

Filed on behalf of: Signify Holdings B.V.

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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LUMINEX INTERNATIONAL COMPANY LTD.,  
Petitioner,  
v.  
SIGNIFY HOLDINGS B.V.,  
Patent Owner.

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Case IPR2024-00101  
U.S. Patent No. 10,299,336

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PATENT OWNER'S PRELIMINARY RESPONSE

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**PATENT OWNER'S EXHIBIT LIST**

| <b>Exhibit No.</b> | <b>Description</b>                                                              |
|--------------------|---------------------------------------------------------------------------------|
| 2001               | Menard's Third-Party Complaint (10/27/22)                                       |
| 2002               | Luminex's Answer to the Third-Party Complaint and Crossclaim (2/27/23)          |
| 2003               | Signify's Complaint for Patent Infringement (8/12/22)                           |
| 2004               | Proof of Service for Signify's Complaint                                        |
| 2005               | Order Granting Motion to Transfer (12/9/22)                                     |
| 2006               | Signify's Infringement Contentions (8/31/22)                                    |
| 2007               | Luminex's Opposition to Motion to Transfer (5/15/23)                            |
| 2008               | Order on Motion to Sever (8/31/23)                                              |
| 2009               | District Court Scheduling Order (10/2/23)                                       |
| 2010               | Black's Law Dictionary                                                          |
| 2011               | Joint Invalidity Contentions (Appendix F) (11/22/23)                            |
| 2012               | U.S. District Court Caseload Statistics                                         |
| 2013               | Amended Luminex's Answer to the Third-Party Complaint and Crossclaim (11/16/23) |
| 2014               | Canarm's Answer and Affirmative Defenses to the Third-Party Complaint (1/25/24) |

## **I. Introduction**

The challenged patent, U.S. Patent No. 10,299,336 (the “’336 patent”), is one of several asserted in a district court litigation currently pending among:

- Patent Owner Signify Holding B.V. (“Signify”) as the plaintiff;
- Menard, Inc. (“Menard”) as the defendant (accused infringer) and third-party plaintiff; and
- Petitioner Luminex International Company, Ltd., (“Luminex” or “Petitioner”) as a third-party defendant and private label supplier relative to Menard.

The public filings in that case establish that the Petition is barred under *both* 35 U.S.C. § 315(a)(1)—because Luminex previously filed a civil action challenging the validity of the ’336 patent—*and* 35 U.S.C. § 315(b)—because Menard is a real party in interest (and/or privy) and was served with Signify’s complaint for infringement more than one year before the filing of the Petition.

For context, on August 26, 2022, Patent Owner Signify served a complaint against Menard asserting infringement of six Signify patents (including the ’336 patent) by Menard-branded products sold by Menard at Menard stores and on Menard’s website. Ex. 2003, ¶ 26; Ex. 2004 (proof of service).

On October 27, 2022, Menard filed a third-party complaint against Petitioner Luminex, among others, asserting a count for “Indemnification and Defense.” Ex.

2001, p. 4. On February 27, 2023, Petitioner Luminex answered Menard’s Third-Party Complaint and admitted that it had a pre-existing contract with Menard that includes language requiring it to ““defend, indemnify, and hold Menard harmless from and against all claims, damages, and/or expense(s) on account of ... any actual or alleged violation or infringement of ... any patent ... arising from Menard’s use, sale or offering for sale of any goods covered by the purchase order and/or services provided by”” Petitioner Luminex. Ex. 2002, p. 7, ¶ 29.

In its pleading, Petitioner Luminex presented a “Cross-Claim” against Signify for “Declaration of Invalidity” of the ’336 patent. Ex. 2002, p. 101. In later filings, Petitioner Luminex confirmed that its invalidity action against Signify was filed under FRCP 14(a)(2)(D) and 13(g). *See, e.g.*, Ex. 2007, pp. 8-9. Rule 14(a)(2)(D) rule states that a third-party defendant (here, Luminex) “*may* also assert against the plaintiff [here, Signify] any claim arising out of the transaction or occurrence that is the subject matter of plaintiff’s claim against the third-party plaintiff [here, Menard].” Rule 13(g) is titled “Crossclaim Against a Coparty.”

On October 25, 2023, more than one year after Signify served its complaint for infringement against Menard, and after Luminex’s crossclaim challenging the validity of the ’336 patent, Petitioner Luminex filed the present Petition.

The Petition is barred under these facts for two independent reasons. ***First***, under 35 U.S.C. § 315(a)(1), the filing of a civil action challenging the validity of

the claims of a patent bars the party that filed that challenge from later pursuing an IPR against the patent. The *only* exception to that bar is for a “counterclaim.” 35 U.S.C. § 315(a)(3). The invalidity claim Petitioner Luminex filed against Signify is not a “counterclaim,” and Luminex has never argued—and cannot argue—otherwise. Indeed, the only party against whom Signify has ever filed a claim for infringement of the ’336 patent is Menard.

*Second*, under 35 U.S.C. § 315(b), “[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.” The Petition argues that it is timely because it was filed within one year of *Menard’s* Third-Party Complaint against Petitioner Luminex. Petition, p. 3. But Menard’s Third-Party Complaint was *for indemnification* not infringement, and allowing that date (rather than the date that Signify served its Complaint against Menard) to set the one-year clock would do the opposite of what the real party in interest and privy requirements are meant to accomplish—namely “to ensure that AIA trials ‘*are not to be used as tools for harassment*’ of patent owners or permit ‘*repeated litigation and administrative attacks* on the validity of a patent.’” *RPX Corp. v. Applications of Internet Time, LLC*, IPR2015-01750, Paper 128, at 9 (PTAB Dec. 4, 2020)

(quoting *Applications in Internet Time, LLC v. RPX Corporation*, 897 F.3d 1336, 1350 (Fed. Cir. 2018)) (emphasis in original).

