

2018-0102

United States Court of Appeals
for the
Federal Circuit

In Re: Windy City Innovations, LLC,

Petitioner.

**ON PETITION FOR A WRIT OF MANDAMUS TO THE U.S. PATENT
AND TRADEMARK OFFICE, PATENT TRIAL AND APPEAL BOARD IN
CASE NOS. IPR2016-01156 & IPR2017-00709**

**REPLY IN SUPPORT OF
PETITION FOR WRIT OF MANDAMUS**

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CERTIFICATE OF INTEREST

Counsel of record for Windy City Innovations, LLC certifies the following:

1. The full name of every party represented by me is: Windy City Innovations, LLC.
2. The name of the real party in interest represented by me is: Windy City Innovations, LLC.
3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party represented by me are: none.
4. The names of all law firms and the partners and associates that appeared for Windy City Innovations, LLC in the Patent Trial and Appeal Board or are expected to appear in this Court and who are not already listed on the docket are:

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5. The title and number of cases known to me to be pending in this or any other court or agency that will directly affect or be directly affected by this Court's decision in the pending appeal are: IPR2016-01156, IPR2017-00709.

October 30, 2017

/s/ Alfred R. Fabricant
Alfred R. Fabricant

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INTRODUCTION

Petitioner disagrees with Respondent that the express concerns of Circuit Judges Dyk and Wallach and Administrative Patent Judges Lee and McKone are overblown.

Circuit Judges Dyk and Wallach had “serious questions as to the Board’s (and the Director’s) interpretation of the relevant statutes and current practices” and concluded that 35 U.S.C. § 315(c), the sole exception to the IPR time-bar statute, “was plainly designed to apply where time-barred Party A seeks to join an existing IPR timely commenced by Party B when this would not introduce any new patentability issues.” *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co. Matal*, 868 F.3d 1013, 1019–1020 (Fed. Cir. 2017) (concurring). The Circuit Judges further concluded that section 315(c) “does not explicitly allow . . . a time barred petitioner to add new issues, rather than simply belatedly joining a proceeding as a new party.” *Id.* at 1020. Respondent does not contest this conclusion. And in the face of legislative history explaining that under section 315(c), “[t]he Director may allow *other petitioners* to join an [IPR]” [H.R. Rep. No. 112-98, pt. 1, at 76 (2011) (italics added)], Respondent **acknowledges** the Circuit Judges’ **belief** that it was “unlikely that Congress intended that petitioners could employ the joinder provision to circumvent the time bar by adding time-barred issues to an otherwise timely proceeding, whether the petitioner seeking to

add new issues is the same party that brought the timely proceeding, as in this case, or the petitioner is a new party.” *Nidec Motor Corp.*, 868 F.3d 1020 (Fed. Cir. 2017) (concurring). Accordingly, Respondent does not allege that the statute is ambiguous, but still requests Chevron deference to the Director’s interpretation. For the reasons presented herein, the Director’s interpretation is not entitled to deference.

Respondent’s silence on the statutory construction of section 315(c) confirms Petitioner’s clear and indisputable right to the writ. Petitioner took the position that the text of the section 315(c) is unambiguous (Pet. at 6–7) and that, to the extent ambiguity seeps into the analysis, the legislative history undermines the Director’s interpretation permitting a party to join its own instituted review for the purposes of adding new claims and new issues (Pet. at 10).

Petitioner respectfully submits this Reply to the Response and reiterates the request seeking (1) a reversal of the Board’s Joinder Decision joining IPR2017-00709 to IPR2016-01156; and (2) a narrowly-tailored mandate that the Board’s practices of (a) same-petitioner joinder, and (b) adding new claims and issues to an instituted IPR are not authorized by 35 U.S.C. § 315(c).

