

Filed on behalf of: Signify Holdings B.V.

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LUMINEX INTERNATIONAL COMPANY LTD.,
Petitioner

v.

SIGNIFY HOLDINGS B.V.,
Patent Owner

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

**PATENT OWNER'S REQUEST FOR REHEARING OF DIRECTOR
REVIEW SUPPLEMENTAL OPINION**

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Patent Owner (“Signify”) respectfully submits that the Director Review Supplemental Opinion (Paper 20; “Director Opinion” or “Dir. Op.”) erred, as a matter of law, in concluding that Petitioner’s (“Luminex”) filing of a self-styled “cross-claim” against Signify seeking a declaratory judgment of invalidity of U.S. Patent No. 10,299,336 (“’336 Patent”) does not constitute “fil[ing of] a civil action” under 35 U.S.C. § 315(a) to bar institution of this IPR proceeding.

The Director, in addressing Signify’s arguments that § 315(a) bars institution (POPR (Paper 6) at 9-21; Sur-Reply (Paper 9) at 1-4), ruled that Luminex “did not file ‘a civil action’ under the meaning of § 315(a)(1) because its ‘cross-claim’ did not commence ‘a civil action.’” Dir. Op. at 27; *id.* at 26 (“§ 315(a)(1) is implicated only by filing an original complaint that commences ‘a civil action.’”). Rehearing of the Director Opinion’s statutory interpretation is warranted for four reasons.

First, the Director Opinion misapprehended the statutory text of § 315(a)(1) and the Federal Rules of Civil Procedure—Luminex’s declaratory judgment claim is “a civil action” under both.

Second, the Director Opinion misapprehended the meaning of § 315(a)(3) and overlooked binding law confirming that section’s relevance to § 315(a)(1).

Third, the Director Opinion misapprehended the relevance and meaning of the legislative history cited in the Opinion.

Fourth, the Director Opinion overlooked how its ruling on § 315(a) is

conflicts with its ruling that Luminex’s petition was not barred under § 315(b).

I. Factual Background

On August 12, 2022, Signify sued Menard, Inc. (“Menard”) in district court, alleging infringement of various patents, including the ’336 Patent, by Menard-branded products sold by Menard. Ex. 2003. Signify did not sue Luminex.

On October 27, 2002, in the same docket, Menard filed a third-party complaint against Luminex and others, asserting claims for indemnity. Ex. 2001.

On February 27, 2023, Luminex filed its responsive pleading to Menard’s third-party complaint, both (i) answering Menard’s indemnity claims and (ii) asserting a declaratory judgment claim against Signify under Fed. R. Civ. P. 14 seeking invalidity of the ’336 Patent. Ex. 2002.

On October 25, 2023, Luminex filed its IPR petition. Paper 1.

II. The Director Opinion Misapprehended the Statutory Text of Section 315(a)(1) and the Federal Rules

Section 315(a)(1) bars institution when the petitioner has “filed a civil action challenging the validity of a claim of the patent” before filing its IPR petition. The Director, however, narrowly interpreted this prohibition to only “bar[] a party from *commencing a suit by filing a complaint* in district court challenging the validity of a claim of a patent and then filing an IPR petition.”¹ Dir. Op. at 25. As a result,

¹ Emphasis added throughout.

the Director improperly interpreted “filed a civil action” in § 315(a)(1) such that it could never apply to claims introduced in a responsive pleading. *Id.* at 26. This was error because the term “civil action” as used in § 315(a)(1) is not limited to a new “complaint.”

The Director’s Opinion relies on Fed. R. Civ. P. 3, which states that “[a] civil action is commenced by filing a complaint with the court.” *Dir. Op.* at 25. But Rule 3 does not limit the definition of “civil action” to an original complaint. Under the Federal Rules, *all* actions are civil actions. *See* Fed. R. Civ. P. 2 (“There is only one form of action—the civil action.”). Claims included in a single docket are each separate civil actions that “commence” when they are first pleaded in a filing with the court. *See Dir. Op.* at 27 (acknowledging that “claims may be considered equivalent to a ‘complaint’ in some circumstances”).

