

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 No. IPR2018-00914

Patent No. 9,511,929

**BRIEF *AMICUS CURIAE* OF IXI IP, LLC.
IN SUPPORT OF NEITHER PARTY**

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QUESTIONS PRESENTED

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

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IDENTITY AND INTEREST OF AMICUS CURIAE

IXI IP, LLC respectfully submits this brief amicus curiae. IXI IP, LLC is a private company that licenses its patents and has pending cases before the Patent Trial and Appeal Board. No person other than Amicus Curiae made a monetary contribution to the preparation or submission of this brief.

SUMMARY OF ARGUMENT

The America Invents Act granted the limited authority to the USPTO Director in 35 U.S.C. § 315(c) to join a new petitioner to a proceeding in which it is not already a party, irrespective of the issues the new petitioner raises in its petition. Examination of statutory text and legislative history make clear that a petitioner may not use the joinder provisions of this statute to join its own proceeding.

The statutory text and legislative history further indicate that the joinder of issues raised by a new petitioner is permitted, and expected, where joinder is appropriately granted based on a timely filed petition. 35 U.S.C. § 315(c) requires the Director to determine the merits presented by the new petitioner in its petition, after receiving and considering a patent owner response. As such, Congress knew the second petition would most likely contain additional issues requiring consideration that were not raised in the instituted IPR. It would be illogical that Congress used language in the statute to require the Director to expend valuable USPTO resources to consider if the issues raised in a petition warrant an instituted

IPR and then prohibit the Director from considering those very issues in the instituted IPR to be joined.

The time-bar of 35 U.S.C. § 315(b) and text of 35 U.S.C. § 315(c) both prohibit the Director from joining a party based on a time-barred petition. There is no basis in the statute, legislative history or otherwise, to conclude that Congress created an exception to the one-year time-bar for filing a petition. Accordingly, the party joined to an instituted IPR must be a new party and the decision to join must be based on a second properly filed, not time-barred, petition that independently warrants the institution of an IPR.

ARGUMENT

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

All statutory interpretation properly begins with the text. The Supreme Court has instructed that a word’s “natural meaning,” or its “normal and customary meaning” should be used in light of the full statutory context, in reference to the rest of the provision, and to the act as a whole. *See, e.g., NLRB v. SW Gen., Inc.*, 137 S. Ct. 929, 938-39 (2017).

The Dictionary Act¹ instructs courts to apply to all federal statutes definitions of certain common words (including “person”) and basic rules of

¹ 1 U.S.C. § 1-8.

grammatical construction (such as the rule that plural words include the singular) “unless context indicates otherwise.”²

1. Person

Because Congress used the term “person” without providing a special definition, it is presumed that Congress intended the term “person” to have its plain meaning. The Dictionary Act, provides that, “unless the context indicates otherwise,” the term “person” means “corporations, companies, associations, firms, partnerships, societies, and joint stock companies, as well as individuals.”³

Here, Congress did choose to restrict the meaning of a “person” in two significant ways. First, “person” is limited in 35 U.S.C. § 311 (section 311) to someone “who is not the owner of [the] patent” that is the subject of a petition. Next, Congress restricted the term “person” in 35 USC § 315(c) to someone “who properly files a petition under section 311.”

As such, without further statutory text providing clarification, a proper definition of “person” under 35 USC § 315(c) is all “corporations, companies, associations, firms, partnerships, societies, joint stock companies, and individuals who properly file a petition on a patent they do not own.”

² 1 U.S.C. § 1.

³ *Id.*

2. Properly Files

The terms “properly files” is not defined in the statute. No statutory context or other evidence indicates that “properly files” has a meaning other than its customary definition of “correctly files” or “satisfactorily files.” There is legislative history, however, that does provide a clear definition of “properly filed” as used in 35 USC § 315(c).

