

Appeal No. 2015-1342

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

**YISSUM RESEARCH DEVELOPMENT COMPANY OF THE
HEBREW UNIVERSITY OF JERUSALEM,**
Appellant,
v.
SONY CORPORATION,
Appellee.

Appeal from the United States Patent and Trademark Office,
Patent Trial and Appeal Board in Nos. IPR2013-00219 & IPR2013-00327.

**BRIEF FOR INTERVENOR – DIRECTOR OF
THE UNITED STATES PATENT AND TRADEMARK OFFICE**

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Relevant Statutory Provisions

35 U.S.C. § 311(a):

(a) In General.—Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent. The Director shall establish, by regulation, fees to be paid by the person requesting the review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the review.

35 U.S.C. § 315(b) & (c):

(b) 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).

(c) 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.

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STATEMENT OF RELATED CASES

The Director is not aware of any appeal in connection with this case that has previously been before this Court, or that is currently pending in any other court.

Other than the judicial proceedings identified in Yissum's brief, the Director is not aware of any judicial proceedings that may affect, or be affected by, a decision in this matter. This appeal and appeal no. 2015-1343 are companion cases. The Director is filing substantively identical briefs in both cases, except when addressing minor wording differences in the Board's joinder decisions in the two underlying IPR proceedings.

I. STATEMENT OF JURISDICTION

This appeal arises from a final written decision of the Patent Trial and Appeal Board (“Board”) in an inter partes review (“IPR”) proceeding. The Board entered its final written decision on September 22, 2014, and, on November 6, 2014, entered its decision denying the request for rehearing of that decision filed by Yissum Research Development Company of the Hebrew University of Jerusalem (“Yissum”). Yissum filed a notice of appeal on January 7, 2015, within the time limit specified by 37 C.F.R. § 90.3(a)(1). As explained in Section V.B of this brief, this Court lacks jurisdiction to review the USPTO’s decision to institute IPR2013-00327, because that decision is “final and nonappealable.” 35 U.S.C. § 314(d); *see also In re Cuozzo Speed Techs., L.L.C.*, 778 F.3d 1271, 1276-77 (Fed. Cir. 2015).

This Court likewise lacks jurisdiction under 35 U.S.C. §§ 141(c) and 319 to review the USPTO’s decision under 35 U.S.C. § 315(c) to join that IPR with IPR2013-00219. *See GTNX, Inc. v. INTTRA, Inc.*, Nos. 2015-1349, -1350, -1352, -1353, 2015 WL 3692319, at *2-3 (Fed. Cir. June 16, 2015) (holding that a final written decision with respect to patentability is “the only appealable decision within the statutory regime” under 35 U.S.C. §§ 328-29, which are substantively identical to §§ 318-19); *GEA Process Eng’g v. Steuben Foods, Inc.*, Nos. 2015-1536, -1537, -1538, -1539, -1540, slip op. at 4 (ECF 21) (Fed. Cir. June 23, 2015)

(non-precedential) (stating that the *GTNX* “analysis is the same” in the IPR context). This Court otherwise has appellate jurisdiction over Yissum’s appeal of the Board’s final written decision under 28 U.S.C. § 1295(a)(4)(A).

II. STATEMENT OF THE ISSUES

The USPTO intervened in this appeal for a limited purpose: to address Yissum’s challenge under 35 U.S.C. § 315(b) to the Board’s decision to institute IPR2013-00327. Sony filed its petition in IPR2013-00327 more than one year after it had been sued for allegedly infringing the challenged patent. Ordinarily, such a petition would be barred by § 315(b), but the USPTO determined that the one-year time limitation in § 315(b) did not bar institution of that IPR because Sony sought to join IPR2013-00219, which was filed within the one-year time limitation. Thus, under 35 U.S.C. § 315(c), “[t]he time limitation set forth in [the first sentence of § 315(b)] shall not apply.” 35 U.S.C. § 315(b). Sony is also the petitioner in that earlier, timely-filed IPR. The USPTO therefore addresses two issues in connection with Yissum’s appeal:

1. Whether this Court lacks jurisdiction to review the USPTO’s decision to institute the IPR.

2. If the Court has jurisdiction, whether the Board abused its discretion in instituting the IPR and joining it with IPR2013-00219 the day after IPR2013-00219 was instituted, where both IPRs were sought by the same party.

