

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AVIGILON CORPORATION and AVIGILON USA CORPORATION,
Petitioners,

v.

CANON INC.,
Patent Owner.

Case IPR2018-01627
U.S. Patent No. 9,191,630 B2

Before LYNNE E. PETTIGREW, J. JOHN LEE, and SCOTT E. BAIN,
Administrative Patent Judges.

BAIN, *Administrative Patent Judge.*

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

On August 29, 2018, Avigilon Corporation and Avigilon USA Corporation (collectively “Avigilon”) filed a Petition for *inter partes* review of claims 1–17 of U.S. Patent No. 9,191,630 B2 (Ex. 1001, “the ’630 patent”). Paper 1 (“Pet.”). Canon Inc. (“Canon”) filed a Preliminary Response. Paper 7 (“Prelim. Resp.”). Pursuant to the Board’s January 9, 2019 Order (Paper 8), Avigilon subsequently filed a Reply to Canon’s Preliminary Response (Paper 9, “Reply”), and Canon filed a Sur-reply in Support of its Preliminary Response (Paper 10, “Sur-reply”).

Section 315(a)(1) provides that an *inter partes* review “may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.” 35 U.S.C. § 315(a)(1). Canon argues that § 315(a)(1) bars Avigilon’s Petition, because Avigilon previously filed a declaratory judgment action challenging the validity of the ’630 patent. Prelim. Resp. 1–26. The parties do not dispute that Avigilon’s action subsequently was dismissed without prejudice, but Canon argues that a dismissal, even one without prejudice, does not affect the bar under § 315(a)(1). *Id.*; Sur-reply 1–5. Canon contends this result is compelled by the Federal Circuit’s recent decision in *Click-to-Call Technologies, LP v. Ingenio, Inc.*, 899 F.3d 1321 (Fed. Cir. 2018) (hereinafter “*Click-to-Call*”), in which the Court held that voluntary dismissal without prejudice of a patent owner’s civil complaint did not reset a petitioner’s one year limit under § 315(b) for filing a petition for *inter partes* review. Prelim. Resp. 1–26; Sur-reply 1–5.

Avigilon argues that *Click-to-Call* is “not binding precedent” regarding § 315(a)(1) because *Click-to-Call* concerned only § 315(b), which differs from § 315(a)(1) in text and purpose. Reply 1–5; *see also* Pet. 4–8. Avigilon argues that the Board should not depart from its own line of cases (all prior to *Click-to-Call*) holding that voluntary dismissal without prejudice nullifies the original filing of an action and, consistent with longstanding precedent in every circuit, “leaves the situation as if the action never [had been] filed.” *Id.* at 1, 3 (citing 9 Wright & Miller, Fed. Prac. and Proc. § 2367, 554–55 n.6, 559 n.9 (3d. ed. 2008)) (additional citations omitted). Because its declaratory judgment action was voluntarily dismissed without prejudice, Avigilon argues, its Petition is not barred under § 315(a)(1).

For the reasons explained below, we determine that *Click-to-Call* constrains us to deny Avigilon’s Petition as barred under § 315(a)(1). Accordingly, we deny institution of *inter partes* review.

II. BACKGROUND

A. Overview of the ’630 Patent

The ’630 patent relates to displaying live video data in a surveillance system, utilizing motion detection techniques. Ex. 1001, Abstract, 1:5–10, 1:43–2:17. The patent recites seventeen claims, of which claims 1 and 14–17 are independent. Claim 1 is representative of the invention, and is reproduced below:

1. A method of displaying live video data on a viewer, the live video data being captured by a plurality of cameras, the method comprising:
selecting one of a plurality of queries, wherein the plurality of queries includes a query for motion detection;
receiving metadata for the plurality of cameras, the meta

data for each such camera including an event notification signifying detection or non-detection of motion, wherein the event notification is generated by analyzing the live video data captured by each Such camera;

if the selected query is a query for motion detection, matching the query for motion detection with the event notification signifying detection of motion in the metadata for one of said plurality of cameras;

displaying live video data captured by said one camera in a window of a layout displayed on the viewer, responsive to a match of the query for motion detection with the event notification signifying detection of motion in the metadata for said one camera;

receiving new metadata for said one camera;

updating the received metadata with the new metadata if the received metadata for said one camera has been changed to the new metadata during the display of the live video data;

re-evaluating whether there is still a match of the query for motion detection with the event notification signifying detection of motion in the updated metadata for said one camera; and

responsive to a failed match of the query for motion detection with the event notification signifying detection of motion in the updated metadata for said one camera, preventing a display of the window for the displayed live video data of said one camera, from the layout displayed on the viewer.