Senator Kyl stated that “[t]he words ‘properly filed’ are a term of art that is also employed in section 2244 of title 28 and that has been given content no less than three times during this decade by the U.S. Supreme Court, *see Artuz v. Bennett*, 531 U.S. 4 (2000), *Pace v. DiGuglielmo*, 544 U.S. 408 (2005), and *Allen v. Siebert*, 128 S.Ct. 2 (2007). The gist of these decisions is that a petition is properly filed when it is delivered and accepted in compliance with applicable rules governing filings, . . . and that *time deadlines* for filing petitions must be complied with in all cases.”⁴

As such, the term “properly files” in 35 USC § 315(c) is a petition that is “delivered and accepted in compliance with applicable rules and time deadlines governing filings.”

⁴ Senator Kyl comments, 154 Congressional Record S9988 (daily ed. Sept. 27, 2008)(emphasis added).

3. Party

Although the word “party” has a naturally expansive meaning that can encompass anyone allowed to participate in an activity or proceeding, Congress chose to identify only two classes of parties that can participate in IPR, petitioners and patent owners. Since a patent owner cannot file the petition that is the subject of a joinder request, the term party within 35 U.S.C. § 315(c) is limited to a petitioner.

4. Join

No statutory context or other evidence indicates that “join” has a meaning other than its customary definition of to “combine” or “unite.” It follows naturally that to combine or unite a person into an instituted IPR, the person cannot already be a party to the IPR. This interpretation is supported in the legislative history. Specifically, Senator Kyl stated that by joining the party to the IPR it would then be allowed to “file its own briefs and make its own arguments,”⁵ suggesting that such joined party did not already have the ability to do so.

⁵ “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

II. Under 35 U.S.C. § 315(c) a petitioner may not be joined to a proceeding in which it is already a party.

The statute's text and legislative history answer the first question presented without requiring further analysis. Under 35 U.S.C. § 315(c) a petitioner may not be [re]joined to a proceeding in which it is already a party.

The PTAB has both rejected self-joinder⁶ and concluded that limiting parties to those not already a party of the IPR conflicts with the statute's language of "any person."⁷ It has even been argued that Congress could have drafted the statute differently if it intended to narrow "any person" to non-party persons.⁸ The PTAB's split on the proper reading of Section 315(c) originates from a

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." Senator Kyl comments, 157 Congressional Record S1376 (daily ed. March 8, 2011)(emphasis added).

⁶ See *SkyHawke Techs., LLC v. L&H Concepts, LLC*, IPR2014-01485, paper 13 (P.T.A.B. Mar. 20, 2015).

⁷ *Baker Hughes Inc. v. Packer Plus Energy Servs., Inc.*, IPR2016-01496, Paper 30 (P.T.A.B. May 4, 2017).

⁸ "If the legislature had meant to exclude joining the same petitioner to an instituted inter partes review, it would not have 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.'" *Id.* at 5.

manufactured conflict between the terms “any person” and “join as a party” and improperly places more weight on “any person” than “join as a party.”

The proper definitions of “join as a party” and “any person” are not in conflict; rather, they are separate requirements set forth in the statute. Although the statute uses the expansive term “any person,” the overall language of § 315(c) places limits on this term. The class of persons covered by the statute has been narrowed substantially from “anyone” to those who are not the owner of the patent, and who properly and timely filed a petition. Similarly, the phrase “join as a party” excludes a person who is already a party. A party to be joined has, therefore, been narrowed to petitioners who are not already participants in the IPR. These definitions live in harmony in the statute.

