

Client Alert

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Federal Circuit Holds that IPR Joinder Provision Cannot Be Used to Join the Same Petitioner or Add New Issues

Introduction

In *Facebook, Inc. v. Windy City Innovations, LLC*, Appeal No. 2018-1400 (Fed. Cir., Mar. 18, 2020),¹ the Federal Circuit held that the IPR joinder provision (35 U.S.C. § 315(c)) does not permit an IPR petitioner to join its own previously instituted IPR and does not permit new claims or grounds to be added to an instituted IPR.

The *Facebook* decision is significant because IPR petitioners will no longer be able to use joinder to file a second IPR petition challenging additional claims after the one-year time bar expires. As such, in district courts that do not require early disclosure of asserted claims, defendant-petitioners may need to try to persuade the district court to compel the plaintiff-patent owner to identify the asserted claims sufficiently before the one-year bar so that all of the asserted claims can be challenged in a timely IPR petition.

Facebook Joinder Decision

The joinder provision in 35 U.S.C. § 315(c) provides that the PTO Director has the discretion to “join as a party to [an instituted IPR] any person who properly files a petition” that the Director “determines warrants institution.” The one-year time bar provision in 35 U.S.C. § 315(b)—which prohibits the Director from instituting an IPR if the petition is filed more than one year after the petitioner (or a real party in interest or privy) is served with a complaint alleging infringement of the patent—provides that this one-year bar does not apply to a joinder request under § 315(c). Petitioners have taken advantage of this exception to file a motion for joinder of a second IPR petition (filed after the one-year bar) to their previously instituted IPR, often in order to challenge additional claims newly asserted in litigation after the one-year bar.

This is what happened in the *Facebook* case. Windy City Innovations did not identify the asserted claims of the asserted patents until more than one year after serving Facebook with the complaint.² Facebook had filed IPR petitions challenging certain claims before the one-year bar and then, after the asserted claims were identified after the one-year bar, filed two additional petitions challenging the remaining asserted claims and moved to join each of these later IPRs to a previously instituted IPR. The PTAB instituted the later IPRs and agreed to join each of them to an instituted IPR. Decision at 6-7.

On appeal from the PTAB’s final decisions, the Federal Circuit reversed, holding that § 315(c) does not permit an IPR petitioner to join its own previously instituted IPR and does not permit new claims or issues to be added to an instituted IPR. The Court interpreted the text of § 315(c) as not authorizing either same-party joinder or the joinder of new issues. *Id.* at 12-18.

¹ http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/18-1400.Opinion.3-18-2020_1552952.pdf.

² Windy City filed the lawsuit in the Western District of North Carolina, which after several months granted Facebook’s motion to transfer to the Northern District of California. Under the Northern District of California’s local patent rules, Windy City was required to identify the asserted claims within 14 days of the case management conference, which occurred after the expiration of the one-year bar. Decision at 5-6.

The Federal Circuit reasoned that the plain language of the phrase “to join as a party [to an instituted IPR] any person [who properly files an IPR petition warranting institution]” in § 315(c) only authorizes joining a person as a party to an IPR, not joining an IPR proceeding to another proceeding (which the Court noted is addressed in the consolidation provision of § 315(d)). *Id.* at 14-15. The Court also reasoned that this phrase in § 315(c) does not authorize a person to be joined to a proceeding in which it is already a party because “[i]t would be an extraordinary usage of the term ‘join as a party’ to refer to persons who were already parties.” *Id.* at 15-16. According to the Court, an existing party to a proceeding is not “capable of being joined as a party” to its own proceeding. *Id.* at 16.

The Court also reasoned that § 315(c) “does not authorize the joined party to bring new issues from its new proceeding into the existing proceeding, particularly when those new issues are otherwise time-barred.” *Id.* at 17. According to the Court, the joinder provision “does no more than authorize the Director to join 1) a person 2) as a party, 3) to an already instituted IPR” which “is confined to the claims and grounds challenged in that petition.” *Id.* at 17-18. The Court contrasted the joinder provision of § 315(c) with the consolidation provision of § 315(d), which authorizes consolidation of multiple instituted IPRs that may address different issues. *Id.* at 18.

