robinson*, 479 U.S. 36, 43 (1986)). Additionally, “[i]n expounding a statute, we must not be guided by a single sentence or member of a sentence, but look to the provisions of the whole law, and to its object and policy.” *Kelly*, 479 U.S. at

43 (quoting *Offshore Logistics, Inc. v. Tallentire*, 477 U.S. 207, 222 (1986)).

The statute under which Petitioner seeks relief 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, 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) (emphasis added). The statute does not refer to the joining of a petition or new patentability challenges presented therein. Rather, it refers to the joining of a petitioner (i.e., “any person who properly files a petition”). *Id.* Further, it refers to the joining of that petitioner “as a party to [the instituted] inter partes review.” *Id.* Because Target is already a party to the proceeding in IPR2013-00531, Target cannot be *joined* to IPR2013-00531.

The majority points out that the Board consistently has allowed joinder of additional grounds by the same party. *See, e.g.*, Maj. Op. 6. But, only the *Ariosa* panel explicitly construed § 315(c). *Compare Ariosa Diagnostics v. Isis Innovation Ltd.*, Case IPR2012-00022 (PTAB Sept. 2, 2014) (Paper 166) (explicitly interpreting § 315(c)) *with Samsung Elecs. Co. v. Virginia Innovation Scis., Inc.*, Case IPR2014-00557 (PTAB June 13, 2014) (Paper 10) (“*Samsung*”), *Sony Corp. v. Yissum Research Dev. Co. of the Hebrew Univ. of Jerusalem*, Case IPR2013-00327 (PTAB Sept. 24, 2013) (Paper 15), *ABB Inc. v. Roy-G-Biv Corp.*, Case IPR2013-00286 (PTAB Aug. 9, 2013) (Paper 14), *Microsoft Corp. v. Proxyconn, Inc.*, Case IPR2013-00109 (PTAB Feb. 25, 2013) (Paper 15). Given that the majority concludes that the statute is ambiguous, it should not place any weight on

such decisions, which are not binding and do not analyze the statute explicitly.

The *Ariosa* panel construed § 315(c) as authorizing joinder of issues presented in another petition. *Ariosa* at 18–21. In fact, *Ariosa* interpreted § 315(c) as authorizing joinder of issues presented in another petition *brought by the same petitioner. Id.* The decision stated:

While the plain language of the statute mentions joinder of “a party” and does not specifically articulate the joinder of issues, it states that “any person who properly files a petition under section 311” may be joined at the Director’s discretion. Thus, there does not appear to be any language in the statute directly prohibiting the joinder of issues by the same party.

*Id.* at 19.

We agree with *Ariosa*’s characterization of the express content of § 315(c), but we reach a different conclusion. In our view, the absence from the statute of an express prohibition against joining issues presented in another petition to an instituted *inter partes* review does not inform whether the authority to do so has been granted. “[A]n agency’s power is no greater than that delegated to it by Congress.” *Lyng v. Payne*, 476 U.S. 926, 937(1986); *Killip v. Office of Pers. Mgmt.*, 991 F.2d 1564, 1569 (Fed. Cir. 1993) (“An agency is but a creature of statute. Any and all authority pursuant to which an agency may act ultimately must be grounded in an express grant from Congress.”). Indeed, if the absence of a prohibition constituted a grant of authority, § 315(c)’s express grant of authority for joining a party would be superfluous. We view the statute as authorizing only what it states, i.e., that the Director “may join as a party to that *inter partes* review any person who properly files a petition.” 35 U.S.C. § 315(c).

1. “*Re-Joining*” an Existing Party

Central to the majority’s opinion is its focus on the statutory language “any person” to the exclusion of other statutory language, in particular the phrase “join as a party.” The majority erroneously characterizes the Decision Denying Joinder as reading the word “any” out of § 315(c). It did not. The Decision Denying Joinder did not hold that Target was not “any person.” Rather, it held that Target cannot be joined as a party to IPR2013-00531 because it already is a party. More specifically, it stated:

*Ariosa* noted that § 315(c) is available to “*any person* who properly files a petition under section 311,” and, thus, interpreted the statute to apply to an existing party. *Ariosa* at 19 (quoting 35 U.S.C. § 315(c)) (our emphasis). However, the relief described in § 315(c) is something an existing party already has, namely, party status in the instituted *inter partes* review. A person cannot be joined to a proceeding in which it already is a party.<sup>[FN]2</sup>

[FN]2. Additionally, solely focusing upon “any person” does not give full effect to the other words in the statute that limit who “any person” may be. Other language in § 315(c) excludes from “any person” at least two persons from among those who may be joined to a proceeding. More specifically, the phrase “who properly files a petition under section 311” excludes the patent owner, and “as a party” excludes persons who are already a party.

Decision Denying Joinder 4–5 & n.2.

2. *Joining a Ground or an Issue*

Even if § 315(c) were to contemplate the *re*-joining, so to speak, of an existing party by virtue of the “any person” language, as the majority holds,

the statute never authorizes joining a ground or an issue (as opposed to a person) to the instituted *inter partes* review. *See* 35 U.S.C. § 315(c).

The majority asks, if our construction were correct, why then would § 315(c) require the person to be joined to properly file its own petition under § 311 and the Director to determine whether that petition warrants institution under § 314. The majority's question presupposes that the filing of such a petition would be redundant unless it permits the person to raise additional challenges to patentability *in* the previously-instituted *inter partes* review. But, that is not the case. The petition requirement of § 315(c) serves many purposes.

