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Paper 16
Entered: July 29, 2013

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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SONY CORPORATION OF AMERICA; AXIS COMMUNICATIONS AB;
AXIS COMMUNICATIONS INC.; and
HEWLETT-PACKARD CO.
Petitioners

v.

NETWORK-1 SECURITY SOLUTIONS, INC.
Patent Owner

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Case IPR2013-00386
Patent 6,218,930

Before JAMESON LEE, JONI Y. CHANG, and JUSTIN T. ARBES, *Administrative Patent Judges.*

ARBES, *Administrative Patent Judge.*

DECISION
Petitioners' Motion for Joinder
*37 C.F.R. § 42.122*

*Introduction*

Sony Corporation of America ("Sony"), Axis Communications AB and Axis Communications Inc. ("Axis"), and Hewlett-Packard Company ("HP") (collectively, "Petitioners") filed a Petition (Paper 1) ("Pet.") to institute an *inter partes* review of claims 6, 8, and 9 of Patent 6,218,930 (the "'930 patent") pursuant to 35 U.S.C. § 311 *et seq*. and a motion for joinder with Case IPR2013-00071 (Paper 5) ("Mot."). Patent Owner Network-1 Security Solutions, Inc. ("Network-1") filed an opposition to Petitioners' motion. IPR2013-00071, Paper 33 ("Network-1 Opp."). Avaya Inc. ("Avaya"), the petitioner in Case IPR2013-00071, also filed an opposition to Petitioners' motion. IPR2013-00071, Paper 35 ("Avaya Opp."). For the reasons that follow, Petitioners' motion is *denied*.[1]

*Analysis*

The America Invents Act (AIA) created new administrative trial proceedings, including *inter partes* review, as an efficient, streamlined, and cost-effective alternative to district court litigation. The AIA permits the joinder of like proceedings. The Board, acting on behalf of the Director, has the discretion to join an *inter partes* review with another *inter partes* review. 35 U.S.C. § 315. Section 315(c) provides (emphasis added):

> 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.

[1] In a decision entered concurrently, the Petition is denied.

The AIA also establishes a one-year bar from the date of service of a complaint alleging infringement for requesting *inter partes* review, but specifies that the bar does not apply to a request for joinder under Section 315(c). Section 315(b) reads (emphasis added):

> 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).*

Further, in the case of joinder, the Board has the discretion to adjust the time period for issuing a final determination in an *inter partes* review. 35 U.S.C. § 316(a)(11); 37 C.F.R. § 42.100(c).

Joinder may be authorized when warranted, but the decision to grant joinder is discretionary. 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).

As the moving party, Petitioners have the burden of proof in establishing entitlement to the requested relief. 37 C.F.R. §§ 42.20(c),

42.122(b). A motion for joinder should: (1) set forth the reasons why joinder is appropriate; (2) identify any new grounds of unpatentability asserted in the petition; (3) explain what impact (if any) joinder would have on the trial schedule for the existing review; and (4) address specifically how briefing and discovery may be simplified. *See* IPR2013-00004, Paper 15 at 4; Frequently Asked Question ("FAQ") H5 on the Board's website at http://www.uspto.gov/ip/boards/bpai/prps.jsp.

*Statutory Authority to Join Petitioners*

As an initial matter, Network-1 argues that the Board does not have the authority to join Petitioners as parties under 35 U.S.C. § 315. Network-1 Opp. 1-2. Section 315(c) provides that the Director may join a party that "properly files a petition under section 311." Network-1 argues that because the Petition was filed more than one year after Petitioners were served with a complaint in violation of Section 315(b), Petitioners did not "properly file[] a petition" and cannot be joined.[2] Network-1 Opp. 1-2. In other words, filing a petition within one year is a prerequisite for joinder and a party that files beyond the one-year window can never be joined, without exception. *See id*. Similarly, Avaya argues that the Board lacks the authority to join HP, but can join Sony and Axis because their petition in Case IPR2013-00092 was "properly file[d]" within one year of being served with

[2] Network-1 contends that Petitioners were served with a complaint alleging infringement of the '930 patent on December 14, 2011, and filed their Petition on June 24, 2013. Network-1 Opp. 2 (citing IPR2013-00071, Exs. 2011-13). Avaya asserts that Petitioners were served on December 15, 2011 (HP), December 19, 2011 (Sony), and December 27, 2011 (Axis). Avaya Opp. 1 (citing IPR2013-00071, Exs. 1023-25).

