

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOPRO, INC.,
Petitioner,

v.

360HEROS, INC.,
Patent Owner.

Case IPR2018-01754
Patent 9,152,019

BRIEF OF *AMICUS CURIAE* THE NAPLES ROUNDTABLE

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I. INTRODUCTION

The Naples Roundtable, Inc. is a 501(c)(3) non-profit organization whose primary mission is the exploration of ways to improve and strengthen the U.S. patent system. To achieve this goal, the Naples Roundtable supports the advanced study of both national and international intellectual property law and policy. The Naples Roundtable fosters the exchange of ideas and viewpoints among the leading intellectual property experts and scholars. It also organizes conferences and other public events to promote the development and exchange of ideas that improve and strengthen the U.S. patent system. More information about the Naples Roundtable can be found at www.thenaplesroundtable.org. The views expressed herein should not be attributed to any individual's employers, law firms, or clients.

The Naples Roundtable submits this *amicus* brief on the Board's question:

Whether the service of a pleading asserting a claim alleging infringement, where the serving party lacks standing to sue or the pleading is otherwise deficient, triggers the 1 year time period for petitioner to file a petition under 35 U.S.C. § 315(b).

In response to the Board's question, the Naples Roundtable respectfully submits that it believes *standing is not a requirement* under 35 U.S.C. § 315(b) for a properly served complaint to trigger the 1-year time bar.

II. RELEVANT STATUTORY PROVISION

35 U.S.C. § 315 provides, in pertinent part:

* * *

(b) PATENT OWNER’S ACTION.—An 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 time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

* * *

(emphasis added).

III. STANDING IS NOT A REQUIREMENT TO TRIGGER THE TIME BAR OF 35 U.S.C. § 315(b)

1. Service of a Complaint Alleging Infringement Triggers the 1-Year Time Bar Regardless of Subsequent Events

In interpreting the text of 35 U.S.C. § 315(b), the Federal Circuit recently explained:

The statute does not contain any exceptions or exemptions for complaints served in civil actions that are *subsequently dismissed, with or without prejudice*. Nor does it contain any indication that the application of § 315(b) is subject to any *subsequent act or ruling*. Instead, the provision unambiguously precludes the Director from instituting an IPR if the petition seeking institution is filed more than one year after the petitioner, real party in interest, or privy of the petitioner “is served with a complaint” alleging patent infringement. *Simply put, § 315(b)’s time bar is implicated once a party receives*

***notice through official delivery of a complaint in a civil action,
irrespective of subsequent events.***

Click-to-Call Techs., LP v. Ingenio, Inc., 899 F.3d 1321, 1330 (Fed. Cir. 2018).¹ See also *Bennett Regulator Guards, Inc. v. Atlanta Gas Light Co.*, 905 F.3d 1311, 1315 (Fed. Cir. 2018) (stating that § 315(b) “endorses ***no exceptions*** for dismissed complaints”). The same reasoning controls here: the text of § 315(b) endorses no exception for complaints dismissed for lack of standing.

The *Click-to-Call* decision held that the text of § 315(b) is plain and unambiguous. 899 F.3d at 1332 (“[T]he text of § 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.”). Moreover, as *Click-to-Call* explained, “Because the statutory language is unambiguous and the statutory scheme is coherent and consistent, our inquiry ceases and we need not proceed to *Chevron*’s second step.” *Id.* (internal quotations omitted).

Click-to-Call explained that “the plain meaning of the phrase ‘served with a complaint’ is ‘presented with a complaint’ or ‘delivered a complaint’ in a manner prescribed by law.” 899 F.3d at 1330. This reading of § 315(b) is further confirmed by the Federal Circuit’s *en banc* decision in *Wi-Fi One, LLC v. Broadcom Corp.*,

¹ Emphases added throughout brief, unless otherwise noted.

878 F.3d 1364 (Fed. Cir. 2018) (en banc), which explained, “if a petition is not filed within a year after a real party in interest, or privy of the petitioner is served with a complaint, it is time-barred by § 315(b), and the petition *cannot be rectified* and *in no event* can IPR be instituted.” 878 F.3d at 1374 n.9. Pointing to this language in the *en banc Wi-Fi One* opinion, the Court in *Click-to-Call* stated: “It is impossible to square *Wi-Fi One*’s ‘cannot be rectified’ and ‘in no event’ language with the possibility that subsequent events in the civil action might operate to ‘nullify’ service of the complaint for the purpose of § 315(b)’s time bar.” *Click-to-Call*, 899 F.3d at 1331 (quoting *Wi-Fi One*, 878 F.3d at 1374 n.9). Because subsequent events do not nullify prior service of a complaint, the Court in *Click-to-Call* concluded that “subsequent dismissal of a civil action is irrelevant to whether a petitioner, real party in interest, or privy of the petitioner was previously ‘served with a complaint’ within the meaning of § 315(b).” *Id.* at 1331 n.4.