Foremost among these purposes is the initiation of a legal process in which a non-patent owner voluntarily subjects itself to the Board's jurisdiction by filing a petition. Without a requirement to file a petition, a person could be joined involuntarily as a party to someone else's *inter partes* review. For example, suppose a patent owner accuses two unrelated persons of infringing its patent: Person A and Person B. If Person A files a petition for an *inter partes* review and it is instituted, the patent owner may want to join Person B involuntarily to expand the number of persons subject to estoppel under 35 U.S.C. § 315(e)(1) and (2) upon a final written decision. *See* 37 C.F.R. § 42.122(b) ("Joinder may be requested *by a patent owner or petitioner.*") (emphasis added). But, the petition requirement in § 315(c) enables Person B to avoid being dragged into the *inter partes* review simply by not filing its own petition. *See* 35 U.S.C. § 315(c). The petition requirement of § 315(c) prevents involuntary joinder under such circumstances, and also prevents the potential estoppel that might result

from an involuntary joinder of a person who filed its own petition for an *inter partes* review but was not successful.

Still, it would be a mistake to focus exclusively on the merits of the petition in ascribing possible purposes for the petition requirement of § 315(c). Indeed, determining whether a petition warrants institution under § 314 involves far more than evaluating the merits of patentability challenges. Section 314 requires the Director to consider “any response filed under section 313.” The preliminary response under § 313 is a paper in which a patent owner may set forth “reasons why no *inter partes* review should be instituted based upon the failure of the petition to meet any requirement of this chapter.” 35 U.S.C. § 313. Thus, all requirements of Chapter 31 of Title 35 are relevant for determining whether a petition “warrants the institution of an *inter partes* review.”<sup>2</sup> For example, § 312(a), states:

(a) *Requirements of a petition.*—A petition filed under section 311 may be considered only if—

(1) the petition is accompanied by payment of the fee established by the Director under section 311;

---

<sup>2</sup> Those requirements are set forth in at least §§ 311(c), 312(a)(1), (2), (4), and (5), 315(a), (b), and (e)(1). These requirements do not include § 325(d), because it is not part of Chapter 31. The exclusion of § 325(d) is notable because it is § 325(d) that allows the Director to “take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.” 35 U.S.C. § 325(d). If § 325(d) were not excluded, it would provide an avenue for rejecting a request by a person seeking joinder as a party to an instituted *inter partes* review because he filed a petition that merely repeats the grounds involved in the instituted *inter partes* review.

- (2) the petition identifies all real parties in interest;
- (3) the petition identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim, . . . ;
- (4) the petition provides such other information as the Director may require by regulation; . . . .”

35 U.S.C. § 312(a). Pursuant to 35 U.S.C. § 312(a)(4), the Director requires that petitions identify real parties-in-interest, related matters, lead and backup counsel, and service information. *See* 37 C.F.R. § 42.104 (requiring the notices set forth in 37 C.F.R. § 42.8 to be set forth in a petition).

Each statutory and regulatory requirement imposed upon a prospective party, i.e., a petitioner, remains meaningful. The second petitioner’s payment of a fee is equitable because the original petitioner paid a fee to create the proceeding and the second fee helps cover the costs of the added complexity to the proceeding. The second petitioner must identify all real parties-in-interest so that the Board may evaluate whether the second petitioner is barred under § 315(a) or § 315(b) and so that the estoppel provisions of § 315(e)(1) and (2) have the intended effect against the appropriate persons. Similarly, the second petitioner must identify the basis of each challenge so that the Board can determine whether the second petitioner’s participation in a prior *inter partes* review results in estoppel. The second petitioner must identify related matters to aid the Board in determining the presence of a bar under § 315(a) or (b) or estoppel under § 315(e)(1). The second petitioner must identify lead and backup counsel so that the Board can determine whether those counsel are qualified to

represent the petitioner and to render those counsel subject to the ethical requirements of practice that apply in *inter partes* reviews. The second petitioner must identify service information so that the Board and the other parties to the proceeding know how to communicate with the second petitioner's counsel and effect service of papers as required under the Rules.

Thus, many more reasons exist for requiring the filing of a petition that the Director determines “warrants institution of an *inter partes* review” than determining whether the patentability challenges presented in the petition are meritorious. The majority, however, posits that § 315(c), “by specifically referencing § 314, clearly contemplates that the merits of the petition be considered in determining whether joinder is granted, *and thus, as a consequence, necessarily contemplates joinder of issues* as well as joinder of parties.” Maj. Op. 9–10 (emphasis added). The majority's conclusion is not dictated by the stated premise. The majority implies that, if a second petitioner's petition warrants institution, it must be joined to a first *inter partes* review in order for the grounds therein to be heard. But, the statutorily-prescribed manner for the second petitioner's grounds to be heard is through institution of an *inter partes* review. 35 U.S.C. § 314. Section 315(c) does not contemplate, let alone authorize, joining the second petition to a first petitioner's *inter partes* review. Section 315(d), however, expressly authorizes the consolidation of a second *inter partes* review with a first *inter partes* review of the same patent.

In overemphasizing the merits of new patentability challenges presented in a second petition, the majority ignores the fundamentally stated character of joinder under § 315(c), namely to permit joinder of a person as a party to an instituted *inter partes* review. 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,”<sup>3</sup> nowhere refers to the joining of that petition. 35 U.S.C. § 315(c).

### B. The Legislative History

Because the majority perceives ambiguity in § 315(c), it reviews the legislative history for guidance in resolving the perceived ambiguity. While we consider § 315(c) to be unambiguous, we respond to the majority’s analysis of the legislative history.

The Final Committee Report states, under §§ 315(c) and 325(c), “[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 (2011) (emphasis added). The majority acknowledges this statement but discounts its plain reference to “other petitioners” as those who may seek joinder. Instead, the majority notes that the statement does not, on its face, prohibit same petitioner joinder. But, the statement was meant to “represe[n]t the considered and collective understanding of those Congressmen involved in drafting and studying proposed legislation.” *Zuber v. Allen*, 396 U.S. 168, 186 (1969). We discern no reason why the drafters intentionally would describe only part

---

<sup>3</sup> Whatever the reason for the petition requirement of § 315(c), the merits aspect of the requirement does not present much of an obstacle to a person seeking to join an instituted *inter partes* review. That person can satisfy the merits aspect of the requirement, regardless of whether it wishes to pursue new patentability challenges, merely by repeating the grounds upon which the *inter partes* review was instituted.

of their understanding of what the statute provides, for example, by referring to joinder of “other petitioners,” if, in fact, they understood the statute to provide for joinder also of same petitioners.