The Federal Rules repeatedly and consistently confirm that claims are treated as civil actions that can be dismissed or adjudicated as separate actions and can be severed into separate dockets or consolidated into a single docket. *See* Fed. R. Civ. P. 12, 42, 56. Indeed, Rule 41 governs “Dismissal of *Actions*” and applies in the same way to both (i) actions filed by a plaintiff and (ii) “any counterclaim, crossclaim, or third-party claim.” *See* Fed. R. Civ. P. 41(c).

Furthermore, because it presents an affirmative claim for relief, the pleading of a crossclaim is subject to the same pleading standards under Fed. R. Civ. P. 8 as

every other action, including a “statement of the grounds for the court’s jurisdiction” and demand for relief sought. *See Charles Allen Wright & Arthur R. Miller*, 5 Fed. Prac. & Proc. Civ. § 1407 (3d ed.) (noting that the “pleading of counterclaims and crossclaims is subject to the same Rule 8 standards that apply to the statement of any claim for relief” and that “an attempt to invoke Rule 13 must state a claim upon which relief can be granted”). These necessary and consistent pleading requirements demonstrate that, like an “original” complaint, a crossclaim is a filing that initiates “a civil action.”

Even if it were appropriate to replace the reference in § 315(a)(1) to “civil action” with “complaint,” “a complaint” is not limited to an initial pleading that commences a new case/docket. The Federal Rules are consistent with the historical understanding that a “complaint” is not limited to the original action initiated by, for example, an infringement complaint, but also includes a “counterclaim, *cross-claim*, or third-party claim.” Black’s Law Dictionary, Sixth Ed. (1990), at 285 (available on Westlaw). Similarly, Black’s Law Dictionary also makes clear that a crossclaim is a type of “cross-action” that traditionally has also been referred to as a “cross-*complaint*.” Ex. 2010 at 375 (“*See also* Cross-Claim”); *see also* <https://www.law.cornell.edu/wex/cross-complaint>. Historical usage thus confirms that a “civil action” is simply an “[a]ction brought to enforce, redress, or protect private rights.” Ex. 2010 at 28. The Director Opinion’s

restrictive, narrow interpretation of “filed a civil action” is inconsistent with the statutory text, the Federal Rules on which it purports to rely, and governing Supreme Court law on the traditional meanings of terms adopted by Congress. *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.”).

Here, there was no legal dispute—no “civil action”—between Signify and Luminex until the filing of Luminex’s crossclaim. Luminex’s declaratory judgment claim against Signify seeking invalidity of the ’336 Patent is its own civil action that commenced when it was pleaded for the first time in Luminex’s third-party answer, and Rule 3 does not require otherwise.

III. The Director Opinion Misapprehended the Meaning of Section 315(a)(3)

The Director misapprehended the meaning of § 315(a)(3) , which states that “[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.” In the Director’s view, § 315(a)(3) “was added to clarify that a

counterclaim challenging patent validity is not ‘a civil action,’ rather than to redefine ‘civil action’ to include responsive claims that might not technically qualify as counterclaims.” Dir. Op. at 27. The Director’s view is mistaken for three reasons.

First, as noted above, responsive claims *are* “civil actions” under the Federal Rules. *See, e.g.*, Fed. R. Civ. P. 41(c) (rule governing “Dismissal of Actions” applies “to dismissal of any counterclaim, crossclaim, or third-party claim”); *id.* Rule 2 (“There is only one form of action—the civil action.”).

Second, the Director’s interpretation overlooks and fails to distinguish black-letter law cited by Signify prohibiting exactly what the Director did here—*i.e.*, interpreting a narrow exception specifically enumerated by Congress (here, “counterclaims”) to “clarify” that a much broader exception applies (here, all “responsive claims”). *See, e.g., 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)) (“Where Congress explicitly enumerates certain exceptions to a general prohibition, ***additional exceptions are not to be implied***, in the absence of a contrary legislative intent.”); *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)).

The Director reasoned that “the [§ 315(a)(3)] counterclaim carve-out made clear that ‘counterclaims’ could not be considered civil actions; it was not intended to suggest that other types of responsive filings should be considered ‘civil actions.’” Dir. Op. at 26. But the proper inquiry is not whether § 315(a)(3) somehow *expands* the scope of § 315(a)(1). It does the opposite, it narrows the scope of § 315(a)(1). The proper inquiry is thus whether Congress enumerated any exceptions to § 315(a)(1) *beyond* “counterclaims.” As is clear from the language of § 315(a)(3), the answer is no.

