

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ZHONGSHAN BROAD OCEAN MOTOR CO., LTD.,
BROAD OCEAN MOTOR LLC, and
BROAD OCEAN TECHNOLOGIES, LLC,
Petitioner,

v.

NIDEC MOTOR CORPORATION,
Patent Owner.

Case IPR2015-00762
Patent 7,626,349 B2

Before SALLY C. MEDLEY, JUSTIN T. ARBES,
BENJAMIN D. M. WOOD, JAMES A. TARTAL, and
PATRICK M. BOUCHER, *Administrative Patent Judges*.

Opinion for the Board filed by *Administrative Patent Judge*
JAMES A. TARTAL.

Opinion Dissenting filed by *Administrative Patent Judge*
PATRICK M. BOUCHER, in which *Administrative Patent Judge*
BENJAMIN D. M. WOOD joins.

TARTAL, *Administrative Patent Judge*

DECISION

Granting Petitioner's Request for Rehearing,
Instituting *Inter Partes* Review, and Granting Motion for Joinder
37 C.F.R. §§ 42.71, 42.108, and 42.122(b)

Zhongshan Broad Ocean Motor Co., Ltd., Broad Ocean Motor LLC, and Broad Ocean Technologies, LLC, (“Petitioner”) requests rehearing (Paper 13, “Req. Reh’g”) of our Decision Denying Institution of *Inter Partes* Review (Paper 12, “Decision Denying Institution”) based on a determination that 35 U.S.C. § 315(c) precludes joinder under the circumstances and that the Petition is otherwise time barred under 35 U.S.C. § 315(b). Patent Owner, Nidec Motor Corporation, filed an authorized Opposition (Paper 14, “PO Opp.”), to which Petitioner filed an authorized Reply (Paper 15, “Pet. Reply”). For the reasons discussed below, we conclude the Decision Denying Institution was based on an erroneously narrow interpretation of § 315(c) and, therefore, grant the Request for Rehearing. We further institute *inter partes* review, and grant the motion for joinder with *Zhongshan Broad Ocean Motor Co., Ltd. v. Nidec Motor Corp.*, IPR2014-01121 (“IPR2014-01121”).¹

I. BACKGROUND

On February 20, 2015, Petitioner filed a Petition (Paper 3, “Pet.”) pursuant to 35 U.S.C. § 311–319 to institute an *inter partes* review of claims 1–3, 8, 9, 12, 16, and 19 (“the challenged claims”) of U.S. Patent No. 7,626,349 B2 (“the ’349 patent”). Concurrent with the Petition, Petitioner filed a motion to join this proceeding with IPR2014-01121, which was instituted on January 21, 2015. Paper 4 (“Joinder Mot.”); IPR2014-01121, Paper 20. Petitioner’s Joinder Motion was filed no later than one month after institution of the trial in IPR2014-01121, which is timely in

¹ The Acting Chief Judge, acting on behalf of the Director, has designated an expanded panel in this proceeding as provided for in 35 U.S.C. § 6(c).

accordance with 37 C.F.R. § 42.122(b). Patent Owner filed a Preliminary Response (Paper 10, “Prelim. Resp.”) to the Petition on April 21, 2015. Pursuant to our authorization, Petitioner filed a Reply (Paper 11) on April 28, 2015, limited to addressing the joinder issues. In our Decision Denying Institution, we determined that Petitioner established a reasonable likelihood of prevailing in showing the challenged claims as anticipated by Hideji,² but denied institution under 35 U.S.C. § 315(b). Paper 12, 7–15.

II. ANALYSIS

A. Request for Rehearing

When rehearing a decision on petition, the Board reviews the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion occurs, *inter alia*, when a “decision . . . [was] based on an erroneous conclusion of law.” *Stevens v. Tamai*, 366 F.3d 1325, 1330 (Fed. Cir. 2004). A request for rehearing “must specifically identify all matters the party believes the Board misapprehended or overlooked.” 37 C.F.R. § 42.71(d).