RESTATEMENT OF THE ISSUE PRESENTED

Whether the Patent and Trial Appeal Board exceeded its statutory authority and abused its discretion when it granted joinder to Respondent—an otherwise-

time-barred party that was already the petitioner in the case—in order to add new claims and new issues to the instituted *inter partes* review.

I. PETITIONER’S CLEAR AND INDISPUTABLE RIGHT TO THE WRIT IS CONFIRMED BY RESPONDENT’S FAILURE TO ADDRESS THE ISSUES PRESENTED IN THE PETITION

The Petition establishes that Petitioner has a clear and indisputable right to a writ of mandamus. In addition to showing how the Board routinely errs—as it has erred in the instant case—in its interpretation and application of section 315(c), the Petition shows that statute is both unambiguous and consistent with Congress’s intent, and that the Director’s interpretation should receive no deference.

Respondent admits that “[t]he statute does not directly address whether a petitioner can be joined to its own earlier-filed IPR petition, and the statutory language also does not address which issues may be considered in a joined petition.” Resp. Br. at 14. Respondent takes no position regarding whether the statute addresses same-petitioner joinder of a *time-barred* petitioner with new claims and new issues. Moreover, Respondent takes no position regarding whether the statute is unambiguous.

II. THE DIRECTOR’S INTERPRETATION OF 315(c) AS SET FORTH IN TARGET SHOULD NOT RECEIVE DEFERENCE.

Respondent’s sole objection to Petitioner’s clear and indisputable right to relief rests on deferring to the Director’s interpretation of section 315(c).

Particularly, Respondent submits that Petitioner’s entitlement to the writ is “at least

debatable” because the circumstances of the instant joinder decision align with the Director’s interpretation of section 315(c) in the *Target* expanded-panel rehearing decision which should receive *Chevron* deference. For the reasons stated below, Respondent is wrong.

No deference should be accorded to the interpretation that same-petitioner joinder and adding new claims and issues to an instituted IPR are authorized by 35 U.S.C. § 315(c). As a preliminary matter, Respondent is unclear as to whether deference should be accorded to (1) the *Target* rehearing decision, (2) the Director, (3) the portion of the Board that agrees with the Director’s interpretation, or (4) the portion of the Board that disagrees with the Director’s interpretation but still applies the Director’s interpretation as an “exercise of the Director’s authority on the Director’s behalf.” *Facebook Inc. v. Windy City Innovations, LLC*, Case IPR2017-00709, Paper No. 11 at 14 (PTAB Aug. 1, 2017). Nevertheless, Petitioner refers to the agency’s interpretation generally as the “Director’s interpretation.”

First, Petitioner submits that section 315(c) unambiguously identifies the three elements for joinder: (1) what gets joined: *any person*; (2) how the person is joined: *as a party*; and (3) to what the party is joined: *the instituted review*. Any discretion of the Board must fall within those bounds written in the statute. Congress has spoken to the precise issue presented herein by declining to allow a

time-barred petitioner to add new issues, and Respondent does not contest this point. *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 842–43, 104 S. Ct. 2778, 2781, 81 L. Ed. 2d 694 (1984) (“If the intent of Congress is clear, that is the end of the matter...”).

Second, even if this Court finds ambiguity, no deference should be accorded to the Director’s interpretation because the *Target* decision directly conflicts with the USPTO’s regulations governing joinder and the plain language of the statute. This Court has held that deference to a ruling that misinterprets a statute is impermissible. *Aqua Prod., Inc. v. Matal*, 872 F.3d 1290, 1316 (Fed. Cir. 2017), citing *Smith v. City of Jackson*, 544 U.S. 228, 267 (2005). In addition to ignoring the plain language of the statute in order to extend joinder to same-petitioner parties, new issues, and new claims, the *Target* decision concluded that the only “person” excluded from joinder by the language of section 315(c) is the patent owner. Ex. K to Resp. Br. at 7. Meanwhile, the USPTO’s joinder regulation, 37 C.F.R. § 42.122(b), expressly states that “[j]oinder may be requested by a patent owner, or petitioner.” Resp. Br. at 15 (emphasis added). Regardless of which application is correct, the conflict represents the Director’s misinterpretation of section 315(c), thus precluding any entitlement to deference.

