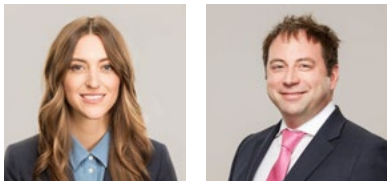


To Join or Not to Join?



Updates on joinder rules before the US Patent Trial and Appeal Board.
By **Courtney Bolin** and **Tim McAnulty**.

Joinder under section 315

Before the Patent Trial and Appeal Board ('PTAB' or 'Board'), joinder is a procedure that permits a party to join an earlier-filed inter partes review ('IPR') proceeding.¹ Under 35 U.S.C. §315(c), the Director of the United States Patent and Trademark Office ('USPTO') may join, to an instituted IPR, any person who properly files a petition that meets the requirements set out under 35 U.S.C. §311. Importantly, the one-year time bar for filing petitions after a party is sued for infringement (separately set by statute) does not apply to a request for joinder.²

Over the past few years, the scope of IPR joinder has been the subject of several (sometimes inconsistent) decisions from the PTAB. For example, in some cases, petitioners were successful in joining a previously-filed petition, and in some instances, petitioners were not.³ In 2018, the Precedential Opinion Panel ('POP') issued the *Proppant* opinion (which is binding on the PTAB) to address the inconsistent PTAB precedent.⁴ In *Proppant*, the POP held that a petitioner may be joined to a proceeding to which it already a party, and that the PTAB has discretion to allow joinder of new issues to a proceeding.⁵

Recently, however, the Federal Circuit issued two opinions addressing joinder. In the first, the court directly discussed the POP decision in *Proppant* and limited the applicability of joinder. In the second, the court clarified the scope of estoppel that applies to a joined party. Both decisions affect strategies for petitioners and patent owners, especially when IPRs are filed in conjunction with parallel litigation and when patent owners bring infringement suits against multiple defendants – scenarios that are not uncommon in US practise.

Facebook v Windy City:

Same-party and new issue joinder are not permitted under section 315(c)

The scope of joinder was directly addressed in *Facebook v Windy City*, when the Federal Circuit held that the statute does not authorize same-party joinder or new issue joinder.⁶ Instead, the Federal Circuit explained that the statute is limited to joining a new party to an instituted (and pending) IPR proceeding. Thus, a petitioner that filed a first petition cannot file a second petition

and 'join' the second petition to the first petition (i.e., no 'same-party' joinder); nor can a new petitioner join a proceeding and introduce issues that were not raised in the original petition (i.e., no 'new issue' joinder). The Court also addressed the deference (if any) due to POP decisions (because of the *Proppant* opinion).⁷ While these decisions are precedential to the PTAB, the Court found that they do not carry deference beyond the USPTO.⁸

The situation that led to *Windy City* (and Facebook's request to add new challenges to an existing petition) is not necessarily uncommon and highlights several considerations for both petitioners and patent owners. *Windy City* filed a district court complaint accusing Facebook of infringing four patents (which collectively contained 830 claims). By statute, this complaint started the one-year time bar for Facebook to timely petition for IPR. At the end of that one-year period, Facebook filed several petitions challenging certain claims of each of the asserted patents.

More than four months later (and after expiration of the one-year bar), *Windy City* identified the claims it was asserting in the district court. Facebook had challenged some of those claims in the IPR petitions it filed, which the Board eventually instituted, but it did not challenge all of them.⁹ Because Facebook was time barred, it filed two new IPR petitions, challenging new claims, with motions to join them to two of its already-instituted petitions.¹⁰ *Windy City* opposed Facebook's motions for joinder. The Board instituted Facebook's new petitions and joined them to its existing IPR proceedings.¹¹

Ultimately, the Board found a number of *Windy City*'s patent claims unpatentable, including many claims, which were challenged only in Facebook's new, joined IPR petitions.¹² Both parties appealed – *Windy City* appealed the Board's decision on joinder and findings of unpatentability, Facebook appealed the Board's findings of patentability of some of the challenged claims.

This appeal has a somewhat unusual history while it was before the Federal Circuit. The panel originally issued a decision on 18 March 2020 (*Facebook I*) and then reissued that decision on 4 September 2020 (*Facebook II*) after a combined petition for panel rehearing and *en banc* rehearing.¹³ In the

interim, the Supreme Court decided *Thryv, Inc v Click-To-Call Technologies, LP*, where it reaffirmed the general prohibition on appealing PTAB institution decisions, and held that general prohibition specifically applies to PTAB decisions regarding a petitioner's one-year time bar.¹⁴ In *Facebook I*, the panel concluded that it had jurisdiction to hear the appeal.¹⁵ Facebook and the USPTO (which intervened at the request of the panel) argued otherwise and the panel addressed those arguments in the reissued opinion.¹⁶ The panel concluded that it still had jurisdiction because Windy City's appeal 'does not challenge the Board's decision to institute Facebook's follow-on petitions, but challenges whether the Board's joinder decisions exceeded statutory authority.'¹⁷ Thus, the PTAB's joinder decision is a reviewable challenge because it

'concern[s] whether the USPTO ha[s] exceeded its statutory authority as to the manner in which [an] already-instituted IPR proceed[s].'¹⁸

After determining that it had jurisdiction to hear the case, the court turned to the merits of Windy City's argument.