III. STATEMENT OF THE CASE

A. Introduction

Yissum owns U.S. Patent No. 7,477,284 (“the ’284 patent”). On March 29, 2012, Yissum sued Sony Corporation (“Sony”) for allegedly infringing the ’284 patent. On March 29, 2013, Sony filed a first petition with the U.S. Patent and Trademark Office (“USPTO”) to institute an IPR of the ’284 patent. A200-63.¹ The proceedings associated with that petition were designated as IPR2013-00219. Before the USPTO made a determination whether to institute that IPR, Sony filed a second petition to institute an IPR of the ’284 patent on July 3, 2013, which was corrected on July 10, 2013. A2335-94; A2424-88. The proceedings associated with that petition were designated as IPR2013-00327. Also on July 3, 2013, Sony filed a motion for joinder of IPR2013-00327 with IPR2013-00219. A2401-09. The USPTO granted both petitions for IPR, and it granted Sony’s motion to join the two IPR proceedings. A357-92; A2557-69; A2570-77.

The Board ultimately issued a final written decision determining that Sony had established that claims 1-4, 7, 10, 20, 27-29, and 36-38 of the ’284 patent were unpatentable. A1-54. On rehearing, the Board declined to alter its decision. A55-62. Yissum here challenges both the Board’s final written decision and the Board’s decision to institute IPR2013-00327. The Director of the USPTO

¹ Citations to “A___” refer to the Joint Appendix. Citations to “Br. at ___” refer to Yissum’s brief.

intervened to defend the Board’s decision to institute that IPR and join it with the earlier-filed IPR. *See* 35 U.S.C. § 143.

B. Statutory And Regulatory Background

1. Inter Partes Review Procedures Under The AIA

In the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284 (2011), Congress substantially expanded the USPTO’s procedures for reconsidering the patentability of claims in issued patents. The AIA replaced inter partes reexamination with IPR, an adversarial proceeding before the renamed Patent Trial and Appeal Board. *See* 35 U.S.C. § 311.² The AIA changed the threshold showing necessary for the USPTO to institute an IPR, made all patents subject to such review regardless of the date on which they were issued, broadened the estoppel provisions to which petitioning parties would be subject, imposed strict timelines for completion of the review, and permitted an appeal to this Court only from the Board’s final written decision as to patentability. *See* H.R. Rep. No. 112-98, at 46-47 (2011); Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II of II*, 21 Fed. Cir. B.J. 539, 598 (2012). Any person other than the patent owner may petition to institute an IPR, and the petitioner may

² The AIA also created “post-grant review” (“PGR”), *see generally* 35 U.S.C. §§ 321-329, and a special “transitional post-grant review proceeding for review of the validity of covered business method patents,” AIA § 18, which is known as “CBM review.” These proceedings both permit broader patentability challenges than IPR, *see* 35 U.S.C. § 321(b), but they involve similar procedures.

participate in the proceedings and any ensuing appeal. *See* 35 U.S.C. §§ 311, 316, 319.

Only the Board’s final written decision as to patentability in an IPR is subject to judicial review in this Court. *See* 35 U.S.C. §§ 318(a), 319; *GTNX*, 2015 WL 3692319, at *2-3. Congress provided that the USPTO’s threshold decision whether to *institute* an IPR—that is, the agency’s determination whether a particular petition for review satisfies the statutory criteria for commencement of a proceeding – shall be “final and nonappealable.” 35 U.S.C. § 314(d) (“The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.”). Congress also granted the USPTO discretion to “join as a party to [a previously-instituted] inter partes review any person who properly files a petition under section 311,” if the USPTO determines that the petition “warrants the institution of an inter partes review under section 314.” 35 U.S.C. § 315(c).

2. USPTO Rules For Inter Partes Review

To implement the AIA’s new administrative review schemes, Congress provided the USPTO with expanded rulemaking authority. *See generally* 35 U.S.C. § 316(a); *see also* *Cuozzo*, 778 F.3d at 1282. The AIA authorizes the USPTO to “prescribe regulations . . . establishing and governing” IPR proceedings, to specify “the relationship of such review to other proceedings under this title,”

and to set “a time period for requesting joinder,” among other matters. 35 U.S.C. §§ 316(a)(4), (a)(12).

Pursuant to those express statutory grants of rulemaking authority, the USPTO has prescribed regulations governing *inter partes*, post-grant, and CBM review proceedings, as well as general rules of practice before the Board. *See generally* 37 C.F.R., part 42. Among other matters, those rules delegate to the Board the Director’s authority to determine whether to institute particular proceedings. *See* 37 C.F.R. § 42.108; *see also* 37 C.F.R. § 42.4. The rules also provide that either party may request joinder “no later than one month after the institution date of any *inter partes* review for which joinder is requested.” 37 C.F.R. § 42.122(b).