a complaint. Avaya Opp. 2-6.[3]

We disagree with Network-1 and Avaya that the Board lacks the authority to join Petitioners as parties under Section 315. While Petitioners filed their Petition more than one year after being served with a complaint, the second sentence of Section 315(b) provides that the one-year bar "shall not apply to a request for joinder under subsection (c)." The one-year bar, therefore, does not apply to Petitioners because they filed a motion for joinder with their Petition. This is confirmed by the Board's rules, which provide that a petition requesting *inter partes* review may not be "filed more than one year after the date on which the petitioner, the petitioner's real party-in-interest, or a privy of the petitioner is served with a complaint alleging infringement of the patent," but the one-year time limit "shall not apply when the petition is accompanied by a request for joinder." 37 C.F.R. §§ 42.101(b), 42.122(b); *see also* IPR2013-00109, Paper 15 (permitting joinder of a party beyond the one-year window); IPR2013-00256, Paper 10 (same). The Board's rules do not conflict with the language of the statute as Network-1 and Avaya suggest.

Network-1 and Avaya's interpretation incorporates erroneously the one-year bar into the statutory language of Section 315(c), which permits joinder of "any person who properly files a petition *under section 311*" (emphasis added). Section 311 includes various requirements, such as a requirement that petitions may only raise grounds of unpatentability based on 35 U.S.C. §§ 102 or 103 and only on the basis of prior art patents and

[3] As explained below, we conclude that the Board has the discretion to join all Petitioners and therefore address Petitioners collectively rather than distinguishing between HP and Sony/Axis as Avaya does in its opposition.

printed publications, but does not include the one-year bar, which is part of Section 315(b). Thus, "properly fil[ing] a petition under section 311" does not mean filing a petition within one year as required by Section 315(b).

We also note that Avaya's concerns over the potential implications of the Board's rules permitting joinder are misplaced. *See* Avaya Opp. 6. Avaya argues that if the Board determines that third parties like HP can be joined, "other third parties could file a third wave of IPR petitions and requests for joinder within 30 days," followed by "fourth, fifth, and subsequent waves *ad infinitum*." *Id*. The fact that the Board has the *discretion* to join a party does not mean that joinder is automatic, particularly given the need to complete proceedings in a just, speedy, and inexpensive manner. *See* 35 U.S.C. § 316(b); 37 C.F.R. § 42.1(b); 157 CONG. REC. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) ("The Director is given discretion . . . over whether to allow joinder. This safety valve will allow the Office to avoid being overwhelmed if there happens to be a deluge of joinder petitions in a particular case.").

The Board has the discretion under Section 315 to join Petitioners as parties to Case IPR2013-00071. We turn now to the question of whether that discretion should be exercised.

*Substantive Issues*

Petitioners argue that joinder with Case IPR2013-00071 will not unduly complicate the proceeding or impact the Board's ability to complete it in a timely manner. Mot. 6-8. According to Petitioners, given the number of claims and grounds of unpatentability asserted in the instant proceeding and Case IPR2013-00071, as well as the size of the '930 patent, the

proceedings are not "overly complex or unmanageable." *Id*. at 6. Petitioners further cite the litigation history of the '930 patent as evidence that Network-1 was aware of the prior art and would not be burdened by joinder. *Id*. at 7-8. Network-1 counters that joinder would introduce significant new issues and "more than double the scope" of the existing proceeding. Network-1 Opp. 4-6.

The Petition in the instant proceeding raises numerous substantive issues that are not before the Board in Case IPR2013-00071. The trial in Case IPR2013-00071 involves two claims of the '930 patent, two grounds of unpatentability, and two prior art references. IPR2013-00071, Paper 18 at 29. In their Petition, Petitioners (1) challenge a new claim (claim 8); (2) assert three new grounds of unpatentability; (3) assert one new ground as to claim 8 (anticipation by Japanese Unexamined Patent Application Publication No. H10-13576 ("Matsuno")); and (4) assert five new prior art references, none of which are at issue in the existing proceeding. *See* Pet. 8. Further, only one of the asserted prior art references, Patent 5,345,592 ("Woodmas"), was considered previously by the Board in Case IPR2013-00092. *See id*. Petitioners also include with their Petition a declaration from Geoffrey O. Thompson (Ex. 1005), which likely would increase the amount of discovery (e.g., depositions) that would be required if joinder is permitted.