If anything, Menard’s Third-Party Complaint and Petitioner Luminex’s responsive pleadings demonstrate that Menard demanded Petitioner Luminex take action to defend Menard against the assertion of the ’336 patent and that, in response to that demand, Petitioner Luminex did in fact take action by filing the present IPR Petition. Thus, Menard qualifies as an RPI and/or a privy inasmuch as it was Menard’s demand for action that precipitated the Petition and because the Petition was undertaken for the benefit of Menard. Consequently, because this Petition was filed more than one year after Menard was served with that infringement claim, it is barred under § 315(b). To the extent that Petitioner Luminex argues that its actions here are somehow unrelated to Menard such that Menard is not an RPI or privy, such an argument would only confirm that the Petition is barred under § 315(a)(1) because Petitioner Luminex’s civil action for invalidity, before filing of the Petition, could in no way be considered a “counterclaim” based on Signify’s infringement claim against *Menard*.

**Finally**, trial in the related litigation is scheduled for March 17, 2025. The district court will rule on validity of the ’336 patent (including addressing the same prior art in the Petition) before a final written decision by the Board. Thus, for

reasons detailed below, the Petition should also be discretionarily denied under *Fintiv*.

## **II. Factual Background**

### **A. History of Dispute between Signify and Menard**

On August 12, 2022, Patent Owner Signify filed a Complaint for patent infringement against Menard in the District Court for the Northern District of Ohio. *See* Ex. 2003. Menard was served with the Ohio infringement suit on August 26, 2022. Ex. 2004.

Signify's Complaint against Menard asserted infringement of six Signify patents, including the '336 patent, based on Menard's sale of a variety of products under brands that Menard owns and controls, including the "Patriot Lighting," "MasterForce," and "Smart Electrician" brands. Ex. 2003, ¶ 26. The Complaint identified several dozens of exemplary accused Menard-branded products, included claim charts, and detailed a lengthy history of pre-suit communications between Signify and Menard regarding Signify's accusations against Menard-branded products. Ex. 2003, ¶¶ 26-84; *see* Ex. 2006.

In October of 2022, Menard answered Signify's Complaint and moved to transfer the case from Ohio to the Western District of Wisconsin, where Menard is headquartered. That motion to transfer was ultimately granted (*see* Ex. 2005) and the district court case is now pending in the Western District of Wisconsin. *Signify*

*North America Corporation et al v. Menard, Inc.*, No. 22-cv-00706 (W.D. Wis.) (“Wisconsin Litigation”).

**B. Menard’s Claim for Indemnity Against Petitioner Luminex**

On October 27, 2022, Menard filed a Third-Party Complaint under FRCP 14 against various entities, including Petitioner Luminex, that Menard claimed to be manufacturers of the Menard-branded products Signify accused Menard of infringing. Ex. 2001, p. 1.<sup>1</sup>

In its Third-Party Complaint, Menard asserted claims for contractual indemnification against these entities based on a pre-existing agreement called the “Menards Customer Returns, Defective Goods Policy and Conditions of Order Agreement” (“Menard Agreement”). Ex. 2001, p. 4. In its claim for “Indemnification and Defense by Luminex,” Menard asserted that the Menard Agreement obligated Petitioner to “defend, indemnify, and hold Menard harmless from and against all claims, damages, and/or expense(s) on account of ... any actual or alleged violation or infringement of ... any patent ... arising from Menard’s use, sale or offering for sale of any goods covered by the purchase order and/or services provided by Luminex.” Ex. 2001, pp. 4-5.

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<sup>1</sup> Entitled “Third-Party Practice,” Rule 14(a)(1) states that “[a] defending party may, as third-party plaintiff, serve a summons and complaint on a nonparty who is or may be liable to it for all or part of the claim against it.”

On February 27, 2023, Petitioner, now a third-party defendant in the Wisconsin Litigation, answered Menard's Third-Party Complaint. In its Answer, Petitioner admitted that Menard and Petitioner were parties to the Menard Agreement, that the Menard Agreement had not been terminated, and that the Menard Agreement contained the indemnification and duty to defend language quoted above and in Menard's Third-Party Complaint. Ex. 2002, pp. 5-6.

**C. Petitioner Luminex's Civil Action Challenging Validity of the '336 Patent**

In addition to answering the allegations in Menard's Third-Party Complaint against it, Petitioner relied upon FRCP 14(a)(2) to determine which claims and defenses third-party defendants (here, Petitioner Luminex) "must" or "may" bring against the third-party plaintiff (here, Menard) and the plaintiff (here, Signify). Accordingly, Petitioner also included in its February 27, 2023 pleading crossclaims against Signify, including one seeking a declaratory judgment of invalidity of the challenged claims of the '336 patent. Ex. 2002, pp. 94, 101-102; *see also* Ex. 2013, pp. 120-125. Petitioner asserted its declaratory action under FRCP 14(a)(2)(D) and 13(g). *See* Ex. 2007, 8-9. Notably, FRCP 14(a)(2)(D) states that third-party defendants "may also assert against the plaintiff any claim arising out of the transaction or occurrence that is the subject matter of the plaintiff's claim against the third-party plaintiff." FRCP 13(g) also states that "[a] pleading may state as a

crossclaim any claim by one party against a coparty if the claim arises out of the transaction or occurrence that is the subject matter of the original action.”

