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Late to File Your IPR, But the PTAB Says You're OK? Don't Worry, the Federal Circuit Can't Care

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September 27, 2016 — *Inter partes* reviews are the new hotbed of patent litigation. Filed at the U.S. Patent and Trademark Office, with the Patent Trial and Appeal Board, IPRs take down bad patents and eliminate them from the courts. Every accused infringer, with a chance to file, files an IPR against each patent asserted against them. They do this by filing a petition to cancel patent claims, with proof of necessary facts usually taking the form of an expert declaration. The patent owner responds with its own expert. This may lead to a battle of experts over claim interpretation, and over disclosures in prior art references. The PTAB decides who to believe and whether the patent is to be sustained or canceled.

IPR petitions must reflect a choice against court action, and be timely. A statute requires that petitions be filed before the petitioner (or real party in interest, "RPI") filed any action in court to invalidate a subject patent. 35 U.S.C. § 315. (Counterclaims do not count. *Id.*) It also requires that if the petitioner (or RPI or even a "privy") has been sued for infringement, the petition must be filed within a year of being served with the complaint. *Id.*

A year may seem like a long time, but for those in litigation wanting to enter into one or more IPRs, it can fly by. Surprised by being sued, a defendant can spend months selecting and hiring counsel; having search entities identify best prior art; selecting, retaining, educating, and getting opinions from busy experts; preparing and bombproofing the best cases of invalidity; and pulling together suitably detailed and persuasive IPR paperwork.

Timeliness mistakes can be made. Timeliness can be attacked, as well, by patent owners in front of the PTAB. They can assert lateness in relation to litigation against parties they characterize as "privies" of the petitioner. Moreover, the Supreme Court's *Cuozzo* decision states that PTAB IPR decisions can be reviewed by the courts for whether they are contrary to constitutional right,

in excess of statutory jurisdiction, or arbitrary and capricious. *Cuozzo Speed Tech. v. Lee*, 136 S. Ct. 2131, 2141-42 (2016).

So suppose you're arguably late to file an IPR, after litigation against customers, suppliers, or the like. What will the PTAB do about a patent owner's timeliness challenge, and what can the courts do? Should you worry?

The answer is, you should hardly worry. A recent Federal Circuit case demonstrated all of what the PTAB will and won't do, and what the courts will and won't do. In *Wi-Fi One, LLC v. Broadcom Corp.*, No. 2015-1944 (Fed. Cir. Sept. 16, 2016), an appeal brought a patent with PTAB-canceled claims up for review of its IPR final decision. The PTAB included in its final decision the matter of timeliness, resolving in that decision that the petition was timely. *Broadcom Corp. v. Wi-Fi One*, Case IPR2013-00601, Paper 66 at 8-9 (PTAB, March 6, 2015).

The patent owner, Wi-Fi One, was not without its reasons for challenging timeliness. Wi-Fi One's predecessor, in ownership of the patent 6,772,215, was multinational Ericsson, *id.* at 2, who had sued a who's-who group of computer industry defendants for infringement, including D-Link, Netgear, Acer, Gateway, Dell, Toshiba, and Belkin, in the U.S. District for the Eastern District of Texas in 2010. *Ericsson Inc. v. D-Link Corp.*, Civil Action No. 6:10-cv-473, filed Sept. 14, 2010. The first defendants were served in October 2010. That was three years before Broadcom filed for IPR. The "D-Link defendants" asserted that they were sued for selling products that had Wi-Fi functionality provided by chipsets from third parties, including Broadcom. *Id.*, docket report, doc. 23 at 4. The chipsets were said to include third party code that caused the allegations. *Id.* at 5. Broadcom had its chipset source code discovered. *Id.*, doc. 291. Broadcom was said to have developed and championed a proposal that led to a standard that caused the Ericsson allegations. *Id.*, doc. 416 at 44. Broadcom had an obligation to indemnify Dell and Toshiba. Broadcom IPR paper 66 at 8. Intel, in a similar situation, intervened to defend. Ericsson Civil Action doc. 416 at 33.

Wi-Fi One asked the PTAB for discovery to prove more about the relationship to the D-Link defendants. But as the PTAB does by its interpretation of its obligations and patent owner opportunities, it required that Wi-Fi One prove in its motion by evidence that there was more than a possibility that the sought-after discovery existed and that it had more than a possibility of producing further useful evidence on the privity factor. *Wi-Fi One*, Federal Circuit op. at 3-4. And as usual, the PTAB found that a petitioner had not done either. *Id.* As above, it went on to include its timeliness conclusions in its final decision. Stumped in gaining access to more facts, facts only to be discovered due to their privacy between parties adverse to the patent owner, Wi-Fi One faced the PTAB, stating in its final decision that since its arguments and evidence were not different from the arguments and evidence it had in its motion (catch-22!), the arguments and evidence were unpersuasive for the same reasons that led to the denial of Wi-Fi One's motion.

Wi-Fi One appealed. The Federal Circuit affirmed. *Id.* at 2. Wi-Fi One argued among other things that the PTAB exceeded its authority and that *Cuozzo* had changed the legal landscape, permitting appeal of the PTAB's final decision on timeliness. *Id.* at 6. Two of the three Federal Circuit judges disagreed. *Id.* at 8. While one judge dissented, *id.* at 19, the panel held it had no jurisdiction to even hear the appeal of the PTAB's timeliness decision. Said the panel, the

Federal Circuit had already decided the matter in its *Achates* panel decision, *Achates Ref. Pub., Inc. v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015). *Cuozzo* changed nothing as to *Achates*. *Cuozzo* even stated, they went on, that courts were prohibited from reviewing PTAB decisions on the basis of “questions that [were] closely tied to the application and interpretation of statutes related to the Patent Office’s decision to initiate inter partes review.” In spite of the PTAB including the timeliness matter in its final decision, the inclusion of the matter in the PTAB’s institution decision, the panel said, made it a question closely tied to the application and interpretation of the decision to initiate, and insulated it from court review. *Id.*

So, succinctly said and proven in the PTAB and Federal Circuit decisions, if you are potentially untimely in your IPR, due to earlier litigation against your customers, suppliers, or the like, about which you know, and for which you are indemnifying the defendant parties, lose no sleep over the matter if the patent owner does not have compelling proof that you and the defendant parties are privies. For lack of evidence to put in a motion that there is some evidence of privity to be had by discovery, the patent owner will lose any motion to get such discovery, will remain unable to prove privity, and will lose arguments that you are not timely due to the patent owner having sued the defendant parties.

The PTAB will decide for you. It will do so in its institution decision. And the Federal Circuit, by interpretation of its *Achates* case and the Supreme Court’s opinion in *Cuozzo*, has decided that it cannot take your opponent’s case — it cannot hear their appeal, it cannot care. Worry hardly.

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The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer frequent summaries of the board’s significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.



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