C. Procedural History

1. The Board’s Decisions To Institute And Join The Inter Partes Reviews

On September 23, 2013, the Board instituted IPR2013-00219, granting Sony’s first petition for IPR to review claims 1-3, 10, 20, 27-29, 36, and 37 of the ’284 patent. A357-92. On the next day, September 24, 2013, the Board instituted IPR2013-00327, granting Sony’s second petition for IPR to review claims 4, 7, and 38 of the ’284 patent. A2557-69. The Board also granted Sony’s motion for joinder of the two IPRs on September 24, 2013. A2570-76.

The Board determined “that adequate reasons exist making joinder appropriate,” and the second petition involved “only very limited new grounds for unpatentability.” A2572. It also determined that joinder likely would “have little or no impact on the trial schedule.” *Id.* It concluded that the second petition was not brought for delay, stating that it “may take into account attempts by a petitioner to delay the resolution of a proceeding through serial filings. Such, however, is not the case here.” A2573. The Board then addressed and rejected Yissum’s argument that it would be prejudiced by joinder, noting the significant overlap between the proceedings. A2573-74. The Board thus “exercise[d] its *discretion* in granting a motion for joinder” of the two IPRs. A2572-73.

2. The Board’s Final Written Decision

After its decisions to institute and join the IPRs, the Board conducted a full trial proceeding in accordance with its rules. *See generally* 37 C.F.R. §§ 42.120-42.123. At the close of that proceeding, the Board issued its final written decision on September 22, 2014. A1-54. The Board determined in that decision that Sony had established that claims 1-4, 7, 10, 20, 27-29, and 36-38 of the ’284 patent were unpatentable. A52. On rehearing, the Board declined to alter its decision. A55-62. Yissum then appealed.

IV. SUMMARY OF THE ARGUMENT

This Court lacks jurisdiction to review Yissum's challenge under 35 U.S.C. § 315 to the Board's decision to institute IPR2013-00327 and join it with IPR2013-00219. Indeed, *Cuozzo* rejected the very argument that Yissum now makes – that the USPTO could not properly have issued a final written decision concluding that certain claims were unpatentable because it should not have instituted an IPR on those claims. *See* 778 F.3d at 1276-77. Yissum's half-hearted attempt to distinguish *Cuozzo* is unavailing. *See* Br. at 35. The AIA limits the scope of this Court's judicial review of an IPR proceeding to the Board's final written decision with respect to patentability. It does so because Congress created IPR for the USPTO to determine whether claims are patentable, not to permit owners of unpatentable claims nevertheless to retain those claims in their patents because of a perceived defect in a decision to institute an IPR. Moreover, this Court should not address Yissum's challenge here because Yissum waived it by not presenting its arguments to the Board in the first instance.

If this Court were to reach the merits of Yissum's challenge, Yissum would fare no better. The AIA gives the USPTO discretion as to both whether to institute an IPR and whether to allow joinder of IPR proceedings once instituted. The Board did not abuse that discretion in this case, and this Court must defer to the USPTO's consistent interpretation of the statute as permitting joinder in Yissum's

situation, regardless of the fact that Sony sought with its later petition to join its own earlier proceeding. The statute permits joinder of “any person,” 35 U.S.C. § 315(c), which includes Sony. Moreover, as the Board found, Yissum cannot credibly claim prejudice in this case. Yissum’s arguments thus lack merit, if this Court considers them.

V. ARGUMENT

A. Standard of Review

Regulations issued by the USPTO under a statutory grant of rulemaking authority are entitled to deference unless based on an unreasonable construction of the statute, *see Chevron, U.S.A., Inc. v. Natural Res. Def. Council, Inc.*, 467 U.S. 837 (1984); *Cuozzo*, 778 F.3d at 1272, and the USPTO’s interpretation of its own regulations is “controlling unless plainly erroneous or inconsistent with the regulation,” *Auer v. Robbins*, 519 U.S. 452, 461 (1997) (internal quotation marks omitted). The Board’s actions may not be set aside unless “arbitrary, capricious, an abuse of discretion, unsupported by substantial evidence, or otherwise not in accordance with law.” *In re Sullivan*, 362 F.3d 1324, 1326 (Fed. Cir. 2004); 5 U.S.C. § 706(2)(A).