#### **D. Additional Factual Background**

Signify moved to dismiss Petitioner’s declaratory judgment crossclaims against Signify on the grounds that it had not sued Petitioner, that it had never asserted any infringement claim against Luminex (who does not sell any of the Menard-branded products at issue in the Wisconsin Litigation), and that the only entity accused of infringing the ’336 patent was Menard, *i.e.*, for selling Menard-branded products. Ex. 2008, pp. 2-6.

Petitioner’s opposition to that motion admitted that, even as to products Petitioner purportedly manufactured for Menard, Signify’s allegations were made “only against Menard,” but nevertheless that “as expressly contemplated by Rule 14, Petitioner alleged twelve Cross-Claims *directly* against Signify.” Ex. 2007, pp. 7-8 (emphasis added). Petitioner cited FRCP 14(a)(2)(D) as allowing its direct claims against Signify “after being named as a Third-Party Defendant in Menard’s Third-Party Complaint.” Ex. 2007, p. 7. Petitioner also explicitly and repeatedly referred to its claims as “Cross-Claims” under FRCP 13(g) and distinguished them from “compulsory counterclaims,” despite explaining that “[t]he ‘transaction or occurrence’ test for cross-claims under Rule 13(g) is the same as the Rule 13(a) test for compulsory counterclaims.” Ex. 2007, p. 8.

On August 31, 2023, in deciding Signify’s motion to dismiss, the Western District Court of Wisconsin determined that Petitioner had standing to assert its declaratory judgment claims based on Signify’s infringement allegations against Menard for Menard-branded products allegedly manufactured by Petitioner, and acknowledged that Petitioner did not dispute the prior and continued existence of a contractual language stating its obligation to defend, indemnify, and hold harmless Menard. Ex. 2008, p. 15. The Court also stayed “discovery and all other proceedings about indemnification until liability is determined on Signify’s claims” against Menard, and further stated that it “expects Menard and the third-party defendants to coordinate a litigation strategy.” Ex. 2008, p. 5.

Subsequent to that order, Petitioner filed the present Petition and Petitioner and Menard jointly filed invalidity contentions that, for the ’336 patent, include all of the references cited in the present Petition. *See* Ex. 2011, Exhibit F.

The trial before the Western District Court of Wisconsin is presently set for March 17, 2025. Ex. 2009, p. 9.

### **III. Luminex’s Petition is Barred Under 35 U.S.C. § 315(a)**

#### **A. Crossclaims Are Not Counterclaims**

Under § 315(a)(1) “[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.”

The *only* exception to that prohibition is provided in § 315(a)(3), which states: “A counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging the validity of a claim of a patent for purposes of this subsection.” As set forth below, Petitioner’s claim for declaratory judgment of invalidity against Signify is a civil action triggering § 315(a)(1)’s prohibition, and Petitioner’s invalidity crossclaim is *not* a “counterclaim” saved by § 315(a)(3). Accordingly, the present Petition is barred.

To begin, Petitioner’s declaratory judgment claim for invalidity triggers § 315(a)(1). According to Black’s law Dictionary, an “action” is “the legal and formal demand of one’s right from another person or party made and insisted on in a court of justice” and a “civil action” is simply an “[a]ction brought to enforce, redress, or protect private rights.” Ex. 2010, p. 28. Consistent with this definition, the Board has confirmed that declaratory judgment claims for invalidity are civil actions that trigger 315(a)(1)’s bar unless they qualify as “counterclaims” under 315(a)(3). *See, e.g., Dr. Reddy’s Laboratories, Inc. v. Horizon Pharma USA, Inc. et al.*, IPR2017-01995, Paper 77, at 5-6 (PTAB Aug. 12, 2019) (barring petition based on an earlier declaratory judgment that was “merely characterized as ‘counterclaims.’”); *see also* 157 Cong. Rec. S5429 (daily ed. Sept. 8, 2011) (statement of Sen. Kyl) (“The Senate bill, at proposed sections 315(a) and 325(a), would have barred a party or his real party in interest from seeking or maintaining

an inter partes or post grant review after he has filed a declaratory judgment action challenging the validity of the patent. The final bill will still bar seeking IPR or PGR after a declaratory-judgment action has been filed, but will allow a declaratory-judgment action to be filed on the same day or after the petition for IPR or PGR was filed.”).

Section 315(a)(3) provides only one exception to section 315(a)(1)’s bar—a counterclaim. Petitioner’s declaratory judgment claim for invalidity is not a counterclaim. Petitioner has conceded that Signify had never filed an infringement claim against Petitioner. Ex. 2007, 7 (admitting Signify’s infringement claims were made “only against Menard”). Petitioner has also conceded that its crossclaim was filed “directly against” Signify as a permissive claim under FRCP 14(a)(2)(D), which states that “[t]he person served with the summons and third-party complaint—the ‘third-party defendant’: ... (D) *may* also assert against the plaintiff any claim arising out of the transaction or occurrence that is the subject matter of the plaintiff’s claim against the third-party plaintiff.” Ex. 2007, p. 7 (emphasis added). In other words, Petitioner was in no way compelled to assert its claim against Signify.

Furthermore, Petitioner repeatedly and consistently referred to its claim as a “crossclaim,” citing FRCP 13(g). Ex. 2002, pp. 94, 95, 101; Ex. 2013, p. 96; Ex. 2007, pp. 2, 4, 7-9, 22. This understanding is consistent with Black’s Law

Dictionary, which indicates that the accepted meaning of counterclaim does not encompass a crossclaim. Black's law Dictionary defines a "counterclaim" as "[a] claim presented *by a defendant* in opposition to or deduction from the claim of the plaintiff." Ex. 2010, p. 349 (emphasis added). Black's Law Dictionary also states that "'crossclaims against co-parties are governed in the federal district courts and in most state trial courts by Rule of Civil Procedure 13(g)." Ex. 2010, p. 375. Black's Law Dictionary distinguishes crossclaims and counterclaims by explaining that "'Crossclaims' are litigated by parties on the same side of the main litigation, while 'counterclaims' are litigated between opposing parties to the principal action." Ex. 2010, p. 375. Thus, crossclaims and counterclaims are distinct actions under the ordinary and accepted meanings for those terms.