Third, the Director Opinion’s erroneous interpretation of § 315(a)(1) is directly contrary to its repeated reference to § 315(a)(3) as a “carveout,” “exception,” or “safe-harbor” to § 315(a)(1). Dir. Op. at 25 (“carveout for counterclaims”), 26 (“§ 315(a)(3) carve-out for counterclaims”), 27 (“§ 315(a)(3) counterclaim carveout”), 27-28 (“§ 315(a)(3)’s exception for counterclaims”), 28 (“§ 315(a)(3) exception”), 27 (“I need not reach the question of whether Petitioner’s ‘cross-claim’ falls within the safe harbor of § 315(a)(3).”).

Section 315(a)(3)’s text reflects its purpose as a narrowing exception, by stating that “*for purposes of this subsection*,” “[a] *counterclaim* challenging the validity of a claim of a patent *does not constitute* a civil action.” Congress did not

say “for purposes of clarity” or otherwise explain why it would only “clarify” that counterclaims were not civil actions as opposed to all responsive pleadings, as the Director Opinion assumes.

Most importantly, the Director’s ruling never disputes that its interpretation renders § 315(a)(3) superfluous, and thus never explains what form of civil action could be filed and fall under the Director’s interpretation of § 315(a)(1), but then “carved out” or “excepted” or fall within the “safe harbor” of § 315(a)(3). In other words, the Director’s ruling overlooks and fails to distinguish governing law holding that a statutory interpretation that renders § 315(a)(3) superfluous must be rejected. *Duncan v. Walker*, 533 U.S. 167, 174 (2001) (“A statute ought, upon the whole, to be so construed that, if it can be prevented, no clause, sentence, or word shall be superfluous, void, or insignificant.”); *Barton v. Barr*, 140 S. Ct. 1442, 1461 (2020) (rejecting an interpretation that would render an “entire [] clause ... meaningless”); *Facebook, Inc. v. Windy City Innovations, LLC*, 973 F.3d 1321, 1336 (Fed. Cir. 2020) (“[c]onstruing § 315(c) to permit joinder of proceedings, and all the new issues therein, would render superfluous the reference to consolidation in § 315(d), which is disfavored in statutory interpretation.”).

In sum, the Director Opinion cites no caselaw supporting its method of statutory interpretation. In the Director’s view, (i) § 315(a)(1) has the same scope as it would if Congress had chosen not to include § 315(a)(3), and (ii) § 315(a)(3)’s

“clarification” that counterclaims are not considered civil actions for purposes of § 315(a)(1) confirms that other responsive pleadings are not either. The Director Opinion’s view violates two independent, long-established rules of statutory interpretation, whereas the correct view is entirely consistent with and supported by both. Specifically, (i) § 315(a)(3) confirms that “counterclaims” would otherwise be considered in the scope of § 315(a)(1), but were specifically and exclusively excluded by Congress—rendering § 315(a)(3) significant, and (ii) the scope of § 315(a)(3)’s significance must be limited to only those civil actions enumerated by Congress.

IV. The Director Opinion Misapprehends the Relevance and Meaning of the Statute’s Legislative History

The Director Opinion also relied heavily on remarks from Senator Kyl in § 315’s legislative history, purportedly confirming that Senator’s understanding that § 315(a)(1) excluded counterclaims filed by accused infringers even without § 315(a)(3)’s exception—which was added after the Senator’s remarks. *See Dir. Op.* at 25-26. But as the Board has noted—with respect to the same Senator’s remarks on the same statute—“the Supreme Court has cautioned against relying on the comments of one Member of Congress.” *See Cisco Systems, Inc. v. Chrimar Systems, Inc.*, IPR2018-01511, Paper 11 at 7 (PTAB Jan. 31, 2019) (citing *Garcia v. United States*, 469 U.S. 70, 76 (1984)).