The majority relies heavily on comments from a single legislator and concludes that “joinder of issues was specifically envisioned by Congress.” Maj. Op. 12. The Supreme Court, however, informs us that committee reports are substantially more authoritative than comments from any one Member.

In surveying legislative history we have repeatedly stated that the authoritative source for finding the Legislature’s intent lies in the Committee Reports on the bill, which “represent[t] the considered and collective understanding of those Congressmen involved in drafting and studying proposed legislation.” *Zuber v. Allen*, 396 U.S. 168, 186 (1969). We have eschewed reliance on the passing comments of one Member, *Weinberger v. Rossi*, 456 U.S. 25, 35 (1982), and casual statements from the floor debates. *United States v. O’Brien*, 391 U.S. 367, 385; *Consumer Product Safety Comm’n v. GTE Sylvania, Inc.*, 447 U.S. 102, 108 (1980). In *O’Brien, supra*, 391 U.S., at 385, we stated that Committee Reports are “more authoritative” than comments from the floor, and we expressed a similar preference in *Zuber, supra*, 396 U.S., at 187.<sup>FN3</sup>

FN3. As Justice Jackson stated:

“Resort to legislative history is only justified where the face of the Act is inescapably ambiguous, and then I think we should not go beyond Committee reports, which presumably are well considered and carefully prepared.... [T]o select casual statements from floor debates, not always distinguished for candor or accuracy, as a basis for making up our minds what law Congress intended to enact is to substitute ourselves for the Congress in one of its important functions.” *Schwegmann Bros. v. Calvert*

*Distillers Corp.*, 341 U.S. 384, 395-396 (1951)  
(concurring).

*Garcia v. United States*, 469 U.S. 70, 76 & n.3 (1984) (parallel citations omitted).

Instead of relying upon the clear intent set forth in the Final Committee Report as directed by the Supreme Court, the majority relies upon the following comments from Senator Kyl:

The Office anticipates that joinder will be allowed as of right—if an inter partes review is instituted on the basis of a petition, for example, a party that files an identical petition will be joined to that proceeding, and thus allowed to file its own briefs and make its own arguments. *If 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. S 1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (emphasis added). Senator Kyl’s first sentence refers to “a party that files an identical petition,” which must refer to a person who is not already a party. Nevertheless, Senator Kyl also refers to a party who “presents additional challenges to validity.” It 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. *See* 35 U.S.C. § 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.”) (emphasis added). At best, Senator Kyl’s remarks are ambiguous regarding his view of joinder under § 315(c). Regardless, under Supreme Court precedent, they are far less authoritative than the Final Committee Report, which expressly refers to those who the Director may join to an *inter partes* review as “other petitioners.”

The majority also quotes the following remarks by Senator Kyl as justifying its interpretation of § 315(c) as permitting joinder of issues: “[A] procedurally proper successive petition for second-period review may be joined to a pending proceeding at the discretion of the Director, even if the 329(b)(2) deadline has not been met, so long as the Director determines that the petition satisfies the threshold set in section 327(c).” 154 Cong. Rec. S 9988 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl); Maj. Op. 11. Senator Kyl’s 2008 remarks relate to a statutory framework that materially differs from the AIA as enacted in 2011 and, in particular, from Chapter 31, which covers *inter partes* reviews. His remarks relate to S. 3600, a bill that was never considered in committee or presented to the Senate for a vote. That bill included the following provision, which states in pertinent part:

§ 322. Relation to other proceedings or actions

\* \* \*

(c) **DUPLICATIVE PROCEEDINGS.**—A post-grant review<sup>[4]</sup> or reexamination proceeding may not be instituted if—

(1) the petition requesting the proceeding identifies the same petitioner or real party in interest and the same patent as a previous petition requesting a post-grant review proceeding;

Patent Reform Act of 2008, S. 3600, 110th Congress § 5 (2008) (proposing 35 U.S.C. § 322 titled “Relation to other proceedings or actions” and including § 322(c) quoted above). Senator Kyl’s comments relate to a framework in which, once a party filed a first petition seeking review of a patent, the Board would be prohibited from instituting review on any subsequent petition filed by that party on the same patent. Thus, while the majority-quoted statement from Senator Kyl might support a view that he envisioned his 2008 bill would have permitted joinder of issues had it been enacted, it expressly barred institution based on subsequent petitions by the *same* petitioner.

The majority quotes a prediction by another Member that the AIA “will establish a more efficient and streamlined patent system that will

---

<sup>4</sup> Senator Kyl’s bill, S. 3600, referred to two types of post-grant proceedings, a first-period proceeding and a second-period proceeding. Of these two types, the second-period proceeding is akin to an *inter partes* review. See Patent Reform Act of 2008, S. 3600, 110th Congress § 5 (2008) (proposing 35 U.S.C. § 321(c) titled “Second-Period Proceeding” describing a review of a patent based on prior art that includes only patents and printed publications for which a petition may be filed no sooner than 9 months after grant of the patent).

improve patent quality and limit unnecessary and counterproductive litigation costs, while making sure no party's access to court is denied." 157 Cong. Rec. S1349 (daily ed. Mar. 8, 2011) (statement of Sen. Leahy); Maj. Op. 12. Additionally, the majority quotes Rule 42.1(b) and the Office Patent Trial Practice Guide as stating: "The rules are to be construed so as to ensure the just, speedy, and inexpensive resolution of a proceeding." Maj. Op. 12 (citing 37 C.F.R. § 42.1(b); 77 Fed. Reg. 48,756, 48,758) (Aug. 14, 2012)). Upon citation of these sources, the majority concludes:

Thus, even if some claims of the '563 patent were to be found unpatentable in IPR2013-00531, by removing the discretion to join claim 21, as well as the new challenges, the case would necessarily have to go back to the district court for a separate determination as to those claims and challenges. That could result in a waste of judicial resources, increase the litigation costs to both parties, and be contrary to the purpose of ensuring a "just, speedy, and inexpensive resolution."