Even if Petitioner had chosen to style its claim as a "counterclaim"—which it did not—that would not be sufficient to save its Petition. Indeed, the Board has stated that "we interpret § 315(a)(3) as exempting counterclaims that do not survive dismissal of the main case (compulsory counterclaims), but not declaratory judgment actions merely characterized as 'counterclaims.'" *Dr. Reddy's*, IPR2017-01995, Paper 77, at 5-6. Here, Petitioner's declaratory judgment claim was neither compulsory nor a counterclaim. It was not compulsory because it was filed under Rule 14(a)(2)(D), which only *permits* third-party defendants such as Petitioner to file claims directly against original action plaintiffs such as Signify. And it was not

a counterclaim because Signify and Petitioner were not opposing parties in any action prior to Petitioner's filing of a declaratory action—indeed the only party Signify opposed at that time was Menard.

Accordingly, Petitioner cannot argue now that it was somehow compelled to file a counterclaim against Signify—to the contrary, Petitioner's decision to file a direct claim against Signify was made entirely on its own.

Furthermore, FRCP 14 describes a specific set of facts—not present here—in which a claim by a third-party defendant such as Petitioner could be filed as a compulsory counterclaim. After Menard filed its Third-Party Complaint, FRCP 14 governs what claims Signify and Petitioner could proactively file against each other. Accordingly, while Rule 14(a)(2) governs the claims Petitioner could file against Menard and Signify, Rule 14(a)(3) governs the claims Signify could have filed against Petitioner. In full, Rule 14(a)(3) states:

*Plaintiff's Claims Against a Third-Party Defendant. **The plaintiff may assert against the third-party defendant** any claim arising out of the transaction or occurrence that is the subject matter of the plaintiff's claim against the third-party plaintiff. **The third-party defendant must then** assert any defense under Rule 12 and **any counterclaim under Rule 13(a)**, and may assert any counterclaim under Rule 13(b) or any crossclaim under Rule 13(g).*

Accordingly, after Menard filed its Third-Party Complaint, FRCP 14(a)(3) permitted (but did not require) Signify to then file its own infringement claim directly against Petitioner based on the same “transaction or occurrence” test—regardless of how Petitioner chose to answer Menard’s Third-Party Complaint. For example, even if Petitioner had chosen to only answer Menard’s allegations and not file any claims against Signify, Signify could still have filed a claim for infringement of the ’336 patent directly against Luminex under Rule 14(a)(3). If Signify had done so, Rule 14(a)(3) states that Petitioner (then in direct opposition to Signify) “must then assert ... any counterclaim under Rule 13(a)” against Signify. A claim filed under that set of facts—not present here—would be a compulsory counterclaim. Petitioner has admitted, however, that its claim was filed under Rule 14(a)(2), the rule governing permissive crossclaims that Petitioner was allowed (but not required) to file against Signify. Ex. 2007, p. 7.

In addition, Petitioner could have preserved its ability to file a timely Petition otherwise in compliance with § 315(b) had it simply have raised invalidity as a defense in the Wisconsin Litigation.<sup>2</sup> In fact, other Third-Party Defendants in the Wisconsin Litigation raised invalidity as a defense, but did not assert it as a crossclaim. *See, e.g.*, Ex. 2014, p. 26. Petitioner, however, made a deliberate

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<sup>2</sup> Rule 14(a)(2)(C) states that third-party defendants [Luminex] “may assert against the plaintiff [Signify] any defense that the third-party plaintiff [Menard] has to the plaintiff’s claim.”

decision to file a civil action challenging the validity of the claim of the '336 patent in the Wisconsin Litigation prior to filing this IPR. Because Congress chose to provide an exception for only counterclaims, Petitioner's previously-filed declaratory judgment claim (whether styled a "crossclaim" or otherwise) triggers a bar to institution under § 315(a)(1).

Consequently, institution should be denied.

#### **B. Supreme Court Precedent Supports Barring Institution**

The U.S. Supreme Court has articulated guidelines on interpreting statutes, which the Federal Circuit and the Board have followed in interpreting § 315, all of which support barring institution here.

To begin, it is settled that judicial bodies are to "construe a statutory term in accordance with its ordinary or natural meaning," absent a specialized definition in the statute. *FDIC v. Meyer*, 510 U.S. 471, 476 (1994). Further, where the words of a statute are clear and unambiguous, the court need not inquire any further into the meaning of the statute. *Desert Palace, Inc. v. Costa*, 539 U.S. 90, 98-99 (2003). As detailed above, Black's Law Dictionary, the Federal Rules of Civil Procedure, and the statute itself demonstrate that Congress did not intend the reference to "counterclaim" in § 315(a)(3) to include a "crossclaim." Further, in understanding the plain meaning of a term, the U.S. Supreme Court instructs looking to elsewhere in U.S. Code. *See Stewart v. Dutra Constr. Co.*, 543 U.S. 481, 489 (2005)

(“Congress provided a definition elsewhere”); *Sullivan v. Stroop*, 496 U.S. 478, 483 (1990) (holding that “child support” in the AFDC statute is restricted to that term’s specialized use in the Child Support program under the Social Security Act); *Morissette v. United States*, 342 U.S. 246, 263 (1952) (“where Congress borrows terms of art in which are accumulated the legal tradition and meaning of centuries of practice, it presumably knows and adopts the cluster of ideas that were attached to each borrowed word in the body of learning from which it was taken and the meaning its use will convey to the judicial mind unless otherwise instructed. In such a case, absence of contrary direction may be taken as satisfaction with widely accepted definitions, not as departure from them.”).

