

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HTC CORPORATION, HTC AMERICA, INC., AND ZTE (USA), INC.,
Petitioner,

v.

AGIS SOFTWARE DEVELOPMENT, LLC,
Patent Owner.

Case IPR2019–00485
Patent 8,213,970 B2

Before TREVOR M. JEFFERSON, CHRISTA P. ZADO, and
KEVIN C. TROCK, *Administrative Patent Judges*.

ZADO, *Administrative Patent Judge*.

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

I. INTRODUCTION

HTC Corporation, HTC America, Inc., and ZTE (USA), INC. (collectively, “Petitioner”)¹ filed a request for *inter partes* review of claims 1 and 3–9 (the “challenged claims”) of U.S. Patent No. 8,213,970 B2 (Ex. 1001, “the ’970 patent”). Paper 3 (“Pet.” or “Petition”). Concurrent with the filing of the Petition, Petitioner filed a Motion for Joinder to *Inter Partes* Review (35 U.S.C. § 315(c) and 37 C.F.R. § 42.122(b)), seeking to join IPR2018-01079 instituted on November 20, 2018 (“the ’1079 IPR”). Paper 4 (“Mot.” or “Motion”). AGIS Software Development, LLC (“Patent Owner”)² filed a Preliminary Response. Paper 8 (“Prelim. Resp.”).

Under 35 U.S.C. § 315(a)(1), “[a]n *inter partes* review may not be instituted if, before that 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). Upon considering the evidence presented and the arguments made, we determine that *inter partes* review is barred under 35 U.S.C. § 315(a)(1). Accordingly, we do not institute an *inter partes* review.

A. Related Proceedings

The parties advise that the ’970 patent has been asserted in various district court proceedings, including, in pertinent part, *ZTE (USA), Inc. v. AGIS Software Development LLC et al.*, No. 4:18-cv-06185 (N.D. Cal.) (filed October 9, 2018). Pet. 79–81; Paper 6, 3. Patent Owner further

¹ The Petition identifies as real parties-in-interest HTC Corporation, HTC America, Inc., ZTE (USA), Inc., and ZTE (TX) Inc. Pet. 79.

² Patent Owner identifies itself, pursuant to 37 C.F.R. § 42.8(b)(2), as the real party-in-interest. Paper 6, 1.

advises that the '970 patent and patents related to the '970 patent are the subject of various filings requesting *inter partes* review. Paper 6, 2–3 (see table identifying *inter partes* review case numbers).

B. The '970 Patent

The '970 patent generally discloses a specialized software application program on a personal computer (“PC”) or PDA/cell phone for creating and processing forced message alerts. Ex. 1001, Abstract. The specification of the '970 patent (“Specification”) discloses it is desirable for a PDA/cell phone user to be able to simultaneously send Digital Smart Message Service (“SMS”) or TCP/IP messages to a large group of PCs or cell phones using cellular technology (such as GSM or CDMA) or WiFi. *Id.* at 1:51–57. The Specification further discloses that in some situations it is additionally desirable to know which PCs and PDA/cell phones received the message, which PCs and PDA/cell phones did not receive the message, and the response of each recipient of the message. *Id.* at 1:57–61. “As a result, what is needed is a method in which a sender of a text or voice message can force an automatic acknowledgement upon receipt from a recipient’s cell phone or PC and a manual response from the recipient via the recipient’s cell phone or PC.” *Id.* at 1:62–67. In addressing these issues, the Specification discloses “[t]he heart of the invention lies in [a] forced message alert software application program provided in each PC or PDA/cell phone.” *Id.* at 4:47–49. The software provides the ability to

- (a) allow an operator to create and transmit a forced message alert from a sender PDA/cell phone to one or more recipient PCs and PDA/cell phones within the communication network;
- (b) automatically transmit an acknowledgement of receipt to the sender PDA cell phone upon the receipt of the forced message alert;
- (c) periodically resend the message to the recipient PCs and

PDA/cell phones that have not sent an acknowledgement; (d) provide an indication of which recipient PCs and PDA/cell phones have acknowledged the forced message alert; (e) provide a manual response list on the display of the recipient PC and PDA/cell phone's display that can only be cleared by manually transmitting a response; and (f) provide an indication on the sender PDA/ cell phone of the status and content the manual responses.