In any event, Senator Kyl’s remarks—as cited in both the Director Opinion

and in *Cisco*, support Signify’s position by confirming that time limits and restrictions apply when IPRs are sought in relation to litigation. *See* Dir. Op. at 25-26; *Cisco* at 7. Under § 315(a)(1), patent owners are protected from serial challenges to their patents, such that a party seeking to challenge a patent has two options: (1) file a petition for inter partes review or (2) file a declaratory judgment action in district court—it cannot do both. *See* 157 Cong. Rec. S1041 (daily ed. Mar. 1, 2011) (statement of Sen. Kyl) (“[t]he 2009 Minority Report also recommended that the bill restrict serial administrative challenges to patents and require coordination of these proceedings with litigation. . . . The present bill does coordinate inter partes and post-grant review with litigation, barring use of these proceedings if the challenger *seeks a declaratory judgment that a patent is invalid*, and setting a time limit for seeking inter partes review if the petitioner or related parties is sued for infringement of the patent.”).

Accordingly, the legislative history confirms that Congress understood patent owners like Signify to be protected from facing both a declaratory judgment claim for invalidity and a later-filed IPR petition filed by the same party. If a patent owner chooses to sue a party for infringement, Congress further understood that it was still providing that patent owner certainty that any IPR petition would need to be filed within one year of the date it chose to sue.

Senator Kyl’s remarks also confirm the underlying purpose of the exception Congress ultimately provided in § 315(a)(3)—which is to ensure that § 315(a) does not “restrict the rights of an accused infringer who has been sued and is asserting invalidity in a counterclaim.” *See* Dir. Op. at 25. This reasoning supports and explains the Board’s decision in *Dr. Reddy’s*, which otherwise stands in direct contradiction to the Director’s Opinion.

In *Dr. Reddy’s*, the Board found that a previously-filed declaratory judgment claim for invalidity barred an IPR on the same patent, even though the claim was included as a “counterclaim” in a responsive pleading. *Dr. Reddy’s Labs., Inc. v. Horizon Pharma USA, Inc.*, IPR2017-01995, Paper 77 (Decision denying petitioner’s request for rehearing) at 3 (PTAB Aug. 12, 2019). The Board found that the declaratory judgment claim constituted a “fil[ing of] a civil action” triggering 35 U.S.C. § 315(a), and did not constitute a “counterclaim” under § 315(a)(3) because it was filed against a patent that had not been asserted against the party, and thus was “permissive” rather than “compulsory” under the Federal Rules.² *Id.* at 5.

Consistent with Senator Kyl’s remarks, the Board understood that without §

² The Board in *Dr. Reddy’s* also referred to Mylan’s responsive DJ claims as “actions.” *Id.* at 6 (“Mylan’s declaratory judgment *actions*”).

315(a)(3), a patent owner could theoretically bar a potential patent challenger's decision to seek *inter partes* review by suing for infringement on a specific patent, thus compelling a declaratory judgment counterclaim for invalidity of that patent by a certain date governed by the Federal Rules. As confirmed in *Dr. Reddy's*, § 315(a)(3) ensures that accused infringers who are compelled to file **compulsory** counterclaims of invalidity retain the ability to seek *inter partes* review (subject to the time bar in § 315(b)), but does **not** protect declaratory judgment claims that are “permissive,” *i.e.*, not **compelled** by the patent owner's decision to sue.

The Director Opinion's interpretation of “a civil action” in § 315(a)(1) is in direct contradiction with *Dr. Reddy's* and with the legislative history's reasoning. Notably, *Dr. Reddy's* held that a petitioner's district court filing of a **permissive counterclaim** constitutes the “fil[ing of] a civil action” under 35 U.S.C. § 315(a). Luminex's DJ invalidity crossclaim is no different from the petitioner's “counterclaim” in *Dr. Reddy's*—both being filed in an **existing** district court docket and neither being compelled by the patent owner's actions.