As established above, under FRCP 13 and 14, counterclaims and crossclaims are distinguished. The FRCP is an appendix to Title 28 of the U.S. Code. Thus, Congress provided the FRCP to govern, *inter alia*, patent enforcement actions under Title 28, which title is invoked in the AIA. Thus, the meaning of counterclaims and crossclaims are dictated and defined by Congress’ prior articulation of the FRCP.

The title of FRCP 13 is “Counterclaim and Crossclaim,” with each concept being addressed separately. FRCP 14 sets forth “Third-Party Practice” and separately discusses the options and requirements for counterclaims and crossclaims. Because Congress defined, in a related statute, counterclaims as

distinct from crossclaims, and chose to provide an exception for only counterclaims, a prior crossclaim triggers a bar to institution under § 315(a)(1).

Additionally, the U.S. Supreme Court has explained that silence is a significant indicator of meaning, especially when Congress has consistently used particular language in similar laws. *Director, OWCP v. Newport News Shipbuilding Co.*, 514 U.S. 122, 130 (1995) (agency in its governmental capacity is not a “person adversely affected or aggrieved” for purposes of judicial review); *see also United States v. Bestfoods*, 524 U.S. 51, 62 (1998); *Whitman v. American Trucking Ass’ns, Inc.*, 531 U.S. 457, 468 (2001) (“Congress ... does not alter the fundamental details of a regulatory scheme in vague terms or ancillary provisions—it does not ... hide elephants in mouseholes.”); *MCI Telecommunications Corp. v. AT&T*, 512 U.S. 218, 231 (1994) (conferral of authority to “modify” rates was not a cryptic conferral of authority to make filing of rates voluntary).

Here, Congress was silent as to crossclaims, despite being clear about the distinction between counterclaims and crossclaims in the FRCP. Thus, Congress’ decision to remain silent on crossclaims should be interpreted as purposeful.

Similarly, where Congress has elected to set forth categories with “particularization and detail,” broadening a stated category to include another would amount to “enlargement” of the statute rather than “construction” of it.

*Iselin v. United States*, 270 U.S. 245, 250 (1926); *see also Lamie v. United States Trustee*, 540 U.S. 526, 538 (2004) (courts should not add an “absent word” to a statute; ““there is a basic difference between filling a gap left by Congress’ silence and rewriting rules that Congress has affirmatively and specifically enacted”” (quoting *Mobil Oil Corp. v. Higginbotham*, 436 U.S. 618, 625 (1978)). Indeed, “[w]here Congress explicitly enumerates certain exceptions to a general prohibition, additional exceptions are not to be implied, in the absence of a contrary legislative intent.” *Andrus v. Glover Const. Co.*, 446 U.S. 608, 616-17 (1980) (citing *Continental Casualty Co. v. United States*, 314 U.S. 527, 533 (1942)).

Here, Congress chose to specifically identify only one kind of civil action as an exception—a counterclaim. Given that Congress distinguished counterclaims and crossclaims in FRCP 13 and 14, while identifying only one of those two categories as the exception in § 315(a)(3), that must be interpreted as an intent to exclude the other category from the exception.

The Board itself has recognized Congress’ specificity in drafting the AIA. In *Cisco Systems, Inc. v. Chrimar Systems, Inc.*, the Board determined that “Section 315(a)(1) does not include an exception for a civil action that was dismissed without prejudice.” IPR2018-01511, Paper 11, at 6 (PTAB Jan. 31, 2019). The Board explained that, for example, “Congress demonstrated that it knew how to

provide an exception to a statutory bar by including an exception to the § 315(b) time bar for a joinder request .... Thus, Congress could have included an exception to the § 315(a)(1) bar for a civil action that was dismissed without prejudice, but did not.” IPR2018-01511, Paper 11, at 6. The Board relied on *Click-To-Call Techs., LP v. Ingenio, Inc.* on this point, in which the Federal Circuit sitting *en banc* determined that the § 315(b) time bar applies even when a previous civil action was dismissed voluntarily without prejudice. 899 F.3d 1321, 1328 n.3 (Fed. Cir. 2018) (*en banc*). *Click-To-Call* similarly reasoned that § 315(b)’s time bar “does not contain any exceptions or exemptions for complaints served in civil actions that are subsequently dismissed, with or without prejudice.” *Id.* at 1330. In so ruling, the court looked to the plain and unambiguous language of the statute, and reasoned that Congress knew how to identify exceptions to the statutory bar it was proscribing, could have easily chosen to include exceptions that it did not, and that courts must avoid adding language to the applicability of a statute that do not appear in the provision’s text. *Id.* at 1330-31.

The same logic applies here—Congress could have, but did not, provide an exception for crossclaims.