Maj. Op. 12. We do not find this reasoning persuasive.

First, Rule 42.1(b) directs the Board with regard to the manner in which our Rules should be interpreted. It does not provide a broad mandate for the Board to supplant U.S. District Courts as a venue for resolving disputes relating to patentability. Rule 42.1(b) also cannot permit the Board to act contrary to any statutory requirement. *See Santa Fe Indus., Inc. v. Green*, 430 U.S. 462, 472–73 (1977) ("The rulemaking power granted to an administrative agency charged with the administration of a federal statute is not the power to make law. Rather, it is 'the power to adopt regulations to carry into effect the will of Congress as expressed by the statute.' . . . (The scope of the Rule) cannot exceed the power granted the Commission by Congress under §10(b).") (quoting *Ernst & Ernst v. Hochfelder*, 425 U.S.

185, 212–14 (1976)); *Belkin Int’l., Inc. v. Kappos*, 696 F.3d 1379, 1384 (Fed. Cir. 2012) (“Statutes rank higher than regulations . . .”). We also note that U.S. District Courts are similarly directed to interpret the Federal Rules of Civil Procedure to “secure the just, speedy, and inexpensive determination of every action and proceeding.” FED. R. CIV. P. 1. While each venue has its own benefits and drawbacks from the perspective of potential parties, it is not a foregone conclusion that the Board automatically is preferred.

Second, although it might be more efficient and less costly to these parties for the Board to resolve the patentability challenges to claim 21 along with the challenges to other claims of the ’563 patent, we must be careful not to substitute our judgment for that of Congress. It is clear from the AIA that Congress did not give the Board a mandate to resolve all perceived clouds on a challenged patent. For example, a “petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent *only* on a ground that could be raised under section 102 or 103 *and only* on the basis of prior art consisting of patents or printed publications.” 35 U.S.C. § 311(b) (emphasis added). Additionally, an “inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.” 35 U.S.C. § 315(a)(1); *see also* 35 U.S.C. § 315(b) (barring institution of an *inter partes* review if “the petition . . . is filed more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent”). We may not discard any of these limitations in a quest to be speedy or efficient.

The plain language of § 315(c) permits the Director to join a “person” and only “as a party.” 35 U.S.C. § 315(c). The majority reads the words “join as a party” out of § 315(c) to permit an existing party to “re-join” an *inter partes* review to which it already is a party. The majority further rewrites § 315(c) by ignoring the word “person” to also permit joinder of grounds or issues. We respectfully dissent from the majority’s interpretation of § 315(c).

#### IV. OTHER RELEVANT PORTIONS OF THE STATUTORY FRAMEWORK

“In expounding a statute, we must not be guided by a single sentence or member of a sentence, but look to the provisions of the whole law, and to its object and policy.” *Kelly*, 479 U.S. at 43 (quoting *Offshore Logistics*, 477 U.S. at 222). We therefore look to other provisions in Chapter 31 of Title 35 for guidance regarding the meaning of § 315(c).

##### A. 35 U.S.C. § 315(b)

Section 315(b) is at issue in this proceeding because it provides a time bar to the Petition, which was filed more than one year after Petitioner was served with a complaint alleging infringement of the ’563 patent.<sup>5</sup>

Section 315(b) states:

(b) PATENT OWNER’S ACTION.—An *inter partes* review may not be instituted if the petition requesting the proceeding is

---

<sup>5</sup> The Petition was accorded a filing date of March 14, 2014. Paper 5. Petitioner was served with a complaint alleging infringement of the ’563 patent on October 4, 2012. *Destination Maternity Corp. v. Target Corp.*, Case No. 2:12-cv-05680-AB (E.D. Pa.) (Dkt. No. 5).

filed more than 1 year after the date on which 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). The first sentence of § 315(b) bars institution of an *inter partes* review if “the petition . . . is filed more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent.” 35 U.S.C. § 315(b). The second sentence clarifies that the time limitation applies only to petitions and “shall not apply to a request for joinder under subsection (c).” 35 U.S.C. § 315(b) (emphasis added).

The majority holds that the second sentence of § 315(b) excludes petitions for *inter partes* reviews, rather than (or in addition to) requests for joinder, from the one-year bar set forth in the first sentence of § 315(b). *See* Maj. Op. 14 (“Under § 315(c), the *petition* need not be filed within a year of receiving a complaint alleging infringement of the patent at issue, as required § 315(b).”) (emphasis added); *see also* Paper 18, *dissent* at 11 (“[I]n our view, § 315(b) of the statute only allows waiver of the time bar if joinder is granted, and not by the mere filing of a motion requesting joinder.”). In doing so, the majority effectively rewrites the second sentence of § 315(b) as follows, with added material underlined: The time limitation set forth in the preceding sentence shall not apply to a petition accompanied by a request for joinder under subsection (c) if that request is granted.

The decision whether to grant joinder is discretionary. 35 U.S.C. § 315(c). Thus, the majority’s interpretation of § 315(b) converts the statutory bar set forth therein into a discretionary bar in certain circumstances, including those present in this proceeding. That is an

untenable result to us. We would enforce the statutory time bar against the Petition.

Under our interpretation, once a petitioner is time-barred under § 315(b) with respect to a particular patent, it is always time-barred. A time-barred petitioner cannot petition successfully for an *inter partes* review of the patent, regardless of whether it requests joinder under subsection (c). If an *inter partes* review of the patent is underway at the Board, a time-barred petitioner (as well as a non-time-barred petitioner) may request to join it as a party. 35 U.S.C. § 315(c). The Board, in its discretion, may grant or deny the request, but it may not deny the request as statutorily time-barred under § 315(b). If the request is granted, the requester becomes a party in the previously-instituted *inter partes* review, but § 315(c) does not provide for joining the requester's petition to the previously-instituted *inter partes* review.<sup>6</sup>

#### B. 35 U.S.C. § 315(d)

Section 315(d) is relevant to the construction of § 315(c) because the former, unlike the latter, expressly refers to the merging (termed “consolidation”) of two proceedings, such as two *inter partes* reviews.

