

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

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

v.

OREN TECHNOLOGIES, LLC,
Patent Owner.

Case IPR2018-00914
Patent 9,511,929 B2

**BRIEF OF *AMICUS CURIAE*
THE NAPLES ROUNDTABLE**

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I. INTRODUCTION

The Naples Roundtable, Inc. is a 501(c)(3) non-profit organization whose primary mission is the exploration of ways to improve and strengthen the U.S. patent system. To achieve this goal, the Naples Roundtable supports the advanced study of both national and international intellectual property law and policy. The Naples Roundtable fosters the exchange of ideas and viewpoints among the leading intellectual property experts and scholars. It also organizes conferences and other public events to promote the development and exchange of ideas that improve and strengthen the U.S. patent system.

More information about the Naples Roundtable can be found on the organization's website, <http://www.thenaplesroundtable.org>. The views expressed herein should not be attributed to any individual's employers, law firms, or clients.

II. RELEVANT STATUTORY PROVISIONS

35 U.S.C. § 311 provides, in pertinent part:

(a) IN GENERAL.—Subject to the provisions of this chapter, **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. The Director shall establish, by regulation, fees to be paid by the person requesting the review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the review.

* * *

(emphasis added).

35 U.S.C. § 315 provides, in pertinent part:

* * *

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

(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.

(d) 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.

* * *

(emphases added).

35 U.S.C. § 316 provides, in pertinent part:

(a) REGULATIONS.—The Director shall prescribe regulations—

* * *

(11) requiring that the final determination in an inter partes review be issued not later than 1 year after the date on which the Director notices the institution of a review under this chapter, except that the Director may, for good cause shown, extend the 1-year period by not more than 6 months, and may adjust the time periods in this paragraph in the case of joinder under section 315(c);

(12) setting a time period for requesting joinder under section 315(c);

* * *

III. ANALYSIS

1. Under 35 U.S.C. § 315(c) may a petitioner be joined to a proceeding in which it is already a party?

The answer is yes. The Office should not overcomplicate things. The only limitation Section 315(c) places on the identity of the “person” who can be joined is that it is the “person who properly files a petition under section 311.” Section 311, in turn, provides that a petition may only be properly filed by “a person who is not the owner of a patent.” 35 U.S.C. § 311(a). Thus, properly construed, Section 315(c) permits joinder of any person who is not the patent owner.

The phrase “joined as a party” in Section 315(c) does not limit the *identity* of the “person” or “party” who can be joined to an earlier proceeding. Different petitions result in different proceedings. A person who files a petition against claims 1-4 of a patent is a different “party,” in a legal sense, than a person who files a petition of claim 5 of the patent, even if they are the same person. It is the petition, containing specific grounds of unpatentability against specific claims of the patent, that defines the contours of the proceeding and gives rise to legal consequences. Statutory estoppel under 35 U.S.C. § 315(e) applies on a claim-by-claim basis. Statutory estoppel, triggered by a final written decision in an inter partes review of claims 1-4, does not extend to any proceeding involving only claim 5. Moreover, even if the identity of the petitioner is the same in both

proceedings, the petitioner's real parties-in-interest and privies can be different in the two proceedings. (For example, if the patent owner asserted claim 5 against a different accused product than it accused of infringing claims 1-4, it is conceivable that the petition against claim 5 was funded by, or filed at the behest of, a different supplier than the person who funded or controlled the petition against claims 1-4, even if the petitioners on the two petitions are the same.) The person who filed a petition against claim 5 can be "joined as a party to that inter partes review" of claims 1-4, under Section 315(c), because that person is being *joined in its capacity as the petitioner of claim 5*.¹ Joinder in this situation would unify, for estoppel and other purposes, not only the petitioners of claims 1-4 and claim 5 (the same person in this case), but also the real parties-in-interest and privies in the two proceedings (who may otherwise be different).

As a practical matter, if the Office answers question 1 in the negative, the Office must think through the obvious and potential workarounds of its decision.

¹ By analogy, a government official can be sued in his *official capacity* in one proceeding and in his *personal capacity* in a second proceeding. The named defendant is the *same human being*, but in a legal sense the two defendants are different parties. Different legal rights and responsibilities attach to these two different parties.