Moreover, the purported distinction from *Dr. Reddy's* that the Director cited—whether the petitioner or the patent owner was the party first introducing the challenged patent in the litigation—bears no relation whatsoever to the Director's interpretation of “fil[ing of] a civil action” under § 315(a)(1). The Director Opinion specifically states a **lack** of reliance on § 315(a)(3) in arriving at

the conclusion of no § 315(a) bar. Dir. Op. at 27 (“Because Petitioner’s answer did not trigger the § 315(a)(1) bar, I need not reach the question of whether Petitioner’s ‘cross-claim’ falls within the safe harbor of § 315(a)(3).”). But *Dr. Reddy’s* rests entirely on the Board’s interpretation of § 315(a)(3). *Dr. Reddy’s*, IPR2017-01995, Paper 77 at 5-6 (Board reasoning that as Mylan’s DJ claims involved a nonasserted patent and therefore “were not compulsory,” “**Section 315(a)(3)** does not exempt Mylan’s declaratory judgment *actions* against the ’698 patent”).

The Director’s conclusion that Luminex’s crossclaims do not constitute “fil[ing of] a civil action” under 35 U.S.C. § 315(a) is fundamentally at odds with the purpose of the statute, and with the Board’s prior reasoning and understanding of the statute, despite the Director Opinion stating otherwise and, in doing so, indicating that *Dr. Reddy’s* is good law. As such, the Director Opinion adopts an unequal application of the law across cases, implicating Constitutional questions.

V. The Director Opinion Overlooks Its Own Contradiction With Its Ruling on § 315(b)

As discussed above in the context of the *Dr. Reddy’s* decision, the Director Opinion suggests that Signify’s decision to “introduce the challenged patent into district court litigation” means that all responsive pleadings regarding that patent could not constitute “fil[ing of] a civil action” under § 315(a). *See* Dir. Op. at 28. But in concluding that § 315(a)(1) does not apply to “responsive filings,” the

Director Opinion reasoned that, according to Congress, “responsive filings were to be governed by § 315(b).” Dir. Op. at 26.

The Director Opinion overlooks its own conclusion earlier in the Opinion that § 315(b) does not apply in this case, due to Menard not being a real party in interest with Luminex (which finding Signify reserves the right to contest).

The Director Opinion leaves Signify in the exact position that Congress sought to exclude—facing serial challenges from the same party. Signify sued a single infringer—Menard—for infringement by products sold exclusively by Menard, under Menard-owned brands, at Menard stores and on Menard’s website. The only party compelled to file a declaratory judgment action against Signify for invalidity of the ’336 Patent was Menard—and when Signify filed its suit against Menard, it was assured that Menard had one year to file a petition.

The Director Opinion turns this statutory scheme on its head—determining that Luminex’s permissive declaratory judgment action of invalidity on the ’336 Patent was *neither* a “civil action” under § 315(a) *nor* a “responsive pleading” purportedly governed by § 315(b) and its one year time bar against IPR petitions filed by accused infringers. Signify did not accuse Luminex of infringement—its case is based on Menard’s sales of Menard-branded products at Menard stores. Yet, the Director Opinion determined that Menard was not a real party in interest to Luminex’s petition—excepting Luminex from the one-year time bar under

§ 315(b)—but overlooked that this determination should **confirm** that Luminex’s decision to file a declaratory judgment action against Signify bars its Petition under § 315(a)(1). Luminex was not compelled by any action by Signify to file its crossclaim, and thus stood in the same shoes as any other would-be challenger to the ’336 Patent, *i.e.*, it had the ability to first file **either** a declaratory judgment action against the patent **or** an *inter partes* review petition, but not the ability to file a declaratory judgment action followed by an *inter partes* review petition.

The only party given the ability to file **both** a declaratory judgment action **and** a later-filed IPR petition was Menard, and it was required to do so by the Congressional scheme within one year of Signify’s decision to sue it for infringement. Nothing in the Director Opinion or any of Luminex’s prior papers explains how the result required by the Director’s Opinion—that Luminex is not subject to either § 315(a) or § 315(b)—is consistent with the statutory text or purpose of the statute. Indeed, other than concluding that “responsive pleadings are governed by § 315(b),” the Director makes no attempt at reconciling its decision to exempt Luminex under § 315(b) as well, or explain its decision in the context of the purported purposes of either § 315(a) or § 315(b), let alone both.

VI. Conclusion

Signify requests that rehearing of the Director Decision be granted and that institution be vacated and this proceeding be terminated.

Respectfully submitted,

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CERTIFICATE OF SERVICE

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