Section 315(d) states:

**MULTIPLE PROCEEDINGS.**—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an

---

<sup>6</sup> Note, however, that the previously-instituted *inter partes* review potentially could be consolidated, under § 315(d), with another matter involving the same patent, which consolidation could result in expanded grounds or claims.

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). Thus, a clear distinction exists between § 315(c) and § 315(d) in that § 315(c) refers to the joinder of persons as parties, whereas § 315(d) refers to the consolidation of proceedings. This distinction undermines the majority's interpretation of § 315(c), which lacks language providing for joinder of proceedings.

The majority attempts to distinguish joinder under § 315(c) from consolidation under § 315(d) by stating that joinder is limited to the merging of two like proceedings (e.g., two *inter partes* reviews) whereas consolidation includes the merger of like proceedings as well as the merger of different proceedings (e.g., an *inter partes* review and a reexamination). Maj. Op. 14. But, this purported distinction is contradicted by Congress's use of the term "consolidate" to describe, specifically, the merger of two like proceedings. *See* 35 U.S.C. § 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.").

When Congress wanted to provide for the merger of multiple proceedings, it used language to that effect. *See* 35 U.S.C. § 315(d). It did not do so in § 315(c).

## V. REHEARING STANDARD

Our rule on rehearing requires a request for rehearing to “identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply.” 37 C.F.R. § 42.71(d). Petitioner has not done this, *see generally* Reh’g Req., and Patent Owner has pointed out the omission. *See* PO Opp. 14. The majority states that it is not persuaded that the Request for Rehearing fails to meet the requirement set forth in Rule 42.71(d), but does not explain why. Instead, the majority implies that the requirement set forth in Rule 42.71(d) is met whenever legal error is present. The legal error that the majority imputes to the Decision Denying Joinder, however, cannot be described fairly as based on misapprehending or overlooking anything presented in the record.

Under the standard applied by the majority, any decision based on legal error is amenable to rehearing regardless of whether the decision misapprehended or overlooked anything in the record. This would include, for example, all decisions that turn on claim construction or include a conclusion of obviousness or non-obviousness. *See, e.g., Teva Pharms. v. Sandoz, Inc.*, 135 S. Ct. 831, 842 (2015) (claim construction is a question of law); *Bristol-Myers Squibb Co. v. Teva Pharms. USA, Inc.*, 769 F.3d 1339, 1341 (Fed. Cir. 2014) (obviousness is a question of law). We disagree that the standard is so broad. We believe that the explicit requirement for the requester to identify something that was misapprehended or overlooked implicitly requires that something, in fact, was misapprehended or overlooked. *See* 37 C.F.R. § 42.71(d); *see also* 77 Fed. Reg. at 48,757 (“A party dissatisfied with the Board’s determination to institute a trial may

request rehearing as to points believed to have been overlooked or misapprehended. *See* § 42.71(d) and (c).”).

Petitioner has not identified any matter it believes the prior panel misapprehended or overlooked in the Decision Denying Joinder, or the place where Petitioner previously addressed that matter. *See* 37 C.F.R. § 42.71(d). For that reason alone, we would deny rehearing.

## VI. CONCLUSION

We would deny rehearing because 35 U.S.C. § 315(c) does not provide for the relief requested by Petitioner and because its Petition is barred by 35 U.S.C. § 315(b). Additionally, we would deny rehearing because Petitioner has not identified any matter it believes the Decision Denying Joinder misapprehended or overlooked, or how that matter was previously addressed. *See* 37 C.F.R. § 42.71(d).

IPR2014-00508  
Patent RE43,563 E

For PETITIONER:

Trevor Carter  
Daniel Lechleiter  
FAEGRE BAKER DANIELS LLP  
[trevor.carter@faegrebd.com](mailto:trevor.carter@faegrebd.com)  
[daniel.lechleiter.ptab@faegrebd.com](mailto:daniel.lechleiter.ptab@faegrebd.com)

For PATENT OWNER:

Paul Taufer  
Michael Burns  
Stuart Pollack  
DLA Piper LLP (US)  
[paul.taufer@dlapiper.com](mailto:paul.taufer@dlapiper.com)  
[Michael.Burns@dlapiper.com](mailto:Michael.Burns@dlapiper.com)  
[stuart.pollack@dlapiper.com](mailto:stuart.pollack@dlapiper.com)

## **ADDENDUM 4**

*Zhongshan Broad Ocean Motor Co., Ltd. v. Nidec Motor Corp.*,  
IPR2015-00762, Paper No. 16 (P.T.A.B. Oct. 5, 2015)

2016-119  
In re: VirnetX, Inc.

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

ZHONGSHAN BROAD OCEAN MOTOR CO., LTD.,  
BROAD OCEAN MOTOR LLC, and  
BROAD OCEAN TECHNOLOGIES, LLC,  
Petitioner,

v.

NIDEC MOTOR CORPORATION,  
Patent Owner.

---

Case IPR2015-00762  
Patent 7,626,349 B2

---

Before SALLY C. MEDLEY, JUSTIN T. ARBES,  
BENJAMIN D. M. WOOD, JAMES A. TARTAL, and  
PATRICK M. BOUCHER, *Administrative Patent Judges*.

Opinion for the Board filed by *Administrative Patent Judge*  
JAMES A. TARTAL.

Opinion Dissenting filed by *Administrative Patent Judge*  
PATRICK M. BOUCHER, in which *Administrative Patent Judge*  
BENJAMIN D. M. WOOD joins.