What if the petitions in this case were not filed by Proppant Express Investments, LLC (“PEI”) and Proppant Express Solutions, LLC (“PES”) as *co-petitioners* on both petitions, but instead PEI filed the first petition (IPR2017-02103) and PES filed the second petition (IPR2018-00914)? Or, what if the second petition was filed instead by one of PES’s or PEI’s real parties-in-interest (e.g., Grit Energy Solutions, LLC, Hi-Crush Partners LP, and Hi-Crush PODS LLC). Or, what if a new corporate entity—a subsidiary of PES or PEI—was incorporated after the first petition was filed, and the subsidiary filed the second petition? What if a joint defense group was formed among the accused infringers of the ’929 patent, which includes PES or PEI, and the second petition was filed by another member of the defense group?

In each of the above scenarios, the petitioner named on the first petition is different from the petitioner named on the second petition, but the real parties-in-interest or privies of these petitioners might (or might not) be the same. Is the Office prepared to interpret “any person” in Section 315(c) so narrowly as to exclude any overlapping petitioners, real parties-in-interest, and privies among the two petitions? We think such a narrow interpretation is not supported by the text of Section 315(c) and would needlessly create administrative headaches—including additional discovery disputes—within the short time needed to request and decide joinder.

In *amicus*'s experience, it is not uncommon for a would-be joinder petitioner, prior to filing its joinder request, to communicate with the lead petitioner regarding, *inter alia*, (a) whether the lead petitioner will oppose joinder, (b) whether the lead petitioner will share its expert declarant with the joinder petitioner (including in the event the lead petitioner settles out of the proceeding), and (c) whether to enter into a common-interest agreement for the purpose of sharing legal strategies and divvying up work in the proceeding. Indeed, this type of pre-joinder communication should be *encouraged* as a best practice because it facilitates a smoother joinder process and avoids conflicts requiring resolution by the Board. But, if the Office holds that Section 315(c) prohibits overlapping RPIs and privies between the lead and joinder petitioners, then the Office will chill precisely this type of pre-joinder communication among petitioners for fear of triggering a RPI or privity designation.

2. Does 35 U.S.C. § 315(c) permit joinder of new issues into an existing proceeding?

The answer is yes. However, even if joinder under Section 315(c) doesn't permit adding new issues to an existing proceeding, "consolidation" under Section 315(d) does.

Section 315(c) expressly contemplates the institution of two separate petitions under Section 314, each on its own merits. The first institution is on the

lead petition (“If the Director institutes an inter partes review....”).² The second institution is on the joinder requester’s petition (“... 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.”). Given that the first petition was already instituted, it would be largely superfluous for Section 315(c) to require, in every case, the Office to await the filing of a preliminary response on the second petition, and to further require the Office to determine whether the second petition warrants institution, if the second petition must always be a carbon-copy of the first petition. Nothing in Section 315(c) requires the second petition to be identical to the first petition. And the requirement that the Office must evaluate the merits of both petitions, separately, suggests that the second petition may present new issues.

² Of course, an inter partes review cannot be instituted unless a petition was filed. *See* 35 U.S.C. § 314(a) (“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.”).

This reading of Section 315(c) is consistent with its legislative history. Congress understood that Section 315(c) permits “additional challenges to validity” to be raised in a second petition and to be joined to an existing inter partes review. *See* 157 Cong. Rec. S1368, S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (“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.”) (emphases added). Congress also understood that there could be substantive differences between the first and second petitions, and that these differences could *weigh in favor* of granting joinder, rather than preclude joinder altogether. *See id.* (“The Office also has indicated that it may consider the following factors when determining whether and when to allow joinder: . . . claim-construction rulings that adopt claim interpretations that are *substantially different from the claim interpretation used in the first petition* when that petition’s interpretation was not manifestly in error; . . . a request by the first petitioner for termination of the first review in view of *strength of the second petition*. . . .”) (emphases added).

But, even if the Office answers question 2 in the negative, that is not the end of the inquiry. The Office’s “consolidation” authority under Section 315(d) is broader, in many ways, than its “joinder” authority under Section 315(c). Unlike

joinder, consolidation does not require the Office to wait for a patent owner's preliminary response or the expiration of the time for filing such a response, and does not even require the Office to determine that the second petition warrants institution. *Compare id.* § 315(c), *with id.* § 315(d). Moreover, consolidation is not circumscribed by any time period set by the Director. *Compare id.* § 315(d), *with id.* § 316(a)(12).