Petitioner contends that “the Board abused its discretion in declining to adopt the broader interpretation of the phrase ‘join as a party’ in 35 U.S.C. § 315(c), as set forth in *Target [Corp. v. Destiny Maternity Corp.]*, Case IPR2014-00508 (PTAB Feb. 12, 2015) (Paper 28).” Req. Reh’g 3. Petitioner further asserts that “the Board has frequently granted joinder of an additional petition or proceeding (as opposed to an additional person) to an instituted *inter partes* review.” *Id.* at 4 (citing *Ariosa Diagnostics v. Isis Innovation Ltd.*, Case IPR2012-00022 (PTAB Sept. 2, 2014) (Paper 66);

² JP 2003-348885, published December 5, 2003 (Ex. 1003, “Hideji”). Petitioner provided an attested English translation of Hideji as Exhibit 1005.

Samsung Elecs. Co. v. Virginia 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); *ABB Inc. v. Roy-G-Biv Corp.*, Case IPR2013-00288 (PTAB Aug. 9, 2013) (Paper 14); *Sony Corp. v. Yissum Research Dev. Co.*, Case IPR2013-00327 (PTAB Sept. 24, 2013) (Paper 15)). Petitioner also states that in an Intervenor Brief, the Office argued to the Federal Circuit that “the Board has consistently held [that] it . . . 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.***” *Id.* at 2 (quoting Brief for Intervenor – Director of the United States Patent and Trademark Office, *Yissum Research Dev. Corp. v. Sony Corp.*, Appeal No. 2015-1342, Req. Reh’g, Attachment A, 18).³

Patent Owner argues that the Board’s decision in this case “was not an abuse of discretion, but at most reflects a ‘reasonable difference of opinion’ amongst judges on the Board.” PO Opp. 6. Patent Owner further states that the Board’s decision in *Target* is not precedential, and that the Intervenor’s Brief in *Yissum* “should not be construed as somehow limiting the discretion of judges on the Board.” *Id.* at 2–3.

³ The parties are reminded that separate documents must be filed as numbered exhibits, rather than as “attachments” to a paper. *See* 37 C.F.R. § 42.63.

Section 315(c) provides:

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.

Upon consideration of the arguments asserted by Petitioner and Patent Owner, and for the reasons explained by several majority opinions in prior decisions of the Board, we conclude that § 315(c) permits the joinder of any person who properly files a petition under § 311, including a petitioner who is already a party to the earlier instituted *inter partes* review. *See Target Corp. v. Destination Maternity Corp.*, Case IPR2014-00508 (PTAB Feb. 12, 2015) (Paper 28); *see also Medtronic Inc. v. Troy R. Norred, M.D.*, Case IPR2014-00823 (PTAB December 8, 2014) (Paper 12). We also conclude that § 315(c) encompasses both party joinder and issue joinder, and, as such, permits joinder of issues, including new grounds of unpatentability, presented in the petition that accompanies the request for joinder. *See id.* We determine Petitioner properly filed a petition under § 311, including an affidavit attesting to the accuracy of the English translation of Hideji.

For the foregoing reasons, we conclude that the Decision Denying Institution was based on an improper construction of § 315(c), and thus, the denial of joinder constituted an abuse of discretion. Accordingly, Petitioner's Request for Rehearing is *granted*.

B. Institution of Inter Partes Review

We have jurisdiction under 35 U.S.C. § 314(a), which provides that an *inter partes* review may not be instituted “unless . . . the information presented in the petition . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” Upon consideration of the Petition and the Preliminary Response, we hereby adopt and incorporate the analysis set forth in the Decision Denying Institution from page three (3), line one (1), to page eleven (11), line nine (9). We conclude that Petitioner has established a reasonable likelihood of prevailing on the challenge to claims 1–3, 8, 9, 12, 16, and 19 as anticipated by Hideji. This is not a final decision as to patentability of claims for which *inter partes* review is instituted. Our final decision will be based on the record, as fully developed during trial.

C. Motion for Joinder

Petitioner seeks to join this proceeding to IPR014-01121. Joinder Mot. 4. Joinder may be authorized when warranted, but the decision to grant joinder is discretionary. *See* 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).