Third, the very nature of the expanded panels and their admitted use to “secure and maintain uniformity of the Board’s decisions” (*Nidec Motor Corp.*,

868 F.3d 1020 (Fed. Cir. 2017) (concurring) calls into question the propriety of the *Target* decision. At the very least, the Director's admission to expanding panels to overturn decisions that run counter to its own interpretations, as is the case in *Target*, undermines the face value of the decision and the reliability of the Board's statutory-construction analyses of the joinder statutes. Accordingly, deference to the Director's interpretation of § 315(c) must not be permitted.

III. PETITIONER DID NOT WAIVE ITS RIGHT TO RELIEF

Respondent attempts to place additional requirements on Petitioner for seeking relief from this Court by requiring that Respondent file this Petition within an undetermined time period or that Respondent file for reconsideration before bringing this Petition. Respondent cites to no writ-specific case law on either of these purported requirements. The truth of the matter is that this Court decides, within the bounds of its precedent and discretion described in the Petition, the appropriateness of relief given the circumstances. *See In re Queen's Univ. at Kingston*, 820 F.3d 1287, 1292 (Fed. Cir. 2016) (“As the issuing court, moreover, once the petitioner establishes the two prerequisites, we then have discretion to determine whether the writ is appropriate under the circumstances.”) *citing Cheney v. U.S. Dist. Court for D.C.*, 542 U.S. 367, 381 (2004). Instead of addressing why the issue presented is not “important to proper judicial administration” or “a basic and undecided legal question,” an “abuse [of] discretion by applying incorrect

law,” Petitioner merely pleas for this Court to endorse the conduct of the Board by dismissing this Petition as untimely.

Respondent’s reliance on an appeal of a patent examiner’s rejection to support its waiver argument is misplaced. In *Watts*, this Court confirmed the longstanding precedent that appellate courts do not consider a party’s *new theories* lodged first on appeal, such as the *previously-undisclosed interpretation* of a prior-art reference. *In re Watts*, 354 F.3d 1362, 1368 (Fed. Cir. 2004). (“Because the appellant failed to argue his current interpretation of the prior art below, we do not have the benefit of the Board’s informed judgment on this issue for our review.”) Moreover, *Watts* presents the type of consideration routinely evaluated by courts and the Board’s predecessor, while this Petition concerns Board precedent based on an interpretation advanced by the USPTO Director such that reconsideration would have been futile. Accordingly, this Petition presents the type of issue for which this Court alone can provide relief. *Watts* is thus inapplicable.

Aware of the Board’s routine practices of same-petitioner joinder and adding new claims and issues to an instituted IPR, Petitioner opposed joinder as improperly broadening the scope of the review. *Facebook Inc. v. Windy City Innovations, LLC*, Case IPR2017-00709, Paper No. 8 at 1-2, 5, 8 (PTAB Feb. 17, 2017). In response, the Board informed the parties of its internal competing interpretations of section 315(c). *Compare* Ex. A to Pet. at 3–5, 10 *with* Ex. A to

Pet. at 12–14. Further, Petitioner stated in its Supplemental Patent Owner’s Response that it did not acquiesce to the propriety of the Board’s joinder decision and that the Board’s grant resulted in new claims, new arguments, and contradictory positions in the joined proceeding. *Facebook Inc. v. Windy City Innovations, LLC*, Case IPR2016-01156, Paper No. 45 at 1, 3 and 7 (PTAB Sep. 11, 2017). Thus, even if this Court considers Respondent’s waiver argument, it should be rejected because Patent Owner preserved its arguments.