Id., Abstract. The Specification explains that a forced message alert is comprised of a text or voice message and a forced message alert software packet. *Id.* at 2:11–13, 8:23–25.

C. Challenged Claims

Petitioner challenges claims 1 and 3–9 of the '970 patent. Claims 1 and 6 are independent. Claim 1 is illustrative (brackets and numbering added).

1. A communication system for transmitting, receiving, confirming receipt, and responding to an electronic message, comprising:

[1.1] a predetermined network of participants, wherein each participant has a similarly equipped PDA/cell phone that includes a CPU and a touch screen display and a CPU memory;

[1.2] a data transmission means that facilitates the transmission of electronic files between said PDA/cell phones in different locations;

[1.3] a sender PDA/cell phone and at least one recipient PDA/cell phone for each electronic message;

[1.4] a forced message alert software application program including a list of required possible responses to be selected by a participant recipient of a forced message response loaded on each participating PDA/cell phone;

[1.5] means for attaching a forced message alert software packet to a voice or text message creating a forced message alert that is transmitted by said sender PDA/cell phone to the recipient PDA/cell phone, said forced message alert software packet containing a list of possible required responses and requiring the forced message alert software on said recipient PDA/cell phone to transmit an automatic acknowledgement to the sender PDA/cell phone as soon as said forced message alert is received by the recipient PDA/cell phone;

[1.6] means for requiring a required manual response from the response list by the recipient in order to clear the recipient's response list from recipient's cell phone display;

[1.7] means for receiving and displaying a listing of which recipient PDA/cell phones have automatically acknowledged the forced message alert and which recipient PDA/cell phones have not automatically acknowledged the forced message alert;

[1.8] means for periodically resending said forced message alert to said recipient PDA/cell phones that have not automatically acknowledged the forced message alert; and

[1.9] means for receiving and displaying a listing of which recipient PDA/cell phones have transmitted a manual response to said forced message alert and details the responses from each recipient PDA/cell phone that responded.

Ex. 1001, 8:65-9:39.

D. Asserted Grounds of Unpatentability

Petitioner challenges claims 1 and 3–9 on the following grounds.

Pet. 12.

References	Ground	Claims
Kubala ³ and Hammond ⁴	§ 103(a)	1 and 3–9
Hammond, Johnson, ⁵ and Pepe ⁶	§ 103(a)	1 and 3–9
Hammond, Johnson, Pepe, and Banerjee ⁷	§ 103(a)	1 and 3–9

Petitioner relies on the declaration of David Hilliard Williams to support its contentions. Ex. 1003 (“Williams declaration”).

II. DISCUSSION

A. Principles of Law

Section 315 of Title 35 creates two bars to institution of *inter partes* review. § 315(a)(1) bars *inter partes* review if the petitioner files a civil action challenging the patent’s validity before filing the petition: “[a]n *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.

³ U.S. Patent Publication 2006/0218232 A1, filed March 24, 2005 and published September 28, 2006. Ex. 1005 (“Kubala”).

⁴ U.S. Patent 6,854,007 B1, filed September 17, 1998 and issued February 8, 2005. Ex. 1006 (“Hammond”).

⁵ U.S. Patent 5,325,310, filed June 26, 1992 and issued June 28, 1994. Ex. 1007 (“Johnson”).

⁶ U.S. Patent 5,742,905, filed September 19, 1994 and issued April 21, 1998. Ex. 1008 (“Pepe”).

⁷ U.S. Patent Publication 2003/0128195 A1, filed January 8, 2002 and published July 10, 2003. Ex. 1009 (“Banerjee”).