Similar to *Click-to-Call*—where a subsequent dismissal of the complaint without prejudice was held not to nullify the time bar—the Board here should likewise hold that subsequent dismissal for lack of standing does not nullify the time bar.

In reaching a contrary conclusion in this case, the panel below cited “a line of PTAB cases in which *ownership* of the patent at issue at the time of the filing of a complaint (or counterclaim) for patent infringement was determined to be necessary

to start the § 315(b) time bar clock running.” (Paper 15, at 10.) This “line of PTAB cases” is inapposite. Two of the three PTAB cases in this “line” were decided before the *Click-to-Call* decision issued. The third case—*Sling TV, L.L.C. v. Realtime Adaptive Streaming LLC*, Case IPR2018-01331 (PTAB Jan. 31, 2019) (Paper 9)—is wrong as a matter of law. The *Sling* decision ignores the analysis in *Click-to-Call* which explained that “the text of § 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.” *Click-to-Call*, 899 F.3d at 1332. Moreover, the *Sling* decision improperly relied on the title and legislative history of § 315(b) to conclude that “only a *patent owner’s* action triggers § 315(b)’s time bar.” IPR2018-01331, slip op. at 7. This conclusion cannot be squared with *Click-to-Call*, in which “the *exclusive licensee*”—not the patent owner—was the entity who triggered § 315(b)’s time bar by serving the infringement complaint. *Click-to-Call*, 899 F. 3d at 1325.

The best view of the Federal Circuit’s precedents is that, so long as the infringement complaint is properly served, then the 1-year time bar is triggered regardless if the serving party lacked standing at the time of service.

2. Enforcing the Time Bar Regardless of Standing is Good Policy

Enforcing § 315(b) without regard to standing is good policy: it provides clarity and predictability as to when the 1-year clock will begin in any given case based on publicly available information (*i.e.*, a summons, a waiver of service of

summons, or a counterclaim). Strict enforcement also protects against needless waste of government and party resources.

Congress' purpose in setting a 1-year deadline in § 315(b) is not furthered by engrafting a "lack of standing" exception onto it. Congress deliberately set the 1-year deadline to "afford defendants a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation." 157 CONG. REC. S5429 (daily ed. Sept. 8, 2011) (statement of Sen. Kyl). Within 1 year of being formally served with an infringement complaint, a defendant (or other would-be IPR petitioner) will have had ample opportunity to understand the patent claims that are relevant to the litigation and to know which claims to challenge in a petition for inter partes review.² The would-be petitioner's ability to understand the patent claims being asserted against it is not impaired by the plaintiff's lack of standing.

² If a patent owner amends its infringement contentions by adding new claims to the litigation after the 1-year period has expired, the Director has the discretion to grant a petitioner's motion under § 315(c) to join those new claims to a previously-filed inter partes review by the same petitioner. *See Proppant Express Investments v. Oren Technologies*, IPR2018-00914 (PTAB Mar. 13, 2019) (Paper 38) (precedential) (interpreting § 315(c) to permit same-party issue joinder).

Indeed, in this very case, 360Heros filed its answer and counterclaim asserting infringement of the '019 patent against GoPro on **August 22, 2016** (see Paper 15 at 7) and then on **October 21, 2016** served its initial asserted claims and infringement contentions on GoPro. *GoPro, Inc. v. 360Heros, Inc.*, No. 3:16-cv-01944-SI (Dkt. No. 54 at 1-2) (N.D. Cal. Apr. 6, 2017) (denying 360Heros' motion for leave to amend its infringement contentions). Approximately 13 months after GoPro was served with a counterclaim of infringement—and approximately 11 months after GoPro had actual notice of the initial asserted claims and infringement contentions—GoPro moved on **September 15, 2017** for summary judgment based on 360Heros' lack of standing. *GoPro, Inc. v. 360Heros, Inc.*, No. 3:16-cv-01944-SI (Dkt. No. 91, at 9) (N.D. Cal. Sept. 15, 2017) (GoPro arguing that “[b]ased on discovery provided by 360Heros, GoPro has learned that . . . 360Heros did not have rights to enforce the '019 patent when it answered and filed its patent infringement counterclaim”). Thus, more than 1 year of litigation transpired on the '019 patent before GoPro moved for summary judgment based on lack of standing.