TARTAL, *Administrative Patent Judge*

DECISION

Granting Petitioner's Request for Rehearing,  
Instituting *Inter Partes* Review, and Granting Motion for Joinder  
*37 C.F.R. §§ 42.71, 42.108, and 42.122(b)*

Zhongshan Broad Ocean Motor Co., Ltd., Broad Ocean Motor LLC, and Broad Ocean Technologies, LLC, (“Petitioner”) requests rehearing (Paper 13, “Req. Reh’g”) of our Decision Denying Institution of *Inter Partes* Review (Paper 12, “Decision Denying Institution”) based on a determination that 35 U.S.C. § 315(c) precludes joinder under the circumstances and that the Petition is otherwise time barred under 35 U.S.C. § 315(b). Patent Owner, Nidec Motor Corporation, filed an authorized Opposition (Paper 14, “PO Opp.”), to which Petitioner filed an authorized Reply (Paper 15, “Pet. Reply”). For the reasons discussed below, we conclude the Decision Denying Institution was based on an erroneously narrow interpretation of § 315(c) and, therefore, grant the Request for Rehearing. We further institute *inter partes* review, and grant the motion for joinder with *Zhongshan Broad Ocean Motor Co., Ltd. v. Nidec Motor Corp.*, IPR2014-01121 (“IPR2014-01121”).<sup>1</sup>

## I. BACKGROUND

On February 20, 2015, Petitioner filed a Petition (Paper 3, “Pet.”) pursuant to 35 U.S.C. § 311–319 to institute an *inter partes* review of claims 1–3, 8, 9, 12, 16, and 19 (“the challenged claims”) of U.S. Patent No. 7,626,349 B2 (“the ’349 patent”). Concurrent with the Petition, Petitioner filed a motion to join this proceeding with IPR2014-01121, which was instituted on January 21, 2015. Paper 4 (“Joinder Mot.”); IPR2014-01121, Paper 20. Petitioner’s Joinder Motion was filed no later than one month after institution of the trial in IPR2014-01121, which is timely in

---

<sup>1</sup> The Acting Chief Judge, acting on behalf of the Director, has designated an expanded panel in this proceeding as provided for in 35 U.S.C. § 6(c).

accordance with 37 C.F.R. § 42.122(b). Patent Owner filed a Preliminary Response (Paper 10, “Prelim. Resp.”) to the Petition on April 21, 2015. Pursuant to our authorization, Petitioner filed a Reply (Paper 11) on April 28, 2015, limited to addressing the joinder issues. In our Decision Denying Institution, we determined that Petitioner established a reasonable likelihood of prevailing in showing the challenged claims as anticipated by Hideji,<sup>2</sup> but denied institution under 35 U.S.C. § 315(b). Paper 12, 7–15.

## II. ANALYSIS

### A. Request for Rehearing

When rehearing a decision on petition, the Board reviews the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion occurs, *inter alia*, when a “decision . . . [was] based on an erroneous conclusion of law.” *Stevens v. Tamai*, 366 F.3d 1325, 1330 (Fed. Cir. 2004). A request for rehearing “must specifically identify all matters the party believes the Board misapprehended or overlooked.” 37 C.F.R. § 42.71(d).

Petitioner contends that “the Board abused its discretion in declining to adopt the broader interpretation of the phrase ‘join as a party’ in 35 U.S.C. § 315(c), as set forth in *Target [Corp. v. Destiny Maternity Corp.]*, Case IPR2014-00508 (PTAB Feb. 12, 2015) (Paper 28).” Req. Reh’g 3.

Petitioner further asserts that “the Board has frequently granted joinder of an additional petition or proceeding (as opposed to an additional person) to an instituted *inter partes* review.” *Id.* at 4 (citing *Ariosa Diagnostics v. Isis Innovation Ltd.*, Case IPR2012-00022 (PTAB Sept. 2, 2014) (Paper 66);

---

<sup>2</sup> JP 2003-348885, published December 5, 2003 (Ex. 1003, “Hideji”). Petitioner provided an attested English translation of Hideji as Exhibit 1005.

*Samsung Elecs. Co. v. Virginia Innovation Scis., Inc.*, Case IPR2014-00557 (PTAB June 13, 2014) (Paper 10); *Microsoft Corp. v. Proxyconn, Inc.*, Case IPR2013-00109 (PTAB Feb. 25, 2013) (Paper 15); *ABB Inc. v. Roy-G-Biv Corp.*, Case IPR2013-00288 (PTAB Aug. 9, 2013) (Paper 14); *Sony Corp. v. Yissum Research Dev. Co.*, Case IPR2013-00327 (PTAB Sept. 24, 2013) (Paper 15)). Petitioner also states that in an Intervenor Brief, the Office argued to the Federal Circuit that “the Board has consistently held [that] it . . . has the discretion to join IPR proceedings, even if § 315(b) would otherwise bar the later-filed petition, and ***even if the petitions are filed by the same party.***” *Id.* at 2 (quoting Brief for Intervenor – Director of the United States Patent and Trademark Office, *Yissum Research Dev. Corp. v. Sony Corp.*, Appeal No. 2015-1342, Req. Reh’g, Attachment A, 18).<sup>3</sup>

Patent Owner argues that the Board’s decision in this case “was not an abuse of discretion, but at most reflects a ‘reasonable difference of opinion’ amongst judges on the Board.” PO Opp. 6. Patent Owner further states that the Board’s decision in *Target* is not precedential, and that the Intervenor’s Brief in *Yissum* “should not be construed as somehow limiting the discretion of judges on the Board.” *Id.* at 2–3.

---

<sup>3</sup> The parties are reminded that separate documents must be filed as numbered exhibits, rather than as “attachments” to a paper. *See* 37 C.F.R. § 42.63.

Section 315(c) provides:

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, 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.