After the Supreme Court's "all-or-nothing" holding in *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348 (2017), the Office cannot "pick-and-choose" which challenged claims to review, so long as at least one challenged claim meets the institution threshold. Thus, if a second petitioner files a petition challenging claims 1-5 and requests joinder to an existing inter partes review of claims 1-4, the Office must institute the second proceeding for claims 1-5, or none at all. Moreover, assuming *arguendo* the Office believes it only has the statutory authority to "join" the two proceedings with respect to claims 1-4 under Section 315(c), the Office could, in addition to joining the second petitioner as a party to the first proceeding, further "consolidate" the two proceedings with respect to all claims 1-5 under Section 315(d). In this way, the Board would be simultaneously "joining" and "consolidating" the two proceedings (which, as mentioned, must be instituted as to all claims under *SAS*), and therefore, the time-bar exception applicable to a "request for joinder" under Section 315(b) would extend to all

instituted grounds in the second petition. *See* 35 U.S.C. § 315(b) (“The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).”). Indeed, this time-bar exception applies to the *request* for joinder, as a whole, not to any specific claims or grounds for which joinder is ultimately *granted*.

3. Does the existence of a time bar under 35 U.S.C. § 315(b), or any other relevant facts, have any impact on the first two questions?

The answer is no, because the first two questions go to the Director’s statutory authority (which the Director possesses for the reasons explained above), whereas the existence of a time bar under Section 315(b) goes to the Director’s discretion under Section 315(c). *See Microsoft Corp. v. Proxyconn, Inc.*, IPR2013-00109 (Paper 15) (Feb. 25, 2013) (representative opinion) (granting Microsoft’s joinder request and noting the existence of a time bar against Microsoft was “an important consideration” in the joinder analysis).

In connection with question 3, the Director should announce an Office policy that generally favors granting a petitioner’s joinder request that seeks only to challenge new patent claims in an existing inter partes review, if those new claims were newly asserted by the patent owner in an infringement suit (or were newly added to the patent via a reexamination certificate), more than one year after the petitioner (or the petitioner’s real party-in-interest or privy) was served with a

complaint alleging infringement of other claims of the patent. This scenario will generally not give rise to a risk that the petitioner is improperly seeking a “second bite at the apple,” given that there was no “first bite” against these new claims in the first petition, and it was the patent owner, not the petitioner, who controlled the timing of when the new claims were asserted. Otherwise, if the Office does not generally permit joinder under these circumstances, the Office will, unfortunately, incentivize patent owners to strategically time their litigation and reexamination behavior in a way that creates a bar under Section 315(b) as to newly-asserted or newly-added patent claims. Such a strategy would allow the patent owner to not only avoid an inter partes review of the new claims, but also attempt to avoid a stay of district court litigation on the basis that not all claims asserted in the litigation are undergoing inter partes review. To permit this strategy would be to place certain claims beyond the reach of inter partes review and to force courts alone to deal with those claims, thereby frustrating Congress’ intent that inter partes reviews will be “quick and cost effective alternatives to litigation.” H.R. REPT. NO. 112-98, at 48 (June 1, 2011).

Ultimately, any concerns regarding petitioners using joinder as a means to improperly get a “second bite at the apple,” or to otherwise improperly circumvent the time bar under Section 315(b), can be alleviated by exercising the Director’s discretion to deny joinder on a case-by-case basis under Section 315(c) in view of

the particular facts in each case. For the patent owner's part, any prejudice as a result of joinder can be ameliorated by modifying the trial schedule or by adjusting the Board's 12-month trial pendency target, as permitted under Section 316(a)(11) ("the Director . . . may adjust the time periods in this paragraph in the case of joinder under section 315(c)").

IV. CONCLUSION

For the foregoing reasons, the Office should answer questions 1 and 2 in the affirmative. For question 3, the Office should announce a policy that generally favors the grant of joinder for new patent claims that were belatedly added or asserted by the patent owner, more than a year after the patent owner asserted other claims of the patent against the petitioner or the petitioner's real party-in-interest or privy.

Respectfully submitted,

Date: December 28, 2018

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing BRIEF OF *AMICUS CURIAE* THE NAPLES ROUNDTABLE was filed via email to trials@uspto.gov on December 28, 2018, and contemporaneously served on counsel of record for both Petitioner and Patent Owner via email at the following addresses:
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