Congress granted petitioner a full twelve months to file a petition where the subject patent is asserted in litigation.⁹ This extensive time allows the petitioner to determine its strategy, select all the claims it desires to challenge, identify the best new prior art printed publications and draft a complete error-free petition. Nothing in the statute or legislative history indicates that Congress contemplated that a petitioner would file multiple petitions against the same patent to correct its own

⁹ During the September 2011 debates, Senator Kyl discussed why the House and Senate bill managers had agreed to extend the deadline from six months to twelve. 157 Cong. Rec. S5429 (daily ed. Sept. 8, 2011).

errors or strategy miscalculations. The legislative history only indicates that additional persons not participating in the IPR may file additional petitions. 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) (emphasis added). Senator Kyl’s extensive legislative remarks also fail to mention even once that the same party may be joined to an IPR in which it is already a participating party

Perhaps in hindsight, now that some petitioners have demonstrated a penchant for filing multiple petitions against a single patent and petitions with extensive errors, it may be desired that Congress had granted authority for same party joinder in 35 U.S.C. § 315(c). It did not. It is inappropriate to wish that statutory authority had been granted and then ignore the actual statutory text to make the wish come true.

Congress did provide the Director discretionary authority under 35 U.S.C. § 315(d) to consolidate “another proceeding or matter involving the patent [that] is before the Office.” Section 315(d) inherently requires that the other proceeding or matter, to be joined to a pending inter partes review, must be properly before the Office, including compliance with the time-bar of 35 U.S.C. § 315(b). Thus, it is submitted that petitioners seeking to consolidate a timely filed same party IPR

petition to an already pending IPR proceeding may seek the Director's discretion under this section 315(d).

III. 35 U.S.C. § 315(c) permits joinder of new issues into an existing proceeding.

There is nothing in the language of the statute nor anything in its legislative history, that allows joinder of the new party and not the joinder of the issues raised by the new party. In fact, joinder of issues was specifically envisioned by Congress. To deny that the statute permits joinder of issues into an existing proceeding requires one to ignore most of the statutory language.

Section 315(c) enumerates several conditions placed on the Director prior to exercising discretion to join a new party to an instituted IPR. Congress requires that the Director determine if the petition was properly filed by a new petitioner¹⁰, receive and consider a preliminary response from the patent owner, and determine that the merits of the petition warrant the institution of an inter partes review. Only if the Director determines that the petition is proper, including not time-barred under 35 U.S.C. § 315(b), and warrants its own IPR, can a request for joinder be considered.

¹⁰ “[A]dditional petitions can be joined only if, among other things, they are properly filed.” 154 Cong. Rec. S 9988 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl).

Half of the statute's language would be superfluous if a subsequent petition was always required to be identical to the instituted petition, as there would be no need to consider the independent merits of the subsequent petition. Congress contemplated that a subsequent petition would most likely contain additional issues not raised in the instituted IPR.¹¹ It is illogical that Congress would require the Director to expend valuable USPTO resources to determine if the issues contained in a subsequent petition warrants its own instituted IPR, and then prohibit those very issues from being considered in the instituted IPR in which it is joined.

Congress intended 35 U.S.C. § 315(c) to be a path for new petitioners to timely join an instituted IPR by filing a request for joinder based on a properly filed petition. It was also intended that the merits of the new party's petition be considered and joined with the IPR if warranted. It was not intended to allow the same party to file petitions to correct deficiencies in their earlier petition(s), adjust their strategy or raise new issues.

¹¹ "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).

IV. The time-bar under 35 U.S.C. § 315(b) prohibits late-filed petitions from being the basis for joinder.

Congress provided a crystal-clear, absolute, time-bar on the filing of certain petitions. 35 U.S.C. § 315(b) (“section 315(b)”) states that “[a]n inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent.” There is no authority provided to the Director anywhere in the America Invents Act to waive this time-bar.¹²

A late-filed petition cannot be instituted into an IPR regardless of the merits or arguments presented in that petition. Nevertheless, this prohibition has been blatantly disregarded by many petitioners. This abusive practice wastes USPTO resources and substantially raises patent owners’ expenses.

Support for allowing time-barred petitions has been misguidedly based on the last sentence of section 315(b) which states that “[t]he time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection

¹² See H.R. Rep. No. 112-98, pt.1, at 47 (2011)(“ Parties who want to use inter partes review during litigation are required to seek a proceeding within 12 months of being served with a complaint alleging infringement of the patent, and are barred from seeking or maintaining an inter partes review if they file an action for a declaratory judgment that the patent is invalid.”).