Patent Owner argues that joinder should be denied due to the prejudice to Patent Owner in light of (1) the scheduling of oral argument in IPR2014-01121 for October 16, 2015; (2) Patent Owner's substantial time and effort expended in developing a case of non-obviousness in response to the grounds instituted in IPR2014-01121; and, (3) Patent Owner's potential need to file a motion to amend upon institution of additional grounds of alleged unpatentability. PO Opp. 1–2. Patent Owner also argues that equitable considerations weigh against joinder because, among other reasons, the Petition involves “an attempt to correct a fatal misstep entirely attributable to a petitioner after the expiration of the 315(b) bar.” *Id.* at 9.

The Petition presents only one ground of unpatentability, alleging that claims 1–3, 8, 9, 12, 16, and 19 of the '349 patent are anticipated by Hideji under 35 U.S.C. § 102(b). Pet. 5. Although the same ground was asserted by Petitioner in IPR2014-01121, institution was denied in the earlier proceeding, not on the merits, but because Petitioner failed to include an attesting affidavit with the English translation of Hideji, counter to the requirement set forth in 37 C.F.R. § 42.63(b). *See Zhongshan Broad Ocean Motor Co., Ltd. v. Nidec Motor Corp.*, Case IPR2014-01121 (PTAB Jan. 21, 2015) (Paper 20). In the institution decision in IPR2014-01121, the Board denied Petitioner's motion to submit corrected exhibits to include an attesting affidavit to Hideji because Petitioner did not demonstrate that the failure to include the required affidavit was a clerical mistake that could be remedied in accordance with 37 C.F.R. § 42.104(c). *Id.* at 9–12.

The public interest in securing the just, speedy, and inexpensive resolution of every proceeding would be served in this case more fully by considering the merits of the asserted ground of unpatentability based on Hideji rather than by denying consideration for reasons tied to Petitioner's previous failure to submit the requisite attesting affidavit. With respect to the impact of joinder on the trial schedule, Petitioner states that it will accept a reduced period of time to reply to Patent Owner's response to the Petition, and will accommodate reasonable logistical and scheduling requests by Patent Owner to accommodate joinder of the proceedings. Joinder Mot. 10.

Although Patent Owner is correct that Petitioner has unsuccessfully pursued multiple approaches to resolve the deficiency in its Petition in IPR2014-01121, Petitioner is not attempting to cure a deficiency of the merits of a ground asserted in the prior Petition by filing a second Petition. Thus, contrary to Patent Owner's assertion, this case is not similar to a case in which a petitioner seeks to introduce additional grounds based on additional prior art through a second petition. Patent Owner has been aware of the ground of unpatentability based on Hideji asserted in the Petition in this proceeding since a petition was filed in IPR2014-01121 on July 3, 2014. The Petition also relies upon the same declaration provided by Dr. Mark Ehsani in IPR2014-01121 (Ex. 1009). Further, upon joinder, the schedule in IPR2014-01121, including the date of oral argument, may be modified as necessary. 35 U.S.C. § 316(a)(11). Finally, the fact that Patent Owner has developed arguments related to other instituted and pending grounds of unpatentability, or may seek to amend the claims, does not constitute prejudice which weighs against joinder. Patent Owner will have the

opportunity to file a motion to amend in the joined proceeding, should it choose to do so. For the foregoing reasons, we grant Petitioner's Motion for Joinder.

III. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that Petitioner's Request for Rehearing is *granted*;

FURTHER ORDERED that *inter partes* review is *instituted* in IPR2015-00762 with respect to the following ground of unpatentability: claims 1–3, 8, 9, 12, 16, and 19 as anticipated by Hideji under 35 U.S.C. § 102(b);

FURTHER ORDERED that no ground other than the one specifically instituted above is authorized for the *inter partes* review;

FURTHER ORDERED that pursuant to 35 U.S.C. § 314(a), *inter partes* review of the '349 patent is hereby instituted in IPR2015-00762 commencing on the entry date of this Order, and pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial;

FURTHER ORDERED that Petitioner's Motion for Joinder with IPR2014-01121 is *granted*;

FURTHER ORDERED that the instant proceeding is joined with IPR2014-01121;

FURTHER ORDERED that the ground of unpatentability on which trial was instituted in IPR2014-01121 is unchanged, and trial will proceed in the joined proceeding on that ground in addition to the ground instituted herein;