Ex. 1001, 13:29–62.

B. Asserted Grounds of Unpatentability

Avigilon challenges all seventeen claims of the '630 patent. Pet. 1, 8–9. The Petition sets forth fourteen separate grounds of invalidity, based upon several individual references and upon combinations of references. *Id.* Avigilon contends alternatively, for example, that claims 1–17 are

anticipated by Yoshikawa,¹ that claims 1–17 are anticipated by Bentley,² and that claims 1–17 would have been obvious over a combination of Yoshikawa and Bentley. Other grounds rely on additional references in combination with Yoshikawa and/or Bentley. Pet. 8–9.

C. Related District Court Proceedings

According to the parties, the '630 patent is the subject of ongoing litigation, including two pending cases that predate the Petition in this case. Canon first filed a complaint in the Eastern District of New York on July 6, 2017, alleging that Avigilon infringes several Canon patents, including the '630 patent. *Canon Inc. v. Avigilon USA Corp.*, No. 2:17-cv-04011 (E.D.N.Y.); see Pet. 2; Prelim. Resp. 2. Canon voluntarily dismissed that action on October 5, 2017, but on the same day filed a complaint in the Northern District of Texas alleging infringement of the same patents (including the '630 patent). See *id.* at 2; Prelim. Resp. 2; *Canon Inc. v. Avigilon USA Corp.*, No. 3:17-cv-02733-N (N.D. Tex.). On May 16, 2018, Avigilon filed an answer and counterclaims in response to Canon's Northern District of Texas complaint. See Prelim. Resp. 5–6; Ex. 2008. The case remains pending in the Northern District of Texas. See Pet. 2; Paper 3, 1 (Patent Owner's Mandatory Notices).

Also on October 5, 2017, Avigilon filed a declaratory judgment action in the District of Massachusetts, alleging invalidity and noninfringement of the '630 patent and other Canon patents. *Avigilon USA Corp. v. Canon Inc.*,

¹ Japanese Unexamined Patent Application Publication No. 2004-140737, published May 13, 2004 (certified translation) (Ex. 1004).

² U.S. Patent Application Publication No. 2005/0132414, published June 16, 2005 (Ex. 1005).

No. 1:17-cv-11922-IT (D. Mass.); *see* Pet. 2, 4; Prelim. Resp. 2; Ex. 2003 (Declaratory Judgment Complaint) at 1, 10–11 ¶¶ 69–73. Count X, titled “Declaratory Judgment of Invalidity of the ’630 Patent,” alleges that “[t]he ’630 Patent is invalid and/or unenforceable for failure to comply with one or more of the requirements of Title 35 of the United States Code, including without limitation Sections 101, 102, 103 and/or 112,” and that “Plaintiffs are entitled to a declaratory judgment that claim 15 of the ’630 Patent is invalid.” *Id.* at 10 (¶¶ 70–71).

Avigilon’s declaratory judgment action subsequently was transferred to the Northern District of Texas. *Avigilon USA Corp. v. Canon Inc.*, No. 3:18-cv-01317-N (N.D. Tex.); *see* Pet. 2; Paper 3, 1. Avigilon then moved for voluntary dismissal of its declaratory judgment action *without prejudice*, which the court granted on August 16, 2018. *See* Pet. 4; Prelim. Resp. 6; Exs. 1014, 1015. Avigilon filed this Petition thirteen days later.

III. DISCUSSION

Under 35 U.S.C. § 314(a), the Director may authorize an *inter partes* review upon determining “that the information presented in the petition . . . and any response . . . 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.” The Director’s authority, however, is limited by § 315, which establishes time bars related to certain activities in federal district court. *See* 35 U.S.C. §§ 315(a)(1), 315(b). Section 315(a)(1) provides, “an *inter partes* review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.” Avigilon contends that its October 5, 2017 declaratory judgment filing (which indisputably

predates the Petition) does not constitute a bar to the Petition, primarily because the action was voluntarily dismissed without prejudice. Pet. 4.

