

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

KOFAX, INC.,
Petitioner,

v.

UNILOC USA, INC. and UNILOC LUXEMBOURG S.A.,
Patent Owner.

IPR2015-01207
Patent 5,490,216 C2

Before WILLIAM V. SAINDON, DONNA M. PRAISS, and
PATRICK R. SCANLON, *Administrative Patent Judges*.

PRAISS, *Administrative Patent Judge*.

DECISION

Motion to Terminate *Inter Partes* Review
35 U.S.C. § 315(e)(1) and 37 C.F.R. § 42.73(d)(1)

I. BACKGROUND

On March 15, 2016, Patent Owner filed a motion to terminate this proceeding. Paper 16 (“Mot.”). Patent Owner seeks termination of this proceeding because on March 10, 2016, a final written decision pursuant to 35 U.S.C. § 318(a) was issued in *Sega of America, Inc., Ubisoft, Inc., Kofax, Inc., Cambium Learning Group, Inc., and Perfect World Entertainment, Inc. v. Uniloc USA, Inc. and Uniloc Luxembourg S.A.*, IPR2014-01453 (“the earlier proceeding”).¹ According to Patent Owner, Petitioner is estopped from maintaining this proceeding, pursuant to 35 U.S.C. § 315(e)(1), because Petitioner reasonably could have raised the grounds in this proceeding during the earlier proceeding. *See* Mot. 6. As in this proceeding, Petitioner challenged claims 1–20, which constitute all of the claims of U.S. Patent No. 5,490,216 C2 (“the ’216 patent”) in the earlier proceeding. Patent Owner, thus, argues that this proceeding should be terminated. *Id.* at 7.

On March 24, 2016, Petitioner filed an opposition to the motion to terminate. Paper 18 (“Opp.”). Petitioner disputes that the grounds of this proceeding could have been reasonably raised during the earlier proceeding (Opp. 2–9) and argues that, if Petitioner is determined to be estopped, this proceeding should not be terminated before two pending motions for joinder are decided in IPR2016-00414 and IPR2016-00427 (*id.* at 10–11).

Patent Owner filed a reply to the opposition on March 28, 2016. Paper 19 (“Reply”). Patent Owner responds that Petitioner had the opportunity to raise alternate grounds in the prior proceeding by filing a new petition and a request for joinder, but chose not to do so. *Id.* at 3. Patent

¹ IPR2015-01026 was joined with IPR2014-01453.

Owner also contends that termination of this proceeding should not be delayed by the pending joinder proceedings. *Id.* at 5.

The issues before us, thus, are whether Petitioner is estopped pursuant to 35 U.S.C. § 315(e)(1) because Petitioner reasonably could have raised its grounds based on Wolfe,² Ehlmann,³ and Logan⁴ during the earlier proceeding and, if so, whether this proceeding should be terminated.

II. ANALYSIS

A. Whether Petitioner Reasonably Could Have Raised During The Earlier Proceeding Wolfe, Ehlmann, and Logan

1. Patent Owner's Argument

Inter partes review in this proceeding was instituted based on the grounds that (1) claims 1, 7–11, 19, and 20 are anticipated by Logan, (2) claims 10 and 11 would have been obvious over Logan, and (3) claims 1–5, 7–11, and 17–20 would have been obvious over Wolfe and Ehlmann. Paper 7 (“Dec. on Inst.”), 19. Patent Owner argues that Petitioner reasonably could have raised the alternate grounds based upon Logan, Wolfe, and Ehlmann during the earlier proceeding because it “was aware of the grounds of unpatentability it now asserts, at the time the [earlier proceeding] was filed.” Mot. 6. According to Patent Owner, it is indisputable that Petitioner was aware of the alternate grounds because “identical alternate grounds of unpatentability” were contained in Petitioner’s petition filed in CBM2014-

² U.S. 4,796,220, issued Jan. 3, 1989 (Ex. 1002).

³ *Designing Software to be Used Up and Protecting it from Pirates*, 11:3 ACM SIGSMALL/PC NOTES 9, 9–15 (1985) (Ex. 1003).

⁴ U.S. 5,199,066, issued Mar. 30, 1993 (Ex. 1004).

00183 that was filed on the same day that the earlier proceeding was filed.

Id. Patent Owner further contends that

even after the Board denied institution in the ‘183 Proceeding (which occurred on the same day that trial was instituted in the [earlier proceeding]), Petitioner could have raised such alternative grounds of unpatentability in a new petition accompanied by a motion for joinder in the [earlier proceeding] within one month of institution.