First, the Federal Circuit addressed whether section 315(c) authorizes same-party joinder. The court started with the plain language of the statute, which it explained 'allows the Director "to join *as a party* [to an already-instituted IPR] *any person*" who meets certain requirements.'¹⁹ From there, the Federal Circuit reasoned that, by joining Facebook's new IPRs with its already-instituted IPRs, the Board joined *proceedings* not *parties*.

'In other words, an essential premise of the Board's decision was that [section] 315(c) authorizes two *proceedings* to be joined, rather than joining a person as a party to an *existing* proceeding.'²⁰

The court found the Board's interpretation of the statute 'contrary to the plain meaning of the [joinder] provision', which addresses parties, not petitions.²¹ The court contrasted section 315(c) (IPR joinder) with section 315(d) (IPR consolidation), explaining that the latter provides the Director's statutory authority to put two *proceedings* together, not the former.²² Thus, the Federal Circuit held that under 'the clear and unambiguous meaning of [section] 315(c)' the Director is not allowed to join two proceedings or join a party to a proceeding in which it is already a party.²³ In reaching this conclusion, the court recognized that

'the Board may have been intending to convey that it was joining Facebook as a party to its previously instituted IPRs, and not joining the newly instituted IPR proceedings themselves.'²⁴

However, the Federal Circuit explained that such an interpretation would also go against the plain meaning of the statute.²⁵

Second, the court turned to the parties' arguments regarding new issue joinder. Similar to its rationale regarding same-party joinder, the Federal Circuit determined the language of section 315(c) likewise 'does not authorize the joined party to bring new issues from its new proceeding into the existing proceeding.'²⁶ Facebook argued that the statute did not expressly prohibit introducing new issues in joined proceedings; however, the court explained that '[t]he lack of express prohibition... does not' create ambiguity.²⁷ The court reasoned that section 315(c) is limited to joining parties and 'simply permits the Director... to join any person *as a party to an already-instituted IPR*'.²⁸ That is, section 315(c) does not authorize the Director to 'join' issues.²⁹ Thus, the court concluded that a party joined under section 315(c), i.e., a new petitioner, is not permitted to introduce new issues into the existing proceeding.³⁰ In other words, a party can be joined to an existing proceeding but must adopt the challenges already raised.

The Federal Circuit addressed several of Facebook's other arguments but ultimately was not dissuaded from the plain language of the statute. In particular, the court seemed sympathetic to Facebook's policy argument that finding section 315(c) to not allow same-party or new-issue joinder would be 'in tension' with the objectives of IPRs.³¹ Facebook argued that, because Windy City had not identified which of the 830 claims it was asserting against Facebook before the one-year time bar expired, Facebook was left with a difficult choice as to which claims to challenge in IPRs – it had to decide whether to challenge hundreds of claims, including claims that may never be asserted or to challenge a fraction of the claims and risk missing claims the patent owner later asserts. Facebook also argued that if joinder was not permissive, patent owners would be incentivized to delay litigation to run the clock on the one-year time bar under section 315(b), which would prejudice accused infringers.

In response, the Federal Circuit concluded that petitioners are not without options when faced with such situations. 'As a protective measure, filing petitions challenging hundreds of claims remains an available option,' and the validity can be challenged in the district court (as patent owners identify claims) instead of through IPR.³² Finally, the court reasoned that 'no matter how valid, 'policy considerations cannot create an ambiguity when the words on the page are clear.'³³ In these situations, the court explained that Congress is responsible for a change (in view of policy considerations) where the statute is clear and unambiguous.³⁴

Network-1 Technologies v Hewlett-Packard:

A joined party is not estopped from raising arguments in the district court that it could not have added to an IPR proceeding under section 315(e)

A few weeks after *Facebook v Windy City* was reissued, the Federal Circuit issued another opinion regarding joinder and limited the scope of estoppel applicable to joined parties. In

Network-1 v HP, patent owner Network-1 appealed the district court's final judgment, where a jury found that accused infringer HP did not infringe Network-1's asserted patent and that the patent was invalid.³⁵ HP cross-appealed, arguing amongst other things, that the district court improperly found HP was estopped from raising certain validity challenges under section 315(e)(2) based on HP's joinder to an IPR proceeding before the Board.