The timeline described above in this particular case is consistent with the average timeline for motions asserting lack of standing in modern patent litigation—the average defendant today files its standing motion more than 1 year into the litigation. For example, of the 13 standing motions actually decided in 2019 so far, the district court decided these motions **over 2 years (821 days)**, on average, after

the case was filed; and the motions themselves were not filed until well more than *1 year (585 days)*, on average, after the case was filed.³ This delay is not surprising, given that standing motions often involve fact-intensive inquiries requiring discovery into whether a plaintiff had all substantial rights in the patent or whether an individual should have been named as an original inventor/co-owner of the patent. These sorts of facts often come to light, not during the initial pleadings stage, but after discovery has occurred. This timing gives defendants the benefit of the full 1-year period under § 315(b) to make an informed decision about seeking *inter partes* review, regardless if the plaintiff did or did not have standing.

Thus, a plaintiff's lack of standing does not diminish a defendant's "reasonable opportunity to identify and understand the patent claims that are relevant to the litigation," which is the very purpose of the 1-year bar. 157 CONG. REC. S5429 (daily ed. Sept. 8, 2011) (statement of Sen. Kyl).

³ That data were obtained using DocketNavigator's Motion Success Search for the legal issue of "Patent Rights Sufficient To Convey Standing (and all subcategories)," excluding motions that were duplicates, motions to strike a standing defense or for attorneys' fees, and motions where the original standing decision was before 2019.

3. Countervailing Policy Arguments Are Not Persuasive

By contrast, there is little countervailing risk of gamesmanship and mischief by plaintiff-patentees if the time bar is enforced as written. The statutory requirement that the complaint actually be “served” gives the defendant actual notice of the complaint and a degree of protection from specious assertions of patent infringement falling short of the formal delivery of a summons or other legal process. *See Click-To-Call*, 899 F.3d at 1330 (stating that “the plain meaning of the phrase ‘served with a complaint’ is ‘presented with a complaint’ or ‘delivered a complaint’ ***in a manner prescribed by law***”) (quoting Black's Law Dictionary 1491 (9th ed. 2009) (defining “serve” as “[t]o make legal delivery of (a notice or process)” or “[t]o present (a person) with a notice or process as required by law,” and defining “service” as “[t]he ***formal*** delivery of a writ, summons, or other legal process”)).

The Federal Circuit’s *Click-To-Call* decision repeatedly stated that § 315(b) requires the complaint to be “***formally***” served (*id.* at 1331, 1348), and cited with approval an earlier Board decision explaining that “the legally-charged text ‘served with a complaint’ is used ordinarily in connection with the ***official*** delivery of a complaint in a civil action” (*id.* at 1330 (quoting *Amkor Technology, Inc. v. Tessera, Inc.*, IPR2013-00242 (PTAB Jan. 31, 2014) (Paper No. 98))). *See also Motorola Mobility LLC v. Arnouse*, IPR2013-00010 (PTAB Jan. 30, 2013) (Paper 20)

(informative) (interpreting “served” in § 315(b) to require compliance with the strictures of Rule 4 of the Federal Rules of Civil Procedure).

The safeguards of proper service make gamesmanship and mischief by plaintiff-patentees unlikely if the time bar is enforced as written. Specious assertions of patent infringement falling short of the formal “service” will not start the 1-year clock for purposes of § 315(b), and instead may result in court-imposed sanctions against the plaintiff. *See, e.g., Khan v. Hemosphere Inc.*, 1-18-cv-05368 (N.D. Ill. May 16, 2019) (granting more than 100 moving defendants’ motions to dismiss for insufficient and untimely service, and granting motion for sanctions based on this same conduct).

Moreover, even if a complaint is properly served, a court may also impose sanctions under Rule 11 or 35 U.S.C. § 285 against a plaintiff who intentionally or recklessly initiates a suit despite lacking standing, or whose conduct in connection with the standing requirement makes the case “exceptional.” *See Ranieri v. Microsoft Corp.*, 887 F.3d 1298, 1308 (Fed. Cir. 2018) (holding that attorneys fees under § 285 are available against a plaintiff that employed “a pattern of obfuscation and bad faith” in connection with its standing allegation).

Thus, adequate safeguards exist to minimize the risk of plaintiff-side abuse of § 315(b)’s time bar.

IV. CONCLUSION

For the foregoing reasons, the Board should hold that standing is not a requirement to trigger the 1-year time bar of § 315(b).

Respectfully submitted,

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CERTIFICATE OF SERVICE

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