(c).”¹³ There is no discussion in the legislative history interpreting or explaining the second sentence of section 315(b) as departing from its clear language stating that the time-bar does not apply to *filing* a request for joinder. This sentence does not waive the time-bar placed upon a party that has been served with a complaint alleging infringement.

The second sentence of section 315(b) does not say that if joinder is subsequently granted by the Director on an otherwise time-barred petition, the statutory time-bar is retroactively waived for the late-filed petition. To read the statutory language to permit petitions to be filed after the one-year bar requires a rewrite of the statutory language to say “[t]he time limitation set forth in the preceding sentence shall not apply IF a request for joinder under subsection (c) is granted.”¹⁴

In addition to the plain text of section 315(b), section 315(c) prohibits the second sentence of section 315(b) from being used to circumvent the time-bar. Specifically, 35 U.S.C. § 315(c) requires both 1) the proper filing of a petition

¹³See *Microsoft Corp. v. Proxyconn, Inc.*, IPR2013-00109, paper 13 at 4 (“Thus, absent joinder of this proceeding with IPR2012-00026, the second Petition would be barred.”).

¹⁴ See 37 C.F.R. § 42.122(b) as an example of misreading Section 315(b) (“The time period set forth in § 42.101(b) shall not apply when the petition is accompanied by a request for joinder.”).

(which includes timeliness) and 2) that the petition warrants an independent IPR institution. A properly filed petition complies with all requirements, including the time-bar, such that it would be capable of maturing to institution. A time-barred petition cannot be properly filed and cannot mature to institution.

Allowing use of the second sentence in section 315(b) to circumvent the statutory time-bar for filing a petition goes against Congresses' attempt to correct known deficiencies in inter partes reexamination proceedings—namely the ability to harass patent owners with multiple serial filings.

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.¹⁵

The one-year statutory bar imposed by 35 U.S.C. § 315(b) specifically limits the type of harassment that was common under inter partes reexamination. Construing section 315(b) as providing an end-run around the statutory bar provides an avenue

¹⁵ H.R. Rep. No. 112-98, pt.1, at 48 (2011).

that has been repeatedly used to affect exactly the sort of repeated administrative attacks Congress sought to eliminate.

Congress also requires the Director to evaluate the underlying petition to determine if it warrants, on its own, the institution of an IPR. Section 315(c), by specifically referencing § 314, clearly requires that the merits of the petition be considered in determining whether joinder is granted. Time-barred petitions can never warrant the institution of an IPR, irrespective of its contents.

CONCLUSION

Congress set forth its express objective that the USPTO maintain the integrity of the U.S. patent system.¹⁶ Nothing is more critical to maintaining that integrity than following the very statutory text granting authority to the Director. The America Invents Act attempted to strike a balance between the need to review issued patents and protecting patent owners and inventors from abuse. A key part of this balance was prohibiting challengers from asserting unbounded attacks on a patent. Petitioners were provided a full 365 days to file a proper petition and any attempt to file a petition after this time-bar could not be used to institute an IPR. This time-bar must be strictly enforced to avoid abusive practices. Creating backdoor procedures to circumvent the time-bar erodes the integrity of the patent

¹⁶ See 35 U.S.C. § 316

system and merely shifts abusive litigation practice from district courts to the USPTO.

Congress recognized that consolidating actions before the USPTO was necessary to preserving valuable agency and party resources. As such, authority was granted under 35 U.S.C. § 315(d) to allow the Director to determine the manner in which pending inter partes reviews and other proceedings may proceed. This authority, however, has its own limitations. For example, any petition seeking to be joined to a pending IPR must still comply with the time-bar of 35 U.S.C. § 315(b).

The PTAB, in exercising its delegation from the Director, should deny all joinder requests by any petitioner who failed to properly file a petition within the one-year time-bar, while at the same time broadly granting joinder requests from a new party setting forth a meritorious and properly filed petition.

Respectfully submitted,

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