Id. at 7. The reasons why Petitioner chose not to raise the alternative grounds are “irrelevant for purposes of estoppel” Patent Owner asserts. *Id.*

2. *Petitioner’s Argument*

In contrast to Patent Owner’s argument, Petitioner argues that “[l]egally and logically” it could not have reasonably raised the alternative grounds in the earlier proceeding. Opp. 2. In that regard, Petitioner frames the issue as “whether the grounds raised in a CBM petition ‘reasonably could have been raised’ in an IPR petition simultaneously filed by the same party on the same day.” *Id.* According to Petitioner, “[r]aising the same grounds in two different proceedings at the same time is not reasonable.” *Id.* at 4. Petitioner argues that the situation is analogous to the situation in *Apotex Inc. v. Wyeth LLC*, IPR2015-00873, slip op. at 8–9 (PTAB Sept. 16, 2015) (Paper 8), where a ground raised during an earlier-filed preliminary *inter partes* review proceeding, but not made part of the instituted trial, prevented Petitioner from raising that ground during the earlier trial proceeding. Opp. 4. Estoppel under 35 U.S.C. § 315(e)(1) did not bar the petitioner in *Apotex* from maintaining a subsequently-filed *inter partes* review proceeding on the same ground that was denied in the earlier proceeding. *Apotex*, slip op. at 9.

Petitioner also argues that “[t]he same result applies here” as in *Shaw Indus. Group v. Automated Creel Sys.*, 817 F.3d 1293 (Fed. Cir. 2016), namely, “a non-instituted ground — which cannot be appealed — can be raised in a later-filed proceeding under the plain language of the estoppel statute.” Opp. 6, n.2. In *Shaw*, the Federal Circuit held that § 315(e) would not estop the petitioner from bringing its previously-asserted arguments before the PTO or the district courts. The analysis in *Shaw* quoted by Petitioner follows:

Both parts of § 315(e) create estoppel for arguments “on any ground that the petitioner raised or reasonably could have raised *during* that inter partes review.” *Shaw* raised its Payne-based ground in its petition for IPR. But the PTO denied the petition as to that ground, thus no IPR was instituted on that ground. The IPR does not begin until it is instituted. Thus, *Shaw* did not raise—nor could it have reasonably raised—the Payne-based ground *during* the IPR. The plain language of the statute prohibits the application of estoppel under these circumstances. *Shaw*, 817 F.3d at 1300 (citations omitted); Opp. 5–6. Petitioner cites the Institution Decision in the present proceeding as recognizing that the grounds were not included in the earlier proceeding and not considered on the merits in CBM2014-00183. Opp. 7 (citing Paper 7, 12–13).

Petitioner further argues that “Patent Owners seek to impose a *de facto* estoppel provision any time more than one petition is simultaneously filed and one is denied for a non-substantive reason” *Id.* at 8. According to Petitioner, this restrictive reading of the statute would be “inconsistent with the reasonableness analysis of § 315 and the spirit of the AIA to ensure the ‘just, speedy and inexpensive resolution of every proceeding.’” *Id.* (quoting 37 C.F.R. § 42.1).

3. Discussion

We are persuaded that Petitioner reasonably could have raised the Wolfe, Ehlmann, and Logan grounds in the earlier proceeding and is estopped from maintaining this proceeding. Section 315(e)(1) provides:

(e) Estoppel. —

(1) Proceedings before the office.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a) . . . may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

35 U.S.C. § 315(e)(1); *see* 37 C.F.R. § 42.73(d).

As in this proceeding, Petitioner challenged claims 1–20 in the earlier proceeding, which are all of the claims of the '216 patent. On March 10, 2016, the earlier proceeding resulted in a final written decision as to claims 1–20, pursuant to 35 U.S.C. § 318(a). Therefore estoppel is invoked as to all of the claims of the '216 patent. *See Westlake Servs. LLC v. Credit Acceptance Corp.*, CBM2014-00176, slip op. at 5 (PTAB May 14, 2015) (Paper 28) (precedential) (“estoppel is applied on a claim-by-claim basis.”).