**C. The D.C. Appeals Court Has Determined that a Crossclaim Is Not a Counterclaim**

Applying the same statutory analysis, the D.C. Appeals Court addressed the D.C. Code’s mention of a “counterclaim” in *McCray*. That case addressed whether

the Small Claims and Conciliation Branch of the Superior Court had jurisdiction to consider a crossclaim. *McCray v. McGee*, 504 A.2d 1128, 1130 (D.C. 1986). The relevant statute gave the Branch jurisdiction over limited controversies and specifically stated the circumstances under which counterclaims could “remain in the Branch.” *Id.* The statutory exception did not mention crossclaims. *Id.*

Because the relevant section of the statute did not mention “crossclaims,” the appellant contended that the Branch lacked jurisdiction over the crossclaim in the case. *McCray*, 504 A.2d at 1129. While the Appellee argued that crossclaim “is essentially the same” as a counterclaim, the D.C. court sided with the appellant. *Id.* at 1130. The Court noted that other parts of the D.C. Code refer to both counterclaims and crossclaims. *Id.* Consequently, the Court determined that, because both crossclaims and counterclaims are specifically mentioned in the statute, Congress’ specificity with respect to one must indicate an exclusion of the other. *Id.* (“Because both cross-claims and counterclaims are specifically mentioned in [one part of the statute], Congress plainly could not have intended to include one within the other in [another section of the statute]”). The Court further reasoned that it “cannot stretch the statutory language to hold that Congress also intended to deviate from the general rule with respect to cross-claims, a type of pleading as to which it was silent.” *Id.*

The same reasoning applies here. Indeed, Congress has made explicitly clear in the FRCP that crossclaims and counterclaims are distinct forms of action (and that it understands the difference between the two forms). Thus, by identifying only counterclaims as an exception to § 315(a)(1), Congress clearly intended not to include crossclaims as an exception.

Petitioner's challenge to the validity of the claims of the patent was properly in the form of a crossclaim rather than a counterclaim because Signify has not sued Petitioner for infringement. Indeed, Petitioner itself admitted this. *See* Ex. 2007, 2. Notably, Petitioner could simply have raised invalidity as a defense in the Wisconsin Litigation. In fact, as discussed above, other Third-Party Defendants in the Wisconsin Litigation raised invalidity as a defense. *See, e.g.,* Ex. 2014, p. 26. Petitioner, however, made a deliberate decision to file a crossclaim challenging the validity of the claims of the '336 patent prior to filing this IPR and, thus, triggered the bar under § 315(a)(1).

Consequently, institution should be denied.

#### **IV. Menard is a Time-Barred RPI and/or Privy**

The filings in the parallel district court proceeding demonstrate Menard is at least one of an RPI and a privy. Because Menard's one-year window for filing an IPR had expired at the time of filing this Petition (as detailed above), the Petition is time-barred under 35 U.S.C. § 315(b). And, to the extent that Petitioner argues that

Menard is neither an RPI nor a privy and that its actions are not related to Menard, then such an admission only strengthens the case that Petitioner is barred based on its previously filed declaratory judgment claim against Signify not qualifying as a counterclaim. Petitioner cannot have it both ways by attempting to stand in the shoes of Menard with respect to § 315(a)—since Menard was the only party capable of filing a “counterclaim” against Signify—while simultaneously distancing itself from Menard with respect to the RPI/privy analysis.

**A. The Petition Applies § 315(b) Incorrectly**

To begin, the Petition erroneously assumes that its filing was timely because it was filed within one year of Menard’s Third-Party Complaint against Petitioner. Pet. at 3. But § 315(b) is titled “Patent Owner’s Action” and starts the one-year clock upon service by the Patent Owner of a complaint for infringement. Here, Petitioner points to service of a Third-Party Complaint by Menard *for contractual indemnification*. The Petition fails to consider the actual infringement complaint, which was filed against Menard, an RPI/privy, more than one year before the filing of the present Petition.

As a policy matter, if Petitioner’s position were accepted, it would allow an accused infringer such as Menard—rather than a patent owner—to extend the time a Petition could be filed well beyond the one-year window after it is served with a complaint, because Menard (as the accused infringer) determined whether and

when it served Petitioner with Menard’s Third-Party Complaint for “Indemnity and Defense.” That is precisely what happened here, and the Board should reject Petitioner’s (or Menard’s) attempt to manipulate the timing of the one-year window to file a petition against the ’336 patent.

**B. Menard is an RPI**

According to the Federal Circuit, “[d]etermining whether a non-party is a ‘real party in interest’ demands a flexible approach that takes into account both equitable and practical considerations, with an eye toward determining whether the non-party is a *clear beneficiary that has a preexisting, established relationship with the petitioner.*” *Applications in Internet Time*, 897 F.3d at 1351 (emphasis added).

The Board follows this approach. *Ventex Co., Ltd. v. Columbia Sportswear North America, Inc.*, IPR2017-00651, Paper 152, at 10 (PTAB Jan. 24, 2019) (precedential) (“the Court in *AIT* invites a ‘flexible approach’ in the real party in interest query that focuses on whether a ‘non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner.’”). In *Ventex*, the petitioner (Ventex) was a supplier to an accused infringer (Seirus) in parallel district court litigation, and was obligated under a pre-existing “Supplier Agreement” “to indemnify, defend and hold harmless Seirus ... from and against any and all claims, demand, damages, liabilities, losses, costs and expenses (including without

limitation, attorney's fees and costs), of any nature whatsoever, which arise from [Ventex's] failure to perform its obligations." *Ventex*, IPR2017-00651, Paper 152, at 7. The language in Petitioner Luminex's pre-existing contract as a supplier for Menard contains remarkably similar language. *Compare* Ex. 2001, pp. 4-5 (obligating Petitioner to "defend, indemnify, and hold Menard harmless from and against all claims, damages, and/or expense(s) on account of ... any actual or alleged violation or infringement of ... any patent ... arising from Menard's use, sale or offering for sale of any goods covered by the purchase order and/or services provided by Luminex.").