Upon consideration of the arguments asserted by Petitioner and Patent Owner, and for the reasons explained by several majority opinions in prior decisions of the Board, we conclude that § 315(c) permits the joinder of any person who properly files a petition under § 311, including a petitioner who is already a party to the earlier instituted *inter partes* review. *See Target Corp. v. Destination Maternity Corp.*, Case IPR2014-00508 (PTAB Feb. 12, 2015) (Paper 28); *see also Medtronic Inc. v. Troy R. Norred, M.D.*, Case IPR2014-00823 (PTAB December 8, 2014) (Paper 12). We also conclude that § 315(c) encompasses both party joinder and issue joinder, and, as such, permits joinder of issues, including new grounds of unpatentability, presented in the petition that accompanies the request for joinder. *See id.* We determine Petitioner properly filed a petition under § 311, including an affidavit attesting to the accuracy of the English translation of Hideji.

For the foregoing reasons, we conclude that the Decision Denying Institution was based on an improper construction of § 315(c), and thus, the denial of joinder constituted an abuse of discretion. Accordingly, Petitioner's Request for Rehearing is *granted*.

*B. Institution of Inter Partes Review*

We have jurisdiction under 35 U.S.C. § 314(a), which provides that an *inter partes* review may not be instituted “unless . . . the information presented in the petition . . . 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.” Upon consideration of the Petition and the Preliminary Response, we hereby adopt and incorporate the analysis set forth in the Decision Denying Institution from page three (3), line one (1), to page eleven (11), line nine (9). We conclude that Petitioner has established a reasonable likelihood of prevailing on the challenge to claims 1–3, 8, 9, 12, 16, and 19 as anticipated by Hideji. This is not a final decision as to patentability of claims for which *inter partes* review is instituted. Our final decision will be based on the record, as fully developed during trial.

*C. Motion for Joinder*

Petitioner seeks to join this proceeding to IPR014-01121. Joinder Mot. 4. Joinder may be authorized when warranted, but the decision to grant joinder is discretionary. *See* 35 U.S.C. § 315(c); 37 C.F.R. § 42.122. The Board will determine whether to grant joinder on a case-by-case basis, taking into account the particular facts of each case, substantive and procedural issues, and other considerations. *See* 157 CONG. REC. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (when determining whether and when to allow joinder, the Office may consider factors including “the breadth or unusualness of the claim scope” and claim construction issues). When exercising its discretion, the Board is mindful that patent trial regulations, including the rules for joinder, must be construed to secure the

just, speedy, and inexpensive resolution of every proceeding. *See* 35 U.S.C. § 316(b); 37 C.F.R. § 42.1(b).

Patent Owner argues that joinder should be denied due to the prejudice to Patent Owner in light of (1) the scheduling of oral argument in IPR2014-01121 for October 16, 2015; (2) Patent Owner's substantial time and effort expended in developing a case of non-obviousness in response to the grounds instituted in IPR2014-01121; and, (3) Patent Owner's potential need to file a motion to amend upon institution of additional grounds of alleged unpatentability. PO Opp. 1–2. Patent Owner also argues that equitable considerations weigh against joinder because, among other reasons, the Petition involves “an attempt to correct a fatal misstep entirely attributable to a petitioner after the expiration of the 315(b) bar.” *Id.* at 9.

The Petition presents only one ground of unpatentability, alleging that claims 1–3, 8, 9, 12, 16, and 19 of the '349 patent are anticipated by Hideji under 35 U.S.C. § 102(b). Pet. 5. Although the same ground was asserted by Petitioner in IPR2014-01121, institution was denied in the earlier proceeding, not on the merits, but because Petitioner failed to include an attesting affidavit with the English translation of Hideji, counter to the requirement set forth in 37 C.F.R. § 42.63(b). *See Zhongshan Broad Ocean Motor Co., Ltd. v. Nidec Motor Corp.*, Case IPR2014-01121 (PTAB Jan. 21, 2015) (Paper 20). In the institution decision in IPR2014-01121, the Board denied Petitioner's motion to submit corrected exhibits to include an attesting affidavit to Hideji because Petitioner did not demonstrate that the failure to include the required affidavit was a clerical mistake that could be remedied in accordance with 37 C.F.R. § 42.104(c). *Id.* at 9–12.

The public interest in securing the just, speedy, and inexpensive resolution of every proceeding would be served in this case more fully by considering the merits of the asserted ground of unpatentability based on Hideji rather than by denying consideration for reasons tied to Petitioner's previous failure to submit the requisite attesting affidavit. With respect to the impact of joinder on the trial schedule, Petitioner states that it will accept a reduced period of time to reply to Patent Owner's response to the Petition, and will accommodate reasonable logistical and scheduling requests by Patent Owner to accommodate joinder of the proceedings. Joinder Mot. 10.

Although Patent Owner is correct that Petitioner has unsuccessfully pursued multiple approaches to resolve the deficiency in its Petition in IPR2014-01121, Petitioner is not attempting to cure a deficiency of the merits of a ground asserted in the prior Petition by filing a second Petition. Thus, contrary to Patent Owner's assertion, this case is not similar to a case in which a petitioner seeks to introduce additional grounds based on additional prior art through a second petition. Patent Owner has been aware of the ground of unpatentability based on Hideji asserted in the Petition in this proceeding since a petition was filed in IPR2014-01121 on July 3, 2014. The Petition also relies upon the same declaration provided by Dr. Mark Ehsani in IPR2014-01121 (Ex. 1009). Further, upon joinder, the schedule in IPR2014-01121, including the date of oral argument, may be modified as necessary. 35 U.S.C. § 316(a)(11). Finally, the fact that Patent Owner has developed arguments related to other instituted and pending grounds of unpatentability, or may seek to amend the claims, does not constitute prejudice which weighs against joinder. Patent Owner will have the

opportunity to file a motion to amend in the joined proceeding, should it choose to do so. For the foregoing reasons, we grant Petitioner's Motion for Joinder.