B. This Court Lacks Jurisdiction To Review The USPTO’s Decisions To Institute IPR2013-00327 And To Join It With Sony’s Other IPR

This Court lacks jurisdiction to review the USPTO’s decision to institute IPR2013-00327 and to join it with IPR2013-00219. Congress specifically

provided that the USPTO's decision "whether to institute" such a proceeding "shall be final and nonappealable," 35 U.S.C. § 314(d), and it authorized this Court to review only the Board's final written decision as to patentability, *see* 35 U.S.C. §§ 319, 318(a). Congress could hardly have expressed more clearly its intent to foreclose after-the-fact relitigation of the USPTO's decisions in IPR proceedings other than those final written decisions. *See GTNX*, 2015 WL 3692319, at *2-3 (holding that a final written decision with respect to patentability is "the only appealable decision within the statutory regime" under 35 U.S.C. §§ 328-29, which are substantively identical to §§ 318-19); *GEA Process Eng'g*, slip op. at 4 (non-precedential) (stating that the *GTNX* "analysis is the same" in the IPR context). And even if Yissum could properly relitigate that question here, the USPTO did not abuse its discretion in instituting the second-filed IPR and concluding that the IPR proceedings could be joined under 35 U.S.C. § 315(b)-(c).

1. This Court's Precedent Forecloses Yissum's Challenge

In its appeal, Yissum challenges the Board's institution of IPR2013-00327 to consider the challenges Sony raised in its second IPR petition. Although Yissum couches its challenge as one against the Board's final written decision, Yissum makes clear that, in its view, 35 U.S.C. § 315(b) entirely "barred the [US]PTO from evaluating the validity of" the claims challenged only in Sony's second petition. Br. at 34.

This Court's precedent expressly holds that this Court lacks jurisdiction to consider such challenges. *First*, the prohibition on this Court's jurisdiction to review USPTO decisions in 35 U.S.C. § 314(d) includes the USPTO's determination of whether § 315(b) bars the petitioner from filing a petition. *See St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375-76 (Fed. Cir. 2014); *see also GTNX*, 2015 WL 3692319, at *2-3. *Second*, "§ 314(d) prohibits review of the decision to institute IPR even after a final decision." *Cuozzo*, 778 F.3d at 1276. That is so, even where the appellant asserts that the Board lacked the authority to address a particular claim in its final written decision. *See id.* (noting that *Cuozzo* challenged the Board's authority to address claims 10 and 14 of its patent during the IPR, in addition to claim 17). Yisum's challenge to the Board's decisions here is thus no different from the challenge in *Cuozzo*, despite Yisum's assertion to the contrary. Br. at 35.

2. That Precedent Comports With The AIA Statutory Scheme

Congress provided that an inter partes review shall proceed in two distinct phases. *See Cuozzo*, 778 F.3d at 1276 (citing *St. Jude*, 749 F.3d at 1375-76). First, after reviewing the petition filed by the requesting party and any response submitted by the patent owner, the Director determines whether to "institute" the

proceeding.³ 35 U.S.C. § 314(a). Next, if the Director decides to institute an IPR, the Board conducts that review on the merits. *See* 35 U.S.C. § 316(c). The result of this second phase is a “final written decision with respect to the patentability” of the relevant claims. 35 U.S.C. §§ 318(a), 319, 141(c). Such a final written decision is “the only appealable decision” in an IPR. *GTNX*, 2015 WL 3692319, at *3 (addressing the identical statutory text in the PGR context); *GEA Process Eng’g*, slip op. at 4 (non-precedential) (stating that the *GTNX* “analysis is the same” in the IPR context).

A patent owner aggrieved by the Board’s decision in an IPR proceeding is therefore entitled to obtain this Court’s review of the merits of the Board’s patentability determination. But the patent owner is not entitled to set aside the Board’s decision on the theory that the USPTO erred in instituting the proceeding in the first place. This scheme sensibly ensures this Court’s review of the Board’s patentability determinations while avoiding the waste and expense entailed in relitigating threshold questions that do not bear on the proper scope of the patentee’s exclusive rights. A joinder decision is not a patentability decision; it is a decision intertwined with the decision to institute the second-filed IPR.

³ Congress specifically provided that the culmination of the first phase – “[t]he determination by the Director whether to institute an inter partes review under this section” – shall be “final and nonappealable.” 35 U.S.C. § 314(d).