Also, in *Ventex*, the accused products could only be sold by the accused infringer Seirus, which matches the facts here inasmuch as the only products accused of infringement are those sold by Menard under brands owned by Menard. *Id.* at 7; *see* Ex. 2003, ¶ 26. Under these facts, the Board in *Ventex* found that "these circumstances readily reveal that the parties had a mutual interest in the continuing commercial and financial success of each other," and that "the subject of infringement allegations tied to the [challenged patents] incentivizes both parties to invalidate claims of the [challenged patents]." *Id.*, at 8. Accordingly, the Board found that:

"[i]n that sense, [the accused infringer] Seirus is a clear beneficiary of [the petitioner] Ventex's efforts in this *inter partes* review, and it

follows readily that Ventex represents Seirus's interests in this proceeding. Importantly, Ventex seeks relief in this forum that Seirus is barred under § 315(b) from seeking for itself. As in *AIT*, the evidence suggests that Ventex filed this action, in part, to benefit Seirus. See *AIT*, 897 F.3d at 1353.

*Ventex*, IPR2017-00651, Paper 152, at 8.

Here, Menard's demand for defense by Petitioner was publicly made in a court filing, with defendant Menard filing a complaint demanding that Petitioner defend it against the infringement charge by Signify. Ex. 2001, ¶¶ 23-29. Petitioner acknowledged a contract that required it to defend Menard and, in fact, complied with that demand by challenging the validity/patentability of the '336 patent both in the Wisconsin Litigation and in this IPR. Ex. 2002, pp. 6-7, 101; Ex. 2013 (Amended Answer), pp. 6-7, 96, 120-125. Importantly, Menard's demand was specific to having Petitioner "defend as a matter of first defense and payment, not as a matter of reimbursement." Ex. 2001, ¶ 29. Petitioner clearly answered that call. Under these circumstances, Menard is an RPI because it is the "clear beneficiary that has a preexisting, established relationship with the petitioner."

*Applications in Internet Time*, 897 F.3d at 1351.

In fact, in addition to the contractual relationship, as noted above, there can be no doubt that Petitioner is acting in Menard's interests with respect to its acts in

the district court litigation. Months before the Petition was filed, the Western District Court of Wisconsin ordered that all discovery and proceedings about indemnification would be stayed until Menard's liability is determined. Ex. 2008, 5. The Court also specifically ordered "Menard and the third-party defendants [including Luminex] to coordinate a litigation strategy, acting as a united front whenever possible." *Id.* Thereafter, Menard and Petitioner filed joint invalidity contentions, which set forth the prior art relied upon in the present petition. Ex. 2011, Exhibit F. Thus, Luminex's Petition takes the untenable position that it and Menard share the same interest in the district court litigation involving the same challenged patent and same prior art, and triggered by the same request for contractual indemnification regarding the same Menard-branded products, but somehow not RPIs with respect to this IPR Petition.

To the contrary, these undisputed facts demonstrate that Menard should have been named as an RPI, and that because Menard was served with a complaint alleging infringement of the '336 patent more than one year before the Petition was filed, the Petition is time barred under § 315(b).

**C. Menard is in Privity with Petitioner**

Furthermore, privity may be demonstrated by "(1) an agreement between the parties to be bound; (2) pre-existing substantive legal relationships between the parties; (3) adequate representation by the named party; (4) the non-party's control

of the prior litigation; (5) where the non-party acts as a proxy for the named party to relitigate the same issues; and (6) where special statutory schemes foreclose successive litigation by the non-party (e.g., bankruptcy and probate).” *Applications in Internet Time*, 897 F.3d at 1360 (Reyna, J., concurring) (citing *Taylor v. Sturgell*, 553 U.S. 880, 894-95 (2008)). Any one factor can support a showing of privity. *Id.* Privity “prevent[s] successive challenges to a patent by those who previously have had the opportunity to make such challenges in prior litigation.” *Id.* at 1319.

Here, Petitioner and Menard satisfy, at least, factors 2 and 5. In that regard, in *Ventex*, privity was demonstrated, in part, through a pre-existing legal agreement between the parties governing the exclusive products accused of infringement, and in which one party agreed to indemnify and defend the other—the circumstance here. *Ventex*, IPR2017-00651, Paper 152, at 12. *Ventex* also pointed to the fact that the parties’ “interests were aligned” and the IPR would directly benefit the unnamed party—again the circumstances here. *Id.*, at 15. Other facts in the present case support a finding of privity. For example, Menard has publicly demanded Petitioner to take action. Further, the filings demonstrate that Petitioner is unquestionably defending Menard from the ’336 patent in the district court and, thus, is also a “proxy” for Menard in this IPR. Thus, Menard also qualifies as a privity to Petitioner.

Given the facts admitted in district court filings by both Menard and Petitioner, Menard is at least one of an RPI and a privy. Because Menard's one-year window for filing an IPR had expired at the time of filing this Petition, the Petition is time-barred under 35 U.S.C. § 315(b).

**V. The Petition Should be Denied Under *Fintiv***

Under 35 U.S.C. § 314(a), the Board has discretion to deny institution of an IPR petition due to the advanced state of parallel district court litigation regarding the same issues. *See NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8, at 19-21 (PTAB Sept. 12, 2018) (precedential). The Board has set forth six factors for determining whether discretionary denial in light of such parallel litigation is appropriate (the "Fintiv factors"):

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;

5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board's exercise of discretion, including the merits.

*Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, at 5-6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv I*”); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15, at 7-17 (PTAB May 13, 2020) (informative) (“*Fintiv IP*”) (decision denying institution of IPR); *see also Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation* (dated June 21, 2022) (“*Interim Discretionary Denial Memo*”). “These factors relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding.” *Fintiv I* at 6. In evaluating the factors, “the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.*

**A. First Factor - whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted**

In the parallel district court proceeding involving the '336 patent, the district court has not granted a stay pending IPR and no request for a stay has been made. Further, there is no reason to believe that a stay of the Wisconsin Litigation would be granted even if this IPR were instituted. There are six patents involved in this

case, with the '336 patent being the only patent challenged in an IPR. *See* 2003, p. 1.