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FURTHER ORDERED that the parties will file all papers in IPR2014-01121, and that IPR2015-00762 is hereby terminated under 37 C.F.R. § 42.72;

FURTHER ORDERED that the case caption in IPR2014-01121 shall be changed to reflect the joinder with this proceeding in accordance with the attached example;

FURTHER ORDERED that a conference call will be held on October 9, 2015, at 11:00 A.M. EDT, to discuss an expedited schedule for the joined proceeding; and

FURTHER ORDERED that a copy of this Decision shall be entered into the file of IPR2014-01121.

Opinion Dissenting filed by *Administrative Patent Judge*
PATRICK M. BOUCHER, in which *Administrative Patent Judge*
BENJAMIN D. M. WOOD joins.

As in *Target Corp. v. Destination Maternity Corp.*, Case IPR2014-00508 (PTAB Feb. 12, 2015) (Paper 28) (expanded panel), the Board uses an expanded panel on rehearing to arrogate power beyond that granted by Congress. Because the majority’s determination that 35 U.S.C. §§ 315(b) and 315(c) provide discretion to join time-barred issues to an *inter partes* review proceeding is *ultra vires*, I respectfully dissent.

The cogent analysis of the *Target* dissent explains in detail why neither the plain language of §§ 315(b) and 315(c), nor their legislative history, supports the statutory construction applied by the majority. *See Target*, Dissent slip op. at 2–5 (Fitzpatrick, APJ, dissenting). Ultimately, the majority’s position is misplaced because it reads too much into § 315(c)’s use of the word “any.” The majority fails to consider the meaning of “any person” within the full context of other language in the statute—namely that “any person” is constrained by § 315(c) also to be one who can be “join[ed] as a party.” The majority also fails to provide a convincing explanation how reference to “any person” justifies so expansive a reading of the statute as to encompass the joinder of *issues* when the statute refers exclusively to the joinder of *parties*.¹

When Congress created *inter partes* review proceedings (“IPRs”), it was faced with balancing competing considerations—the desire to address

¹ *See Target*, Majority slip op. at 7 (“[T]he plain language of the statute . . . does not mention specifically the joinder of issues.”).

deficiencies in *inter partes* reexamination proceedings and the risk of creating avenues for harassment of patent owners:

The Committee recognizes the importance of quiet title to patent owners to ensure continued investment resources. While this amendment is intended to remove current disincentives to current administrative processes, the changes made by it are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent. Doing so would frustrate the purpose of the section as providing quick and cost effective alternatives to litigation.

H.R. Rep. No. 112-98, pt.1, at 48 (2011). The one-year statutory bar of § 315(b) limits the harassment potential of *inter partes* reviews by imposing a time restriction for action by those sued for infringement. Not only does the majority's statutory construction of § 315(c) lack compelling support in the statute's text or legislative history, it directly frustrates this Congressional objective of curtailing avenues for harassment by sanctioning "repeated . . . administrative attacks."

The specific facts underlying this proceeding illustrate the point. The instant Petition and Motion for Joinder have their origins in the denial of Petitioners' challenge in IPR2014-01121 of claims 1–3, 8, 9, 12, 16, and 19 as anticipated under 35 U.S.C. § 102(b) by Hideji. Paper 12, 13–14. That denial resulted from a finding by a unanimous panel, confirmed by a unanimous panel after a request for rehearing, that the petition in IPR2014-01121 was defective with respect to the Hideji challenge. *Id.* Petitioners secured evidence to correct the defect only after the one-year bar established by § 315(b) had become effective. *Id.* In exercising discretion that we do

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not possess, the majority endorses an end-run around a statutory bar that is contrary to Congressional intent and unsupported by the statute or its legislative history.

Accordingly, I respectfully dissent.

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PETITIONER:

Steven Meyer
smeyer@lockelord.com

Seth Atlas
ptopatentcommunication@lockelord.com

PATENT OWNER:

Scott Brown
sbrown@hoveywilliams.com

Matthew Walters
mwalters@hoveywilliams.com

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¹ Case IPR2015-00762 has been joined with this proceeding.