In *Click-to-Call*, the Federal Circuit addressed a voluntary dismissal without prejudice in the context of an alleged time bar under § 315(b). Section 315(b) provides that an *inter partes* review may not be instituted if the petition is filed more than one 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.” 35 U.S.C. §§ 315(b). The patent owner in *Click-to-Call* served a district court complaint on the *inter partes* review petitioner more than one year prior to the petition, but the complaint was voluntarily dismissed without prejudice. *Click-to-Call*, 899 F.3d at 1321–23. The petitioner argued that dismissal without prejudice effectively erases a patent infringement complaint, and therefore that the *inter partes* review petition was not time barred under § 315(b). *Id.* The Federal Circuit disagreed, holding en banc that the one-year time limit under § 315(b) applies (and is not reset) even when the relevant district court action was voluntarily dismissed without prejudice. *Id.* at 1328 n.3 (en banc as to footnote 3). The en banc court joined only footnote 3 of the decision in *Click-to-Call*, but the decision includes further analysis by the panel, as discussed below. *Id.* at 1328–31.

Avigilon argues that because *Click-to-Call* addresses § 315(b), rather than § 315(a)(1), it does not bar the Petition this case. Pet. 4–8; Reply 1–2. Avigilon urges us not to depart from the (non-precedential) Board decisions holding that § 315(a)(1) does not bar a petition when the corresponding declaratory judgment action was voluntarily dismissed without prejudice. Pet. 4 (citing *Resmed Ltd. v. Fisher & Paykel Healthcare Ltd.*, Case

IPR2016-01714 (PTAB Mar. 10, 2017) (Paper 12); *Tristar Prods., Inc. v. Choon's Design, LLC*, Case IPR2015-01883 (PTAB Mar. 9, 2016) (Paper 6)) (additional citations omitted). Avigilon asserts that these Board decisions are firmly grounded in the long-established principle that voluntary dismissal of a complaint without prejudice “nullifies the filing” and “leaves the situation as if the action had never [] been filed.” Reply 2–3; *see supra* at 3. Avigilon contends that “the Supreme Court and every Circuit Court that addressed this issue as of the enactment of Section 315(a)(1) held that voluntary dismissal of a complaint nullifies its ‘filing’” and that “the Supreme Court takes [this principle] ‘as a given.’” Reply 3; *see also* Pet. 5 (citing *Graves v. Principi*, 294 F.3d 1350, 1356 (Fed. Cir. 2002) (“as a matter of law” dismissal without prejudice renders an action as if it “had never been filed”)).

We cannot, however, square Avigilon’s position with *Click-to-Call*’s rejection of a nearly identical argument concerning “service” of a complaint. Citing several examples, the Court concluded that there is (and was, at the time § 315 was enacted) no rule or common law principle that voluntary dismissal without prejudice nullifies all effects of serving a complaint. *Click-to-Call*, 899 F.3d at 1335–36. The Court looked to the text of § 315(b) to determine whether it expressly “contain[s] any exceptions or exemptions for complaints served in civil actions that are subsequently dismissed, with or without prejudice.” *Id.* at 1330. The Court determined that it does not. *Id.* at 1330–32. Nor, the Court explained, does the statute “contain any indication that the application of § 315(b) is *subject to any subsequent act or ruling.*” *Id.* at 1330 (emphasis added). In sum, the Court held, the § 315(b) “time bar is implicated once a party receives notice through official delivery

of a complaint in a civil action, *irrespective of subsequent events.*” *Id.* (emphasis added).

Section 315(a)(1), similarly, includes no express exceptions for actions subsequently dismissed, whether voluntary or involuntary, and whether with or without prejudice. Avigilon argues that we should distinguish the Court’s analysis in *Click-to-Call* from this case, because the text of § 315(a)(1) addresses “filing” rather than “service” of an action, and is triggered by an act of the *inter partes* review petitioner rather than patent owner. We are not persuaded, however, that the difference in filing from service provides a basis for distinguishing the analysis of *Click-to-Call* from this case. It is undisputed that Avigilon’s declaratory action was “filed” at one point in time (prior to being dismissed without prejudice), just as the action in *Click-to-Call* was “served” prior to being dismissed without prejudice. The Court in *Click-to-Call* held that the meaning of “served” in the statute did not include the effects of voluntary dismissal without prejudice, because there was no common law rule regarding such effects.³ *See supra* at 8. We are not persuaded that *Click-to-Call* permits the opposition conclusion regarding “file.”