§ 315(a)(1); *see also* 37 C.F.R. § 42.101(a). § 315(b) bars *inter partes* review if the petitioner is served with a complaint alleging infringement of the patent more than one year before the petition is filed: “[a]n *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.” 35 U.S.C. § 315(b); *see also* 37 C.F.R. § 42.101(b). Section 315(b) provides an exception to the one-year statutory bar when a request for joinder is filed under 35 U.S.C. § 315(c), stating that “[t]he time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection(c).” 35 U.S.C. § 315(b). However, § 315(a)(1) does not provide such an exception.

Our rules specify that a party must file a request for joinder as a motion under 37 C.F.R. § 42.22 no later than one month after institution of the proceeding the party seeks to join. 37 C.F.R. § 42.122(b).

B. 35 U.S.C. § 315(a)(1) and 35 U.S.C. § 315(c)

Neither the Petition nor the Motion addresses whether the Petition is barred under § 315(a)(1). The Petition states only that “Petitioners certify that it is not barred or estopped from requesting *inter partes* review on the grounds proposed herein,” without further explanation. Pet. 3. The Motion purports to be timely because it was filed within one month of institution of the ’1079 IPR, Mot. 1 (citing 37 C.F.R. § 42.122(b)), but the Motion does not address whether the Petition is barred and whether Petitioner may, nonetheless, join the ’1079 IPR.

Patent Owner contends that the Petition is barred under 35 U.S.C. § 315(a)(1) because ZTE (USA) Inc. (“ZTE”)—named Petitioner and real party-in-interest in this proceeding—filed a civil action challenging the

validity of the '970 patent *prior to* filing the Petition. Prelim. Resp. 4. As we noted above, Section 315(a)(1) states that “[a]n 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).

We agree with Patent Owner that § 315(a)(1) bars institution of *inter partes* review in this case. There is no dispute that ZTE is the petitioner and a real party-in-interest in this proceeding. See Pet. 1 (identifying ZTE as the petitioner); see also *id.* at 79 (identifying ZTE as a real party-in-interest). Patent Owner contends, and Petitioner does not dispute, that on October 9, 2018, prior to the December 20, 2018 filing date of the Petition, ZTE filed a complaint for declaratory judgment alleging invalidity of the '970 patent. Prelim. Resp. 4 (citing *ZTE (USA), Inc. v. AGIS Software Development LLC et al.*, No. 4:18-cv-06185 (N.D. Cal.) (filed October 9, 2018) (“ZTE action”)). Because ZTE filed a civil action challenging the validity of the '970 patent before the date on which it filed the Petition, we agree with Patent Owner that *inter partes* review is barred by ZTE’s civil action. 35 U.S.C. § 315(a)(1).

Patent Owner points out that, after the filing of the Petition, Patent Owner informed ZTE that the Petition is barred under 35 U.S.C. § 315(a)(1), and requested the Petition be withdrawn. Prelim. Resp. 4 (citing Ex. 2001). In particular, counsel for Patent Owner sent a letter to counsel for ZTE, stating,

I write to request that ZTE immediately withdraw its frivolous IPR petitions against AGIS . . . in IPR2019-00485 . . . ZTE filed these petitions after filing its October 9, 2018 complaint for declaratory judgment for invalidity of the same patents . . . Section 315(a)(1)

prohibits a declaratory-judgment plaintiff from filing an IPR petition if the plaintiff filed a declaratory judgement complaint for invalidity before filing the IPR petition.

Ex. 2001. Patent Owner alleges that, in a responsive correspondence, “ZTE refused to withdraw its [Petition] without addressing 35 U.S.C. § 315(a)(1).” Prelim. Resp. 4 (citing Ex. 2002). However, although the responsive correspondence from ZTE did not specifically address § 315(a)(1), ZTE disagreed that the Petition is statutorily barred “at least because we filed a joinder petition.” Ex. 2002. We note that Petitioner has not made this argument to the Board in this proceeding. Even if Petitioner had made this argument, it would not have resulted in a different outcome.