Congress plainly expressed its intent to foreclose relitigation in this Court of the USPTO's decision to institute an IPR and all issues other than the final patentability decision. *See* 35 U.S.C. §§ 318(a), 319, 141(c). The only provision of the Patent Act that allows an appeal to this Court from an IPR is § 319, which authorizes judicial review of “the final written decision of the Patent Trial and Appeal Board under section 318(a).” 35 U.S.C. § 319. Section 318(a), in turn, addresses only the Board's decision on the merits of patentability issues: it specifies that the Board shall issue “a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).” 35 U.S.C. § 318(a). That decision – the Board's resolution of the patentability issues on the merits – is the only decision that this Court has jurisdiction to review. *See GTNX*, 2015 WL 3692319, at *3; *Cuozzo*, 778 F.3d at 1276.

Yissum (like *Cuozzo*) appears to argue that § 314(d) merely *postpones* judicial review of the USPTO's decision to institute an inter partes review until the Board issues a final written decision appealable under § 319. *See, e.g.*, Br. at 35 (asserting that the final written decision holding that the claims challenged in the second IPR petition were unpatentable was flawed because “the PTAB had no authority to do that because those claims never should have been joined in the first place”); *see also id.* at 30 (“Here, the statute prohibits the PTO from *instituting* an

IPR based on a petition filed over a year after the petitioner was sued for infringement, unless particular prerequisites for joinder are met. *See* 35 U.S.C. § 315(b).”) (emphasis added). That contention cannot be reconciled with the plain language of the AIA. As discussed above, the only Board decision that Congress authorized this Court to review is the Board’s “final written decision *with respect to the patentability*” of the claims at issue. 35 U.S.C. §§ 318(a), 319 (emphasis added). The USPTO’s threshold decision to institute an IPR is not such a decision. *See Cuozzo*, 778 F.3d at 1276. Indeed, the § 315(b) statutory bar and § 315(c) joinder analysis lack any nexus to a patentability determination. And in any event, no canon of statutory construction can justify interpreting “final and nonappealable” to mean “provisional and appealable later.”

Moreover, interpreting § 314(d) to permit appeal of the USPTO’s institution decision as part of an appeal of the final patentability decision would render § 314(d) entirely superfluous. *See Cuozzo*, 778 F.3d at 1276-77. Even in the absence of § 314(d), therefore, a party dissatisfied with the Director’s decision to institute an IPR could not have challenged that decision until the Board issued its final patentability decision. *See id.* Had Congress intended merely to postpone judicial review until the Board issued its patentability decision, as Yissum suggests, it would have had no need to enact § 314(d). *See id.*

3. Mandamus Relief Is Not Available

Yissum finally requests that this Court treat its appeal as a request for mandamus relief. Br. at 35-36. Such relief would not be appropriate here. Both the decision to institute IPR2013-00327 and the decision to join that IPR with IPR2013-00219 were discretionary decisions, so mandamus is unavailable. *See Heckler v. Ringer*, 466 U.S. 602, 616 (1984) (holding that mandamus is “intended to provide a remedy for plaintiff only if he has exhausted all other avenues of relief and only if the defendant owes him a clear nondiscretionary duty”). Yissum does not point to any actual nondiscretionary duty that the Board failed to carry out. As such, its mandamus petition cannot prevail. *Id.*

Further, this Court has already held that there is “no ‘clear and indisputable’ right to challenge [the] non-institution” of an IPR in this Court, “including by way of mandamus.” *In re Dominion Dealer Solutions, LLC*, 749 F.3d 1379 (Fed. Cir. 2014). A similar rule should apply to challenges to the institution of an IPR, as § 314(d) applies equally to all determinations “whether to institute an inter partes review.” *See In re Procter & Gamble Co.*, 749 F.3d 1376, 1378-79 (Fed. Cir. 2014) (denying a mandamus petition seeking the immediate review of a decision instituting an IPR, and stating that “[p]erhaps section 314(d)’s broad language precludes all judicial review of the institution decision, even in an eventual section 319 appeal”). In any event, Yissum’s failure to argue until it filed its opening brief

in this appeal that the Board lacked the authority to institute IPR2013-00327 suggests that its right to relief is hardly “clear and undisputable.” This is particularly true here, as Yissum itself earlier recognized that “the statute makes clear that joinder is entirely discretionary with the Director.” A2494.