### III. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that Petitioner's Request for Rehearing is *granted*;

FURTHER ORDERED that *inter partes* review is *instituted* in IPR2015-00762 with respect to the following ground of unpatentability: claims 1–3, 8, 9, 12, 16, and 19 as anticipated by Hideji under 35 U.S.C. § 102(b);

FURTHER ORDERED that no ground other than the one specifically instituted above is authorized for the *inter partes* review;

FURTHER ORDERED that pursuant to 35 U.S.C. § 314(a), *inter partes* review of the '349 patent is hereby instituted in IPR2015-00762 commencing on the entry date of this Order, and pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial;

FURTHER ORDERED that Petitioner's Motion for Joinder with IPR2014-01121 is *granted*;

FURTHER ORDERED that the instant proceeding is joined with IPR2014-01121;

FURTHER ORDERED that the ground of unpatentability on which trial was instituted in IPR2014-01121 is unchanged, and trial will proceed in the joined proceeding on that ground in addition to the ground instituted herein;

IPR2015-00762  
Patent 7,626,349 B2

FURTHER ORDERED that the parties will file all papers in IPR2014-01121, and that IPR2015-00762 is hereby terminated under 37 C.F.R. § 42.72;

FURTHER ORDERED that the case caption in IPR2014-01121 shall be changed to reflect the joinder with this proceeding in accordance with the attached example;

FURTHER ORDERED that a conference call will be held on October 9, 2015, at 11:00 A.M. EDT, to discuss an expedited schedule for the joined proceeding; and

FURTHER ORDERED that a copy of this Decision shall be entered into the file of IPR2014-01121.

Opinion Dissenting filed by *Administrative Patent Judge*  
PATRICK M. BOUCHER, in which *Administrative Patent Judge*  
BENJAMIN D. M. WOOD joins.

As in *Target Corp. v. Destination Maternity Corp.*, Case IPR2014-00508 (PTAB Feb. 12, 2015) (Paper 28) (expanded panel), the Board uses an expanded panel on rehearing to arrogate power beyond that granted by Congress. Because the majority’s determination that 35 U.S.C. §§ 315(b) and 315(c) provide discretion to join time-barred issues to an *inter partes* review proceeding is *ultra vires*, I respectfully dissent.

The cogent analysis of the *Target* dissent explains in detail why neither the plain language of §§ 315(b) and 315(c), nor their legislative history, supports the statutory construction applied by the majority. *See Target*, Dissent slip op. at 2–5 (Fitzpatrick, APJ, dissenting). Ultimately, the majority’s position is misplaced because it reads too much into § 315(c)’s use of the word “any.” The majority fails to consider the meaning of “any person” within the full context of other language in the statute—namely that “any person” is constrained by § 315(c) also to be one who can be “join[ed] as a party.” The majority also fails to provide a convincing explanation how reference to “any person” justifies so expansive a reading of the statute as to encompass the joinder of *issues* when the statute refers exclusively to the joinder of *parties*.<sup>1</sup>

When Congress created *inter partes* review proceedings (“IPRs”), it was faced with balancing competing considerations—the desire to address

---

<sup>1</sup> *See Target*, Majority slip op. at 7 (“[T]he plain language of the statute . . . does not mention specifically the joinder of issues.”).

deficiencies in *inter partes* reexamination proceedings and the risk of creating avenues for harassment of patent owners:

The Committee recognizes 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.

H.R. Rep. No. 112-98, pt.1, at 48 (2011). The one-year statutory bar of § 315(b) limits the harassment potential of *inter partes* reviews by imposing a time restriction for action by those sued for infringement. Not only does the majority's statutory construction of § 315(c) lack compelling support in the statute's text or legislative history, it directly frustrates this Congressional objective of curtailing avenues for harassment by sanctioning "repeated . . . administrative attacks."

The specific facts underlying this proceeding illustrate the point. The instant Petition and Motion for Joinder have their origins in the denial of Petitioners' challenge in IPR2014-01121 of claims 1–3, 8, 9, 12, 16, and 19 as anticipated under 35 U.S.C. § 102(b) by Hideji. Paper 12, 13–14. That denial resulted from a finding by a unanimous panel, confirmed by a unanimous panel after a request for rehearing, that the petition in IPR2014-01121 was defective with respect to the Hideji challenge. *Id.* Petitioners secured evidence to correct the defect only after the one-year bar established by § 315(b) had become effective. *Id.* In exercising discretion that we do

IPR2015-00762  
Patent 7,626,349 B2

not possess, the majority endorses an end-run around a statutory bar that is contrary to Congressional intent and unsupported by the statute or its legislative history.

Accordingly, I respectfully dissent.

IPR2015-00762  
Patent 7,626,349 B2

PETITIONER:

Steven Meyer  
[smeyer@lockelord.com](mailto:smeyer@lockelord.com)

Seth Atlas  
[ptopatentcommunication@lockelord.com](mailto:ptopatentcommunication@lockelord.com)

PATENT OWNER:

Scott Brown  
[sbrown@hoveywilliams.com](mailto:sbrown@hoveywilliams.com)

Matthew Walters  
[mwalters@hoveywilliams.com](mailto:mwalters@hoveywilliams.com)

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

ZHONGSHAN BROAD OCEAN MOTOR CO., LTD.,  
BROAD OCEAN MOTOR LLC, and  
BROAD OCEAN TECHNOLOGIES, LLC,  
Petitioner,

v.

NIDEC MOTOR CORPORATION,  
Patent Owner.

---

Case IPR2014-01121<sup>1</sup>  
Patent 7,626,349 B2

---

---

<sup>1</sup> Case IPR2015-00762 has been joined with this proceeding.

**CERTIFICATE OF SERVICE**

I hereby certify that on this 17th day of March, 2016, the foregoing **BRIEF OF THE BIOTECHNOLOGY INNOVATION ORGANIZATION (BIO) AND PHARMACEUTICAL RESEARCH AND MANUFACTURERS OF AMERICA (PhRMA) AS AMICI CURIAE SUPPORTING PETITIONER** was filed electronically with the U.S. Court of Appeals for the Federal Circuit by means of the Court's CM/ECF system. All parties in this appeal are represented by registered CM/ECF users, who will be served electronically by the Court's CM/ECF system.

*/s/ Erik van Leeuwen*

Erik van Leeuwen  
Litigation Operations Coordinator  
Rothwell, Figg, Ernst & Manbeck, P.C.