The legislative history of the America Invents Act describes what “could have been raised” extends to and that is “only to that prior art which a skilled searcher conducting a diligent search reasonably could have been expected to discover.” 157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl). The estoppel provision also extends to the real parties in interest or privies of a petitioner to bar such grounds from being raised in a subsequent proceeding. *See id.* at S1376 (statement of Sen. Kyl) (“This [estoppel] effectively bars such a party or his real parties in interest or privies from later using inter partes review . . . against the same patent, since

the only issues that can be raised in an inter partes review . . . are those that could have been raised in [an] earlier post-grant or inter partes review.”); see *id.* at S952 (statement of Sen. Grassley) (“It also would include a strengthened estoppel standard to prevent petitioners from raising in a subsequent challenge the same patent issues that were raised or reasonably could have been raised in a prior challenge.”); *Dell Inc. v. Elecs. and Telecomms. Research Inst.*, IPR2015-00549, slip op. 4–6 (PTAB Mar. 26, 2015) (Paper 10) (representative). Whether the estoppel provision extends to co-defendants in litigation depends upon the clarity of the claims asserted by the patent owner in litigation and whether other defendants have an opportunity to join an instituted *inter partes* review. 157 Cong. Rec. S1376 (daily ed. Mar. 8, 2011) (“If one defendant has instituted an inter partes review, but other defendants do not have an opportunity to join that review before it becomes reasonably clear which claims will be litigated and how they will be construed, it would be manifestly unfair to extend privity estoppel to the codefendants.”) (statement of Sen. Kyl); see also *id.* at S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer) (“A ‘privy’ is a party that has a direct relationship to the petitioner with respect to the allegedly infringing product or service.”).

What “could have been raised” was recently addressed by the Federal Circuit in the context of whether a ground raised by a petitioner in a petition for *inter partes* review that was not instituted on that ground was one that was “raised or reasonably could have raised during that inter partes review.” *Shaw*, 817 F.3d at 1300. In *Shaw*, the Federal Circuit held that § 315(e) did not create an estoppel for the “Payne-based arguments” raised in a petition for IPR that were denied. *Id.* Because the decision to institute an IPR

occurs in a first phase and the IPR proceeding is conducted and a final decision issued in a second phase, the Federal Circuit held that the petitioner “did not raise—nor could it have reasonably raised—the Payne-based ground *during* the IPR.” *Id.* (emphasis added).

We are persuaded that Petitioner reasonably could have raised the Wolfe, Ehlmann, and Logan grounds during the earlier IPR proceeding because Patent Owner’s evidence sufficiently establishes that (1) Petitioner was aware of the grounds at the time of filing of the earlier proceeding and (2) Petitioner had an opportunity to raise the grounds in the earlier proceeding within one month of its institution by filing the Wolfe, Ehlmann, and Logan grounds in an *inter partes* review petition and requesting joinder. Unlike the circumstances in *Shaw*, the Wolfe, Ehlmann, and Logan grounds were not denied in a first phase of an *inter partes* review. In addition, Petitioner had an opportunity to introduce the Wolfe, Ehlmann, and Logan grounds into the earlier proceeding by filing an *inter partes* review petition with a request for joinder within a month of its institution. *See* 37 C.F.R. § 42.122(b).

We are not persuaded that Petitioner could not have reasonably raised the Wolfe, Ehlmann, and Logan grounds in the earlier *inter partes* review proceeding because Petitioner presented those identical grounds in a petition for a covered business method patent review. Petitioner cites to no authority to support its contention that filing the Wolfe, Ehlmann, and Logan grounds in an *inter partes* review petition in addition to the covered business method patent review petition would have been unreasonable.

We also are not persuaded that Petitioner could not have reasonably raised Wolfe, Ehlmann, and Logan in the earlier proceeding because there is

no evidence that it would have been unreasonable to request joinder of these grounds within one month of institution of the earlier proceeding. Such a request for joinder would not be inconsistent with the reasonableness analysis of § 315 and the spirit of the AIA to ensure the “just, speedy and inexpensive resolution of every proceeding.” 37 C.F.R. § 42.1(b); *see* 35 U.S.C. § 316(b).⁵

B. Whether to Terminate This Proceeding

1. Patent Owner’s Argument

According to Patent Owner, because Petitioner is estopped from maintaining this proceeding under § 315(e)(1), “this proceeding must be terminated.” Mot. 7.