Unlike 35 U.S.C. § 315(b), which provides an exception to the statutory time bar when a request for joinder is filed, nothing in the language of § 315(a)(1) indicates that the time bar does not apply if a party files for joinder. Consistent with the plain language of § 315(a)(1), which does not include a joinder exception, the Board has expressly held that a motion for joinder does not exempt a petitioner from the statutory bar under this section. Prelim. Resp. 5 (citing *Colas Sols. Inc. v. Blacklidge Emulsions, Inc.*, Case IPR2018-00243, slip op. at 6, 9 (PTAB Feb. 27, 2018) (Paper 10) (informative)).

Patent Owner also points out that on February 5, 2019, ZTE amended the complaint in the ZTE action, removing the invalidity challenges to the ’970 patent. *Id.* at 4. Patent Owner asserts that this amendment does not remove the statutory bar. *Id.* at 4–5. According to Patent Owner, amending a declaratory judgment action to remove invalidity challenges is akin to a voluntary dismissal of a civil action. *Id.* at 5. Applying the Federal Circuit’s decision in *Click-to-Call Tech., LP v. Ingenio, Inc.*, 899 F.3d 1321, 1338

(Fed. Cir. 2018), which held that voluntary dismissal of a civil action does not remove the statutory bar under § 315(b), Patent Owner argues that amendment of a declaratory judgment action does not remove the statutory bar under § 315(a)(1). Prelim. Resp. 5 (citing *Cisco Sys., Inc. v. Chrimar Sys., Inc.*, Case IPR2018-01511, slip op. at 2, 8 (PTAB Jan. 13, 2019) (Paper 11)). Petitioner has not presented any argument regarding the impact on the statutory bar under § 315(a)(1), if any, of amending the complaint in the ZTE action.

In determining whether amendment of the complaint in the ZTE action impacts the statutory bar in this case, we begin our analysis with the language of the statute. *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1355 (2018) (“[s]tart[ing] where the statute does”). “The first step ‘is to determine whether the language at issue has a plain and unambiguous meaning with regard to the particular dispute in the case.’” *Barnhart v. Sigmon Coal Co., Inc.*, 534 U.S. 438, 450 (2002) (quoting *Robinson v. Shell Oil Co.*, 519 U.S. 337, 340 (1997)). The language of § 315(a)(1) is plain on its face and unambiguous. It states that “[a]n 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). This language refers only to the date on which the petitioner or real party in interest filed the civil action alleging infringement. *Cf. Click-to-Call*, 899 F.3d at 1332 (explaining that § 315(b) “clearly and unmistakably considers only the date on which the petitioner, its privy, or a real party in interest was properly served with a complaint”). Petitioner has not identified, nor do we discern, any language in the statute indicating that amending the complaint in the ZTE action has any impact on the statutory bar. Because the statutory

language is unambiguous, our inquiry regarding statutory interpretation ceases, and we determine that the amendment does not remove the statutory bar. *See id.* (citations omitted) (explaining that “[b]ecause ‘the statutory language is unambiguous and ‘the statutory scheme is coherent and consistent,’ our inquiry ceases”).

For the foregoing reasons, we determine that under the circumstances presented here, institution of *inter partes* review is barred under 35 U.S.C. § 315(a)(1). Therefore, we do not institute an *inter partes* review in this proceeding. In addition, because institution of *inter partes* review is barred under § 315(a)(1) and this section does not provide an exception for joinder under 35 U.S.C. § 315(c), we dismiss Petitioner’s Motion as moot.

C. Additional Arguments by Patent Owner

Patent Owner argues that we should exercise our discretion to deny the Petition under 35 U.S.C. § 314(a). Prelim. Resp. 16–20. Patent Owner also argues that we should deny the Petition for failure to show there is a reasonable likelihood that Petitioner would prevail in demonstrating at least one claim of the ’970 patent is unpatentable. *Id.* at 6–16. Because we deny the Petition on other grounds, *supra* Sec. II.B, we need not, and do not, address Patent Owner’s arguments regarding § 314(a) and patentability.

III. CONCLUSION

For the foregoing reasons, we determine that institution of *inter partes* review is barred under 35 U.S.C. § 315(a)(1). Therefore, we do not institute an *inter partes* review.

IV. ORDER

Accordingly, it is

ORDERED that the Petition is denied and no trial is instituted.

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