IV. RESPONDENT FAILS TO IDENTIFY ANY ALTERNATIVE MEANS TO ADEQUATE RELIEF OR ANY REASONS WHY A GRANT WOULD BE INAPPROPRIATE.

The Petition makes clear that Petitioner has no other means for obtaining relief on the issue presented. The current state of affairs is such that appeal is not an alternative means for relief. This Court declined, without revealing any specific reasons, to take up the issue of improper joinder in the *Nidec* appeal. Respondent confirms that the *question of appealability* of a decision under section 315(c) remains unresolved. Resp. Br. at 20. Without precedent on the issue of where to obtain relief from an unauthorized joinder decision, the nearest and surest route to relief is mandamus. This Court has stated that such a writ is appropriate “in situations where the PTO has clearly and indisputably exceeded its authority.” *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1274 (Fed. Cir. 2015), cert. granted

sub nom. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 890 (2016), and aff'd sub nom. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016).

In submitting that oral argument has concluded and that the parties now await a final written decision in IPR2016-01156, Respondent confirms that now is the time for relief. At this late stage, it is certain that the Board will not revisit its Joinder Decision and that the final written decision of the Board will not address the issue of unauthorized joinder. Because mandamus presents the only realistic path to relief and because the expected final written decision will not affect joinder, this Court should proceed with correcting the Board's abuse of discretion and erroneous application of law.

V. RESPONDENT'S PERIPHERAL FACTS HAVE NO RELEVANCE TO THE ISSUES PRESENTED IN THE PETITION.

Respondent dedicates a substantial percentage of its brief to peripheral issues having no relevancy to this Petition. Taken as a whole, the Response amounts to a plea for this Court to certify the Board's routine abuse of discretion and/or application of an incorrect legal standard as described in the Petition.

The issue presented by the Petition is irrelevant to (a) Respondent's successful motion to transfer the district court case; (b) Respondent's unsuccessful, one-sided motion to compel; (c) Respondent's compliance with the Court's *sua sponte* order to narrow the prior art; (d) Petitioner's compliance with the Court's *sua sponte* order to narrow the asserted claims; (e) Respondent's unsuccessful

motion to dismiss the district court case; and (f) Respondent's apparent conclusion that the district courts were responsible for delaying the narrowing of the case before the expiration of the statutory time bar. Respondent submits no reason why it needed "guesswork" to select claims to challenge. With respect to legal and economic resources, Facebook Inc. is similarly situated to Microsoft Corporation which challenged all asserted claims in *inter partes* reviews. Particularly relevant to this Petition, the Response does not offer any reasons why Respondent did not seek joinder to the Microsoft IPR—an *instituted review* to all Challenged Claims, which an *other petitioner* could have joined *as a party*. Respondent should have understood the consequences of its tactical decision to add new claims and issues to its own IPR given the plain language of the section 315(c).

CONCLUSION

For the reasons presented in the Petition and this Reply, Petitioner reiterates that the Petition for a writ of mandamus should be granted, and this Court should (1) issue an Order directing the Patent Trial and Appeal Board to reverse its Joinder Decision; and (2) issue a narrowly-tailored mandate that the practices of (a) same-petitioner joinder, and (b) adding new claims and issues to an instituted IPR are not authorized by 35 U.S.C. § 315(c).

Dated: October 30, 2017

Respectfully submitted,

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I hereby certify that on the 30th day of October, 2017, I served the foregoing **Reply in Support of Petition for a Writ of Mandamus** by causing one copy of each to be delivered by CM/ECF and electronic mail to the following:

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CERTIFICATE OF COMPLIANCE WITH RULE 21(c)

This brief complies with the type-volume limitation of Federal Circuit Rule 21(c). The brief contains 2337 words, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii) and Federal Circuit Rule 32(b).

This brief complies with requirements of Federal Rule of Appellate Procedure 32(c)(2). This brief has been prepared in a proportionally spaced typeface using Microsoft Office Word Version 2010 in 14-point Times New Roman.

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