Petitioners fail to explain adequately the impact of these new issues on Network-1, Avaya, and the trial schedule in Case IPR2013-00071. We conclude that the new unpatentability analysis and substantive issues raised in the Petition weigh against granting Petitioners' motion for joinder.

*Procedural Issues*

Petitioners acknowledge that joinder may require extending the trial schedule in Case IPR2013-00071, but argue that such delay would not be "more than six months" and is permitted by statute. Mot. 6, 9. Network-1 argues that joinder would delay the trial schedule in the existing proceeding, including due dates for briefing and discovery, and thereby prejudice Network-1. Network-1 Opp. 5-8.

We recognize that the one-year time period for completing an *inter partes* review may be adjusted by the Board in the case of joinder. *See* 35 U.S.C. § 316(a)(11); 37 C.F.R. § 42.100(c). However, this does not mean that joinder is appropriate in all circumstances, particularly where joinder would cause lengthy delays in an ongoing review. The Board is charged with securing the just, speedy, and inexpensive resolution of every proceeding, and has the discretion to join parties to ensure that objective is met. 37 C.F.R. §§ 42.1(b), 42.122.

Joining Petitioners would have a substantial impact on the trial schedule for the existing proceeding. Case IPR2013-00071 was filed more than seven months ago and is already well underway, with at least one deposition conducted already and Network-1's patent owner response due on August 7, 2013. *See* IPR2013-00071, Paper 24; IPR2013-00071, Paper 39 at 5. In the instant proceeding, Network-1's preliminary response is not due until August 27, 2013, after which the Board would need time to determine whether the four grounds asserted in the Petition meet the threshold standard for review. *See* Paper 6 at 2. Joinder, therefore, would require delaying the upcoming due dates in Case IPR2013-00071 and extending the overall schedule by many months. Notably, Petitioners in their Motion do not

propose a modified schedule if joinder is granted or explain how the current schedule can be reconciled with the due dates for this proceeding. Petitioners further argue that the Board "may order Avaya and Petitioners to consolidate their submissions and to conduct joint discovery where appropriate," but do not explain in detail what procedures should be followed or how such procedures would minimize the impact on the current schedule. *See* Mot. 7. Moreover, given the differences in prior art and grounds of unpatentability asserted by Avaya and Petitioners, we do not see how such consolidation would be feasible.

Under the circumstances, joinder would have a significant adverse impact on the Board's ability to complete the existing proceeding in a timely manner, which weighs against granting Petitioners' motion for joinder.

*Other Considerations*

Petitioners argue that they would be prejudiced if joinder is denied because "their interests will not be adequately represented" in the existing proceeding, where any decision "will likely simplify, or even resolve, the issues" in the related litigation between the parties. Mot. 1, 9. Any prejudice to Petitioners, however, is outweighed by the additional burden and expense that would be placed on the existing parties, Network-1 and Avaya, as a result of the new substantive issues raised in the Petition. In addition, Petitioners acknowledge that they asserted at least "some" of the grounds in the Petition during litigation with Network-1 in December 2012. *Id*. at 8. Petitioners provide no reason as to why they could not have asserted the prior art in Case IPR2013-00092, filed on December 19, 2012, or in another petition at that time.

Petitioners have not demonstrated that their need for a cost-effective alternative to district court litigation outweighs the impact of joinder, including the burden and prejudice to the parties as discussed above. Moreover, Petitioners fail to establish that joinder would promote efficient resolution of the unpatentability issues without substantially affecting the schedule for Case IPR2013-00071. Petitioners, therefore, have not satisfied their burden of proof in showing entitlement to the requested relief – namely, joinder with Case IPR2013-00071. Accordingly, we decline to exercise our discretion under 35 U.S.C. § 315(c) to authorize joinder, and deny Petitioners' motion.

*Order*

In consideration of the foregoing, it is hereby:

ORDERED that Petitioners' motion for joinder is *denied*.

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