C. If This Court Has Jurisdiction, Yissum Waived Any Challenge To The Board’s Institution And Joinder Decisions

As Yissum essentially acknowledges, it did not challenge the Board’s authority under 35 U.S.C. § 315 to institute IPR2013-00327 and join that proceeding with IPR2013-00219 until filing its brief in this Court. *See* Br. at 34 (arguing that “this Court must review whether the PTAB exceeded its statutory authority *regardless of whether Yissum raised this issue to the agency*”) (emphasis added). Its arguments challenging the Board’s authority are therefore waived. *See, e.g., In re Watts*, 354 F.3d 1362, 1367-68 (Fed. Cir. 2004) (holding that an argument must be made to the Board before raising it in this Court).

Yissum’s argument that waiver does not apply here lacks merit. *See* Br. at 34. The case law on which Yissum relies holds that only “a question of power or jurisdiction . . . is open” for challenge on appeal if not presented to the underlying government agency. *R.R. Yardmasters of Am. v. Harris*, 721 F.2d 1332, 1338 (D.C. Cir. 1982); *see also United States v. L.A. Tucker Truck Lines*, 344 U.S. 33, 38 (1952) (holding that the relevant challenge to the Interstate Commerce Commission’s decision “would invalidate a resulting order” only if initially

presented to the Commission because it was “not one which deprives the Commission of power or jurisdiction”); *In re Alappat*, 33 F.3d 1526, 1530 (Fed. Cir. 1994) (en banc) (determining whether “the decision was rendered by a legally constituted panel to ensure that a jurisdictional cloud does not hang over [this Court’s] holding on the merits”). Here, Yissum does not challenge the Board panel’s authority to decide whether to institute IPR2013-00327 and join it with IPR2013-00219; Yissum instead argues that the Board’s decisions were wrong on the merits under § 315. *See* Br. at 34. Thus, Yissum does not raise a question of the USPTO’s “power or jurisdiction” to decide any issue that would excuse Yissum’s waiver. *Id.* (quoting *Tucker Truck Lines*, 344 U.S. at 38).

D. If This Court Reaches The Merits, The Board Did Not Abuse Its Discretion In Instituting IPR2013-00327 And Joining The Inter Partes Review Proceedings

If this Court were to reach the issue, the Board did not abuse its discretion. Yissum’s argument that this Court has the authority to consider its challenge anyway rests on the twin assumptions that (1) this Court has jurisdiction to consider its argument; and (2) the USPTO’s decision was *ultra vires*. *See id.* Neither is correct. As explained in Section V.B, this Court lacks jurisdiction to consider the challenge, and the Board acted well within its statutory authority in instituting and joining the IPRs.

35 U.S.C. § 315(c) addresses the Board’s authority to join IPR proceedings. That statute provides that, “[i]f 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,” where the Director determines it is warranted. And, as Yissum recognizes, Br. at 30, the time limit in 35 U.S.C. § 315(b) does not apply when a request for joinder is filed. 35 U.S.C. § 315(b). Thus, the statute does not “prohibit[] the [US]PTO from instituting an IPR” – and the USPTO does not exceed its statutory authority – when the requirements of § 315(c) are satisfied. Br. at 30. As the Board has consistently held, it therefore has the discretion to join IPR proceedings, even if § 315(b) would otherwise bar the later-filed petition, and even if the petitions are filed by the same party. *See, e.g., Target Corp. v. Destination Maternity Corp.*, Case IPR2014-00508, slip op. at 6 (PTAB Feb. 12, 2015) (Paper 28) (citing *Ariosa Diagnostics v. Isis Innovation Ltd.*, Case IPR2012-00022 (PTAB Sept. 2, 2014) (Paper 166); *Samsung Elecs. Co. v. Va. Innovation Scis., Inc.*, Case IPR2014-00557 (PTAB June 13, 2014) (Paper 10); *Microsoft Corp. v. Proxyconn, Inc.*, Case IPR2013-00109 (PTAB Feb. 25, 2013) (Paper 15); and *ABB Inc. v. Roy-G-Biv Corp.*, Case IPR2013-00282 (PTAB Aug. 9, 2013) (Paper 15)). Indeed, Yissum previously acknowledged that “the statute makes clear that joinder is entirely discretionary with the Director.” A2494 (citing 35 U.S.C. § 315(c)).