**B. Second Factor - proximity of the court's trial date to the Board's projected statutory deadline for a final written decision**

Should there be institution, the Final Written Decision would be expected in late May of 2025. The current trial date of the parallel district court proceeding is set for March 17, 2025, which would occur before the time for the Final Written Decision.

Per the Director's guidance, the Board should also look to the median time to trial for the relevant jurisdiction. *Interim Discretionary Denial Memo*, at 8-9. For the Western District of Wisconsin, the median time to trial (from filing) has varied significantly over the last five years, from 20.5 months to 40.5 months, with no durations reported in some years. Ex. 2012, p. 53. Thus, the statistics are not particularly helpful here.

Using the scheduled trial date, this factor weighs against institution.

**C. Third Factor - investment in the parallel proceeding by the court and the parties**

This factor relates to the "amount and type of work already completed in the parallel litigation by the court and the parties at the time of the institution decision." *Fintiv I* at 9. For example, "if, at the time of the institution decision, the district court has issued substantive orders related to the patent at issue in the petition," this factor

favors denial. *Id.* at 9-10. “Likewise, district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.” *Id.* at 10.

In this regard, the parties in the Wisconsin Litigation have already exchanged infringement and invalidity contentions and served substantial written discovery and have begun claim construction proceedings. Expert reports on patent validity are due to be served in March and May of 2024, before a decision on institution is likely. Ex. 2009, 4. Thus, this factor weighs against institution.

**D. Fourth Factor - overlap between issues raised in the petition and in the parallel proceeding**

This factor looks at “whether all or some of the claims challenged in the petition are also at issue in district court,” and whether the “petition includes the same or substantially the same claims, grounds, arguments, and evidence” as the parallel district court case. *Fintiv I* at 12-13.

Validity/patentability of the claims of the ’336 patent are at issue in both this IPR and the parallel district court proceeding. In this regard, Petitioner’s invalidity contentions in the Wisconsin Litigation identify the same Chaimberg, Roberge, Halliwell, and Reiff references asserted in the grounds in the present petition as prior art to be relied upon in the district court case. *Compare* Pet., 15 *with* Ex. 2011, Exhibit F, p. 1. Although the district court invalidity contentions involve

additional references (the Cree, Macias, Kuwu, Chou, Ducharme, Vanwinkle, and Chen secondary references (*see* Ex. 2011, Exhibit F)), this fact is “not relevant to the question of the degree of overlap for this factor.” *Fintiv II* at 15. Petitioner’s challenges are thus substantively cumulative of the issues the district court will address in the parallel proceeding because they relate to the same subject matter and the same prior art.

Thus, this factor also weighs against institution.

**E. Fifth Factor - whether the petitioner and the defendant in the parallel proceeding are the same party**

While not the defendant as to infringement, Petitioner is a third-party defendant in the counterpart litigation and is challenging the validity of the ’336 patent. This factor is intended to establish that the petitioner is fully represented in the parallel proceeding, such that the parallel proceeding provides the petitioner with an alternative opportunity to challenge the patent. Here, that principle is clearly met where it was Petitioner itself that filed a declaratory action challenging the validity of the ’336 patent, thus opting for the district court to be its preferred route for challenging validity. Thus, this factor also weighs this factor weighs against institution.

**F. Sixth Factor - other circumstances that impact the Board's exercise of discretion, including the merits.**

This factor looks at “other circumstances that impact the Board’s exercise of discretion, including the merits.” *Fintiv I* at 9. With regard to the merits, the Board has made clear that this factor requires a specific showing that there is a high likelihood of success. *Commscope Technologies LLC, v. Dali Wireness, Inc.*, IPR2022-01293, Paper 23, at 3-6 (PTAB Feb. 27, 2023) (precedential).

With respect to the sixth factor, Petitioner cursorily offers that the claimed CCT switch of the ’336 patent was known and, therefore, Petitioner believes it is “highly likely” that it will prevail. Pet., 4. This does nothing more than parrot the standard stated in *Commscope*. *Commscope*, IPR2022-01293, Paper 23, at 3-6.

Petitioner neither provides a compelling rationale to support its naked assertion of a high likelihood, nor addresses the controlling law on this issue set forth in *Commscope*. *See Id.* *Commscope* explained that the “highly likely” standard requires a clear articulation of the reasoning as to why the case presents a challenge that exceeds the normal standard for institution. *Id.* at 5. That case also makes clear that the analysis must strike a balance with the risk of a conflicting outcome with the district court. *Id.* Petitioner has failed to address either of these issues. Having failed to provide sufficient reasoning with respect to these issues, the Board is left with no substantive argument on the sixth factor to consider, and

should not be compelled to make one up out of whole cloth. And, it is Patent Owner's opinion that it is not highly likely that Petitioner will prevail.

For this reason, absent any real showing of compelling merits, this factor weighs in favor of denial.

**VI. Conclusion**

For the reasons above, Patent Owner submits that *inter partes* review should not be instituted.

Respectfully submitted,

February 22, 2024

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## **CERTIFICATE OF COMPLIANCE**

Pursuant to 37 C.F.R. § 42.24(d), I hereby certify that the foregoing Patent Owner's Preliminary Response Under 37 C.F.R. § 42.107 contains 7,515 words as measured by the word processing software used to prepare the document, excluding the cover page, signature block, and portions exempted under 37 C.F.R. § 42.24(a).

Respectfully submitted,

February 22, 2024

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## CERTIFICATE OF SERVICE

I certify that a copy of Patent Owner's Preliminary Response Under 37 C.F.R. § 42.107, including Patent Owner's Exhibits, was served to Petitioner by causing it to be sent by email to counsel for Petitioner at the following email address:

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