This case has a long and complicated history. However, the posture relevant to joinder and the question of estoppel is relatively straightforward. Network-1 asserted its patent against several parties including Avaya, which filed an IPR petition challenging the asserted claims. After Avaya's IPR petition was instituted, HP (with others) filed a petition and moved to join the Avaya IPR. The Board denied HP's (first) petition and request to join because HP raised new grounds, i.e., issues that were not raised and already instituted in Avaya's IPR. HP (again with others) then filed a second IPR petition, which included only the grounds already instituted, and again moved to join. HP's one-year time bar had already passed when it filed its second IPR petition; however, the Board instituted and joined HP to Avaya's IPR proceeding under the joinder exception to the one-year time bar. Ultimately, the Board upheld the claims over the instituted grounds and the Federal Circuit affirmed this holding on appeal.

After trial in the district court, a jury found that HP did not infringe Network-1's patent and that the asserted claims were invalid. Network-1 then moved for a new trial related to infringement and for judgment as a matter of law related to validity. In particular, Network-1 argued that HP should have been estopped from raising prior art validity challenges in the district court because it joined the Avaya IPR proceeding.³⁶ The district court denied Network-1's request for a new trial but found estoppel did apply and granted judgment for Network-1 on the question of validity.

According to the district court, HP could have raised its obviousness arguments during the IPR – stating that ‘the fact that HP sought joinder with Avaya's IPR does not mean that HP could not have reasonably raised different grounds from those raised by Avaya.’³⁷ The district court further reasoned that allowing HP to raise arguments ‘that it elected not to raise during IPR would give it a second bite at the apple and allow it to reap the benefits of the IPR without the downside of meaningful estoppel.’³⁸ Thus, the district court granted judgment as a matter of law on validity without considering the merits of HP's invalidity arguments. Both parties appealed.

Before the Federal Circuit, HP argued that the district court misapplied the estoppel provision of section 315(e)(2). HP argued that it could not raise any of the validity grounds it raised at trial before the PTAB when it joined the Avaya IPR.³⁹ And the Federal Circuit agreed. It explained that under section 315(c), HP was permitted to join the Avaya IPR as a party even though HP was time barred under section 315(b) from bringing its own petition.⁴⁰ Relying on the rationale and holding in *Facebook*

v Windy City, the court explained that the joinder provision does not permit a joining a party to bring new grounds into the proceeding that were not already instituted, i.e., raised by Avaya.⁴¹ Instead, it may only join as a party to the proceeding with the grounds already instituted.

Focusing on the statutory language, the Federal Circuit explained, a party is estopped in the district court only from raising grounds that it ‘reasonably could have raised’ during the IPR.⁴² The court reasoned that because a joining party cannot raise grounds other than those already instituted, it is not statutorily estopped from raising other (non-instituted) invalidity grounds in the district court.⁴³ Thus, while a joined party is a petitioner and estoppel comes into effect when the Board issues a final written decision, that estoppel is limited with respect to the joined party.⁴⁴

Conclusion

From these cases, section 315(c) joinder cannot be used to carry out same-party or new issue joinder. And a joined party is not estopped from raising arguments that it could not have added under section 315(e). What remains to be seen is how these findings will affect parties' strategies. One possible outcome is that parties may elect to join a petition, even where they are not time-barred from filing their own petitions, to benefit from the grounds raised by a first party without estoppel concerns. However, it is not clear how a district court would react if such practice became common. Stay tuned as we continue to follow developments on joinder, estoppel, and the ever-evolving practice before the PTAB. ▢