In interpreting § 315(c), the Board recognized “that, as written, there is some ambiguity in the statute.” *Target*, slip op. at 8. That is so because “the plain language of the statute mentions joinder of ‘a party,’ and does not mention specifically the joinder of issues.” *Id.* at 7. Nevertheless, the statute also “states that ‘any person who properly *files a petition* under section 311’ may be joined at the Director’s discretion,” and § 311 provides that any “person who is not the owner of a patent may file” a petition. *Id.* (quoting 35 U.S.C. §§ 311, 315(c)) (emphasis added by Board). Thus, “the statute does not exclude a person who is already a petitioner in an instituted review proceeding that is the subject of the joinder analysis,” which the Board determined “is telling.” *Id.* This statutory construction is consistent with this Court’s construction of 35 U.S.C. § 271(f)(1). *See Promega Corp. v. Life Techs. Corp.*, 773 F.3d 1338, 1352 (Fed. Cir. 2014) (holding that “Congress did not limit the reach of § 271(f)(1) to ‘third parties’ or ‘another’”); *see also id.* at 1351 (“Had Congress wanted to limit ‘induce’ to actions completed by two separate parties, it could easily have done so by assigning liability only where one party actively induced another ‘to combine the [patented] components.’ Yet, ‘another’ is absent from § 271(f)(1).”) (alteration in original).

In any event, this Court should defer to the Board’s reasonable interpretation of the statute here because the statute is ambiguous. *See Chevron*, 467 U.S. at 842-43; *see also Cuozzo*, 778 F.3d at 1272. Yissum’s assertion that the USPTO’s

interpretation of the statute is not entitled to deference because the Board in *Target* “flipped and then flopped on the issue” is incorrect. Br. at 33. As both the majority and the dissent in *Target* recognized, until that case, “the Board consistently ha[d] allowed joinder of additional grounds by the same party.” *Target*, slip op. at 6; *id.*, slip op. at 3 (Fitzpatrick, APJ, dissenting). And the Board on rehearing found that the original Board panel’s inconsistent decision provided “a sufficient reason for expanding the panel” to eliminate the inconsistency. *Id.*, slip op. at 6; *see also Alappat*, 33 F.3d at 1531-32 (holding that the USPTO has the authority to expand a Board panel to reconsider a Board decision). The USPTO thus has acted to ensure that its pronouncements remain consistent on this issue, which is the antithesis of Yissum’s suggestion that the USPTO “can’t make up its mind about the proper interpretation” of § 315(c).⁴ Br. at 33.

Yissum’s argument that the “legislative history confirms” its interpretation likewise fails. Br. at 31. Indeed, the Board concluded in *Target* “that the legislative history of [§ 315(c)] supports [its] view that allowing joinder of issues,

⁴ The Board also held in *Skyhawk Technologies, LLC v. L&H Concepts, LLC*, Case IPR2014-01485 (PTAB Mar. 20, 2015) (Paper 13), that § 315(c) does not permit joinder of additional grounds by the same party. The petitioner in that proceeding did not seek rehearing, so the Board did not have the same opportunity to ensure consistency in that case as it had in *Target*.

and not just the joinder of parties, was intended.” *Target*, slip op. at 10.⁵

Acknowledging the quotation from the Final Committee Report on which Yissum relies, *Target* nevertheless held that that statement “does not preclude joinder of a same petitioner,” in part because of statements by Senator Kyl indicating that the USPTO could join “*new arguments* to the existing proceeding.” *Id.* at 10-11 (quoting 157 Cong. Rec. S 1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (emphasis added by Board). The Board determined that Congress granted the USPTO the discretion in 35 U.S.C. § 315(c) so it could “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.” *Id.* at 11. The Board thus “conclude[d] that there is nothing in the language of the statute governing joinder, 35 U.S.C. § 315(c), nor anything in its legislative history, that limits joinder to the joinder of parties only. In fact, joinder of issues was specifically envisioned by Congress.” *Id.* at 12.

Yissum’s reliance on the distinction between Federal Rule of Civil Procedure 18 (“Joinder of Claims”) and Federal Rules of Civil Procedure 19 and 20 (both addressing “Joinder of Parties”) does not support Yissum’s argument. Br. at 32. First, Congress did not “expressly” state anything in the Federal Rules. *Id.*

⁵ The Board did not address the legislative history in granting Sony’s motion to join the IPR proceedings because Yissum did not raise it. *Target* therefore provides the best indication of the USPTO’s views on that issue.