Avigilon’s argument regarding the difference in “actors” has some merit. Section 315(b) measures its time bar from an act by the patent owner that conveys notice on the putative petitioner of the patent owner’s claims. In effect, § 315(b) is analogous to a statute of limitations, providing that a

³ *See, e.g., Astoria Federal Sav. & Loan Ass’n v. Solimino*, 501 U.S. 104, 108 (1991) (“Congress is understood to legislate against a background of common-law adjudicatory principles[.] Thus, where a common-law principle is well established . . . courts may take it as a given that Congress has legislated with an expectation that the principle will apply.”).

party must act within a certain time upon becoming aware of a claim. See Reply 4–5. Section 315(a)(1), in contrast, is triggered by an act by the putative *inter partes* review petitioner, precluding the petitioner from consuming the resources of the Board if it already is litigating the same claims in district court. *Id.* In effect, it permits a petitioner to select its forum, and helps prevent “two bites at the invalidity apple.” 157 Cong. Rec. S1023, at S1041 (Mar. 1, 2011); H.R. Rep. No. 112-98, at 48 (2011). Avigilon asserts that it “never received a first bite because the DJ Action was voluntarily dismissed without prejudice before any substantive activity occurred” in district court, and we do not disagree with this assertion. Reply 5.

We again conclude, however, that *Click-to-Call* forecloses Avigilon’s arguments. *Click-to-Call* did not merely determine the meanings of the specific terms “service” and “complaint” in § 315(b). Rather, the Court further held that the definitions of those terms make it “*wholly irrelevant* to the § 315(b) inquiry whether the civil action in which the complaint was filed is later voluntarily dismissed without prejudice.” *Click-to-Call*, 899 F.3d at 1330 (emphasis added). Moreover, the Court explained that interpreting § 315(b) in such a way that subsequent events could nullify service of the complaint “would impose additional conditions not present in the statute’s text.” *Id.* at 1331 (citations omitted). The Court observed that § 315(b) is “agnostic as to the ‘effect’ of the service—i.e., what events transpired after the defendant was served,” and that had Congress intended that subsequent events could nullify service, it would have provided so expressly in the statute. *Id.* at 1331–32.

Accordingly, in our view, *Click-to-Call* precludes us from holding that the term “filing” in § 315(a)(1) incorporates the principle of nullification by a voluntary dismissal without prejudice—whether by plain language, intent, background, or otherwise. Rather, pursuant to *Click-to-Call*, we must conclude that Avigilon’s declaratory action was a “civil action challenging the validity of a claim of the patent” that triggers the § 315(a)(1) bar. Our conclusion is consistent with other Board decisions that have addressed the issue after *Click-to-Call*. See, e.g., *Ruiz Food Prods., Inc. v. Macropoint LLC*, Case IPR2017-02016 (Feb. 14, 2019) (Paper 25) (granting Patent Owner’s motion to dismiss); *Cisco Sys., Inc. v. Chrimar Sys., Inc.*, Case IPR2018-01511 (PTAB Jan. 31, 2019) (Paper 11) (denying institution of *inter partes* review).

We are also unpersuaded by Avigilon’s arguments that its declaratory action is “not a civil action challenging the validity of a claim” under § 315(a)(1) because it contained “counterclaims” and one of the counts used the phrase “and/or.” Pet. 7–8. Avigilon’s action expressly stated in Count X that it seeks “Declaratory Judgment of Invalidity of the ’630 Patent” and that the patent is “invalid.” Ex. 2003, 10–11 (¶¶ 69–73). Moreover, regardless of whether Avigilon’s action was prompted by a separate complaint filed by Canon, Avigilon (as the filing party of the declaratory action) was the plaintiff in the declaratory action and its allegations in that filing therefore were not “counterclaims” (i.e., in opposition to a plaintiff’s claim). See Prelim. Resp. 24.

For the foregoing reasons, we conclude that Avigilon’s filing of a declaratory judgment action challenging the validity of the ’630 patent bars

institution under 35 U.S.C. § 315(a)(1), even though the declaratory judgment action later was voluntarily dismissed without prejudice.

IV. CONCLUSION

After considering the parties' evidence and arguments, we determine that § 315(a)(1) bars institution of an *inter partes* review of the '630 patent based on the Petition in this case.

V. ORDER

Accordingly, it is:

ORDERED that the Petition is *denied*, and no *inter partes* review is instituted.

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