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Notes and references

1. Joinder is also applicable in Post-Grant Reviews (PGRs) but is somewhat different than joinder in IPRs. *Compare* 35 U.S.C. §315(c) with 35 U.S.C. §325(c). PGRs must be filed in the first nine months after a patent issues and the Director has discretion to consolidate multiple PGRs into a single review if more than one petition is properly filed against the same patent and more than one of the petitions warrant institution.
2. *See* 35 U.S.C. §315(b).
3. *Compare SkyHawke Techs., LLC v L&H Concepts, LLC*, IPR 2014-01485, Paper 13 (PTAB Mar. 20, 2015) (same petitioner joined) with *Zhongshan Broad Ocean Motor Co. Ltd. v Nidec Motor Corp.*, IPR2015-00762, Paper 16 (PTAB Oct. 5, 2015) (same petitioner denied). And, while the existence of a time bar is a factor PTAB panels have considered when deciding joinder motions, it is not, by itself, necessarily determinative.
4. *Proppant Express Invs., LLC et al. v Oren Techs., LLC*, IPR2018-00914, Paper 38 (PTAB, Mar. 13, 2018) (precedential).
5. For more information, see our previous CIPA article. *See* Kyu Yun Kim & Timothy McNulty, *US Update: Precedential Opinion Panel*, June [2019] CIPA 35).
6. *Facebook, Inc. v Windy City Innovations, LLC*, 953 F.3d 1313 (Fed. Cir. 2020) (*Facebook I*), modified and reissued, 973 F.3d 1321 (Fed. Cir. 2020) (addressing jurisdiction after the Supreme Court's holding in *Thryv*) (*Facebook II*).
7. *Facebook II* at 1328, 1338-44 (full majority concurring opinion expressing additional views regarding deference afforded POP decisions).
8. *Id.*
9. The one-year time is triggered when a party is served with a 'complaint alleging infringement of the patent.' 35 U.S.C. §315(b) (emphasis added). By its express terms, the statutory time bar is triggered on a patent-by-patent basis and not on a claim-by-claim basis. This requires defendants to think strategically about which claims to challenge, which grounds to raise, and how many petitions to file.
10. By statute, the one-year time bar does not apply to request for joinder. 35 U.S.C. §315(b). Thus, under the rationale the USPTO subsequently adopted in *Proppant*, Facebook wanted to challenge claims that it did not challenge originally and add those challenges to its existing IPR proceedings. *See Proppant Express Invs., LLC et al.*, Case IPR2018-00914, Paper 38.
11. By statute, a second petition cannot be joined to another proceeding unless the second petition itself warrants institution. 35 U.S.C. §315(c).
12. Two of the Administrative Patent Judges raised concerns with permitting a party to join itself but concurred in joining Facebook here because the Director of the USPTO had repeatedly taken the position that same-party joinder was permitted under section 315(c). *Id.* at 1329 (internal citations omitted).
13. *Facebook II*, 973 F.3d 1321.
14. 140 S.Ct. 1367 (2020); *see also Facebook II* at 1334.
15. *Facebook I*, 953 F.3d 1313, 1321; *see also Wi-Fi One, LLC v Broadcom Corp.*, 878 F.3d 1374 (Fed. Cir. 2018) *abrogated by Thryv, Inc v Click-To-Call Technologies, LP*, 140 S.Ct. 1367.
16. *Facebook II*, 973 F.3d at 1330-32.
17. *Id.*
18. *Id.*
19. *Facebook II* at 1332 (quoting 35 U.S.C. §315(c)) (emphasis in opinion).
20. *Id.* at 1333 (emphasis in original)
21. *See id.* at 1334.
22. Notably, section 315(d) (consolidation) is not exempt from the one-year time bar on filing IPR petitions. *See* 35 U.S.C. 315(b) (limiting the time-bar exception to 'request[s] for joinder under subsection (c)').
23. *Facebook II* at 1334
24. *Id.*
25. The court also explained that the POP analyzed this issue in *Proppant* and came to an opposite conclusion. *Id.* at 1335 (internal citations omitted). The court explained that the POP's conclusion incorrectly interpreted the meaning of the statute, because the phrase 'join as a party to a proceeding' on its face limits the range of 'person[s]' covered to those who, in normal legal discourse, are capable of being joined as a party to a proceeding (a group further limited by the own-petition requirements), and an existing party to the proceeding is not so capable. *Id.*
26. *Id.* at 1335.
27. *Id.*
28. *Id.* at 1335-36 (internal citation omitted).
29. *Id.*
30. *Id.*
31. *See id.* at 1337-38.
32. *Id.*
33. *Id.* at 1338.
34. *Id.*
35. *Network-1 Techs., Inc. v Hewlett-Packard Co.*, 976 F.3d 1301 (Fed. Cir. 2020).
36. *Id.* at 1307.
37. *Id.* at 1313.
38. *Id.*
39. *Id.* at 1312.
40. *Id.* at 1313.
41. *Id.*
42. *Id.* 1312-13.
43. Notably, the court did not reference its earlier decision addressing estoppel in *Shaw Industries Group Inc. v Automated Creel Systems, Inc.*, 817 F.3d 1293 (Fed. Cir. 2016), which held, pre-SAS, that petitioner is not estopped from reraising, in district court, grounds that were not instituted before the PTAB).
44. This leads to an interesting situation where some defendants may be estopped while others are not. Arguably, Avaya (as the first petitioner) would have been estopped from raising any validity challenges it could have reasonably raised in its IPR petition in district court. But HP (as a joined party) was estopped from raising only those grounds Avaya actually did raise and was free to raise other validity challenges in the district court.