Rather, as 28 U.S.C. § 2072(a) makes clear, it is the Supreme Court that “shall have the power to prescribe general rules of practice and procedure” in the Federal Rules. And those rules “shall take effect” absent action by Congress. 28 U.S.C. § 2074(a). Thus, Congress’s silence is all that is required for a Federal Rule to take effect. In addition, the advisory committee notes to Rule 18 make clear that joinder of claims has long been *more* permissible than joinder of parties. *See* Fed. R. Civ. P. 18(a) advisory committee’s note (1937) (“Recent development, both in code and common law states, has been toward unlimited joinder of actions.”); *id.* (“This provision for joinder of actions has been . . . broadened to include multiple parties.”). Moreover, Rule 18 was amended in 1966 to “state clearly as a comprehensive proposition, that a party asserting a claim (an original claim, counterclaim, cross-claim, or third-party claim) *may join as many claims as he has against an opposing party.*” Fed. R. Civ. P. 18 advisory committee’s note (1966) (emphasis added). The Federal Rules do not support Yissum’s position.

Nor did the Board here “allow[] too-late expansion of IPRs.” Br. at 32. Sony filed its second petition for IPR before the Board acted on its first petition, and it instituted the second IPR and joined it with the first IPR the day after instituting the first IPR. *See* A2557 (dated September 24, 2013); A2570 (dated September 24, 2013); A357 (dated September 23, 2013). Moreover, joinder does not automatically extend the time for issuing a final written decision in the first-

filed IPR, so it is unclear how joinder can come “too late.” *See* 37 C.F.R. § 42.100(c) (“An *inter partes* review proceeding shall be administered such that pendency before the Board after institution is normally no more than one year. The time *can be . . . adjusted by the Board* in the case of joinder.”) (second emphasis added). In this case, the Board did not adjust the time for the issuance of the final written decision in the joined IPR proceedings.

Finally, the Board rejected Yissum’s argument that joinder was improper because “all claims were in play in the district court litigation when Sony filed its initial IPR” and that the joinder might delay the proceedings. Br. at 32. As the Board noted, it “may take into account attempts by a petitioner to delay the resolution of a proceeding through serial filings. Such, however, is not the case here.” A2573. In other cases, the Board has exercised its discretion under 35 U.S.C. § 315(c) to deny joinder to prevent such abuses. *See, e.g., Reloaded Games, Inc. v. Parallel Networks LLC*, Case IPR2014-00950, slip. op. at 4–5 (PTAB Oct. 22, 2014) (Paper 12) (denying a joinder request by the same petitioner, concluding that the petitioner was seeking “a second bite of the apple” on grounds that could have been raised in the earlier petition); *Medtronic, Inc. v. Endotach LLC*, Case IPR2014-00695, slip. op. at 5 (PTAB Sept. 25, 2014) (Paper 18) (denying a joinder request by the same petitioner based, in part, on the Board’s determination that Petitioner created its own § 315(b) bar situation); *Apple Inc. v.*

VirnetX, Inc., Case IPR2014-00485, slip. op. at 8 (PTAB Sept. 16, 2014) (Paper 18) (denying joinder request in which the proceedings involved different patents involving claims of different scope).

A rule that always prohibited the joinder of issues raised by the same petitioner would create the opportunity for the patent owner to delay raising certain claims or issues in the district court proceeding until after the § 315(b) time limitation has passed, to the detriment of the accused infringer. The Board's reasonable conclusion that it has the discretionary authority to decide whether to permit joinder based on the particular facts of each case allows the Board to curb any unfairness by either party. Here, the Board found that Sony was not too late and joinder was not unfair to Yissum. A2573-74. Thus, to the extent this Court addresses the issue, it should conclude that the Board did not abuse its discretion in instituting IPR2013-00327 and joining that IPR with IPR2013-00219. Even if this Court has jurisdiction to review the Board's decisions, it therefore should not disturb them.

VI. CONCLUSION

For the foregoing reasons, this Court should dismiss Yissum's challenge to the Board's decision for lack of jurisdiction. If this Court determines that it has jurisdiction, it should reject Yissum's challenge on the merits because the Board

did not abuse its discretion in instituting IPR2013-00327 and joining it with IPR2013-00219.

Respectfully submitted,

June 25, 2015

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CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of June, 2015, I electronically filed the foregoing BRIEF FOR INTERVENOR – DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE using the Court’s CM/ECF filing system. Counsel for the Appellant and Counsel for the Appellee were electronically served via e-mail per Fed. R. App. P. 25 and Fed. Cir. R. 25(a) and 25(b).

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