Patent Owner further argues in its Reply that “the Board typically does not and should not here, delay terminating a proceeding pending decisions on joinder.” Reply 5 (citing *ZTE Corp. v. Content Guard Holdings Inc.*, IPR2013-00134, slip op. at 2 (PTAB Aug. 13, 2013) (Paper 34); *Google Inc. v. PersonalWeb Techs. LLC*, IPR2014-00977, slip op. at 6 (PTAB Oct. 30, 2014) (Paper 10)).

⁵ We further note that there is nothing incongruous between our decision that estoppel applies here and our decision to institute in the first place, even where Patent Owner raised 35 U.S.C. § 325(d) as an argument to deny institution of this proceeding. *See* Paper 6, 24–29 (Patent Owner Preliminary Response); Dec. on Inst. 12–13 (discussing sections 314(a) and 325(d)). A significant number of trials do not result in a final written decision (*see, e.g.,* <http://www.uspto.gov/sites/default/files/documents/2016-4-30%20PTAB.pdf>, slide 10), and estoppel only becomes an issue if a trial results in a final written decision (35 U.S.C. § 315(e)(1)).

2. *Petitioner's Argument*

Petitioner argues that, if Petitioner is determined to be estopped, this proceeding should not be terminated before there is a ruling on the two pending motions for joinder in IPR2016-00414 and IPR2016-00427. Opp. 10. Petitioner notes that Zebra Technologies Corporation, co-petitioner in IPR2016-00414, is not a co-petitioner in the earlier proceeding and, therefore, would not be estopped under § 315(e)(1). *Id.* Petitioner further contends that because the estoppel statute applies to a petitioner and not the Board, “the Board may continue a proceeding even after termination of a petitioner to allow for a decision on a motion for joinder.” *Id.* (citing *MediaTek Inc. et al. v. Bandspeed, Inc.*, IPR2015-00314 (PTAB Sept. 17, 2015) (Paper 20)).

3. *Discussion*

We determined above that the Petitioner is estopped from maintaining the proceeding. Petitioner cannot participate in the remainder of the trial and, thus, effectively, no Petitioner remains in this proceeding.

The Board rules provide that “[t]he Board may terminate a trial without rendering a final written decision, where appropriate. . . .” 37 C.F.R. § 42.72. The rules are construed to “secure the just, speedy, and inexpensive resolution of every proceeding.” 37 C.F.R. § 42.1(b); *see* 35 U.S.C. § 316(b).

Upon consideration of the totality of the circumstances, we determine that the best means of securing the just, speedy, and inexpensive resolution of this proceeding is to terminate this proceeding. Petitioner is estopped under 35 U.S.C. § 315(e)(1) from maintaining this proceeding with respect to claims 1–20 of the ’216 patent. At this stage of the proceeding, Patent

Owner filed a response on April 19, 2016, Petitioner's reply is due June 20, 2016, an oral hearing is scheduled for July 25, 2016, and a final decision on the merits has not yet been reached. The named petitioners in IPR2016-00414 and IPR2016-00427 requesting joinder with this proceeding are Ubisoft, Inc., Zebra Technologies Corporation, Cambium Learning Group, Inc., and Sega of America, Inc. IPR2016-00414 (Paper 5); IPR2016-00427 (Paper 1). If we were to join Ubisoft, Inc., Cambium Learning Group, Inc., and Sega of America, Inc., they would be estopped for the same reasons we hold Kofax to be estopped, because they were each co-petitioners in the earlier proceeding. Zebra Technologies Corporation, although not a petitioner in the earlier proceeding, is identified as a real party in interest with Ubisoft, Inc. and Cambium Learning Group, Inc. in IPR2016-00414. IPR2016-00414 (Paper 5). Section 315(e)(1) extends to the real party in interest of a petitioner in addition to the petitioner. Thus, even if we were to join Zebra Technologies Corporation to this proceeding as proposed by Petitioner, Zebra would be estopped under § 315(e) because it is a real party in interest to Ubisoft, Inc. and Cambium Learning Group, Inc. Given the totality of the circumstances, we determine that it is appropriate to terminate this proceeding.

III. CONCLUSION

We determine that Petitioner is estopped pursuant to 35 U.S.C. § 315(e)(1) from maintaining this proceeding because Petitioner reasonably could have raised Wolfe, Ehlmann, and Logan in the earlier proceeding. Under the totality of the circumstances, we determine that it is appropriate to terminate this proceeding as to both Petitioner and Patent Owner.

IV. ORDER

It is hereby,

ORDERED that this proceeding is *terminated*.

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