The Federal Circuit’s *Facebook* decision reversed the PTAB’s position on these two issues. In *Proppant Express Invs., LLC v. Oren Techs., LLC*, No. IPR2018-00914, Paper 38 (P.T.A.B. Mar. 13, 2019), the Board’s Precedential Opinion Panel (POP) held that an IPR petitioner could join its own previously instituted IPR and that a joined petition could add new issues to an instituted IPR. In *Facebook*, the Federal Circuit explained that the POP’s interpretation of § 315(c) in *Proppant* was incorrect and not entitled to deference because the statutory language is “clear and unambiguous.” Decision at 23-24.

However, the Federal Circuit also issued a separate opinion of “additional views” to address what the Court’s holding would have been if the statutory language had been ambiguous. The Court explained that even if the statute had been ambiguous, the PTO’s interpretation would not be entitled to *Chevron* or *Skidmore* deference and that the most reasonable interpretation is the Court’s interpretation discussed above. Additional Views at 2.³

Implications

The Federal Circuit’s *Facebook* decision is significant because it eliminates a tactic used by some IPR petitioners to circumvent the one-year time bar. Petitioners will no longer be able to use joinder to file a second IPR petition challenging additional claims after the one-year bar expires.

This is unlikely to be a problem for defendant-petitioners who have been sued for infringement in district courts that have local patent rules, which typically require early disclosure of the asserted claims and infringement contentions. In these courts, defendant-petitioners typically should have sufficient time after the asserted claims are identified to prepare and file an IPR petition challenging all of the asserted claims before the one-year bar expires. However, in district courts without local patent rules, defendant-petitioners may need to try to persuade the court to compel early disclosure of the asserted claims sufficiently before the one-year bar so that all of the asserted claims can be challenged in a timely IPR petition.

If a defendant-petitioner is unable to persuade the court to compel early disclosure of the asserted claims, they may decide to challenge in an IPR petition all of the claims that conceivably could be asserted in litigation, i.e., the claims for which the plaintiff-patent owner may have a colorable infringement allegation

³ The Federal Circuit concluded that *Chevron* deference is unwarranted because there is no indication in the statute that Congress intended to delegate authority to the Director or the Board to interpret statutory provisions through POP opinions. *Id.* at 7-8. According to the Court, because Congress delegated rulemaking power to the Director and adjudication power to the Board, the Board’s adjudication is not an appropriate mechanism for rulemaking that could receive *Chevron* deference. *Id.* at 9-10. The Court added that the statutory interpretation issue was purely a question of law that did not implicate the PTO’s expertise. *Id.* at 10-11. The Court also explained that the POP procedure fell short of traditional notice-and-comment rulemaking that could receive *Chevron* deference. *Id.* at 12-14. Finally, the Court concluded that *Skidmore* deference is unwarranted because the PTO’s interpretation is inconsistent with the plain language of the statute and therefore unpersuasive. *Id.* at 14-15.

against the accused products. However, in cases where a large number of claims could be asserted, challenging all of them in one IPR petition may not be feasible given the IPR petition word limit. Moreover, splitting the challenged claims of a patent between two or more IPR petitions could be risky given the PTAB's increasing willingness to exercise its discretion to deny additional petitions by the same petitioner challenging the same patent.

As such, defendant-petitioners facing a large number of potentially asserted claims may consider whether to challenge some of the claims in an IPR and defend against the other claims in the litigation. This approach may be feasible if some claims have a clear, strong noninfringement argument that should result in summary judgment in court, while the other claims have weaker noninfringement arguments but strong prior art arguments that should be successful in an IPR. However, not challenging all of the claims that are ultimately asserted will mean the IPR cannot potentially dispose of the entire litigation, which increases the risk that the court will be less likely to stay the litigation pending the outcome of the IPR, such that the litigation and IPR will proceed in parallel.

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