UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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**FACEBOOK, INC. and WHATSAPP INC.,**
Petitioners,

v.

**UNILOC USA, INC. and UNILOC LUXEMBOURG S.A.,**
Patent Owner.

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Case No. IPR2017-01427
U.S. Patent No. 8,995,433

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# PETITIONERS' BRIEF REGARDING § 315(E)(1)

The Petitioners filed the present IPR petition and a Petition and Motion seeking joinder with IPR2017-00225, both of which were granted. The Board directed the parties to address whether the Petitioners' involvement in both proceedings raises estoppel issues under 35 U.S.C. § 315(e)(1). (*See* Decision and Order, Paper 8, at 2-3.) The Petitioners' response is set forth below.

## I. NO ESTOPPEL ISSUE EXISTS AT THIS TIME

The Petitioners respectfully submit that any issues relating to estoppel under § 315(e)(1) are premature. The statute makes clear that estoppel under § 315(e)(1) will not arise unless and until issuance of a Final Written Decision. 35 U.S.C. § 315(e)(1). No Final Written Decision is due in IPR2017-00225 until May 25, 2018. (*See* Paper 8, at 2.)

Much can happen between now and the deadline for issuance of a Final Written Decision in IPR2017-00225. For example, it is possible that IPR2017-0225 could be terminated before issuance of a final decision, for example, in the event of a settlement between the patent owner and the original petitioner (Apple Inc.). 35 U.S.C. § 318(a). Because a Final Written Decision has not issued in IPR2017-0225 (and possibly may never issue), any determination on estoppel would be premature.

## II. THIS PROCEEDING WILL NOT BE IMPACTED BY ANY ESTOPPEL ARISING FROM A FINAL WRITTEN DECISION IN IPR2017-00225

Even if the issue were ripe for consideration, this proceeding would not be

affected by the estoppel provisions of § 315(e)(1).

### A. No Estoppel Could Apply to Claim 7

The Board here instituted IPR on claims 1-8 of the '433 patent. (Paper 8.) In IPR2017-00225 (initiated by original petitioner Apple Inc.) and IPR2017-01634 (initiated by Petitioners and joined with IPR2017-00225), the Board instituted IPR only as to claims 1-6 and 8. (IPR2017-00225, Paper 7; IPR2017-01634, Paper 10.) Claim 7 therefore cannot be subject to any estoppel arising from IPR2017-00225. *See* 35 U.S.C. §§ 315(e)(1), 318(a); *Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1051-52 (Fed. Cir. 2017).

### B. Estoppel Will Not Impact the Present Proceeding

Under § 315(e)(1), estoppel will apply only to grounds "the petitioner raised or reasonably could have raised during [IPR2017-00225]." 35 U.S.C. 315(e)(1). Because the grounds instituted here were not raised during IPR2017-00225, and could not reasonably have been raised "during" IPR2017-00225 as discussed further below, no estoppel could apply with respect to any of the grounds instituted here.

More specifically, there is no overlap between the prior art raised in the two sets of petitions. The Board in IPR2017-00225 and IPR2017-01634 instituted IPR based on the Abburi, Holtzberg, Vuori, Logan, and Vaananen references. (IPR2017-00225, Paper 7; IPR2017-01634, Paper 10.) But here, the Board instituted only on grounds based on the Zydney, Clark, and Appelman references. (Paper 8, at 7.)

The Federal Circuit's decision in *Shaw* makes clear that no estoppel can apply here. *See Shaw Indus. Grp. v. Automated Creel Sys.*, 817 F.3d 1293 (Fed. Cir. 2016). In *Shaw*, the Federal Circuit held that estoppel under § 315(e) arises only from grounds that the petitioner raised "*during*" a prior IPR. *Shaw*, 817 F.3d at 1300 (italics in original) (quoting 35 U.S.C. § 315(e)(1)-(2)). As the Court noted, "[t]he IPR does not begin until it is instituted." *Id*. Therefore, the petitioner in *Shaw* "did not raise—nor could it have reasonably raised . . . *during* the IPR" a prior art ground that was not part of the instituted IPR. *Id*. (emphasis in original). In other words, a prior art ground cannot give rise to estoppel under 35 U.S.C. § 315(e) when "no IPR was instituted on that ground." *Id*.

The same reasoning applies here. In IPR2017-00225 and IPR2017-01634, the panels did not institute IPR based on the prior art grounds upon which the Board instituted IPR in the present proceeding (Zydney in view of Clark and Appelman). The Petitioners (and original petitioner Apple) therefore did not raise, nor could they reasonably have raised, the Zydney-based grounds "***during***" the IPR in either IPR2017-00225 or IPR2017-01634. "The plain language of the statute prohibits the application of estoppel under these circumstances." *Shaw*, 817 F.3d at 1300.

Petitioners acknowledge that some have argued that *Shaw* should apply only where grounds were raised in an IPR petition but not instituted (for example, on redundancy grounds). But the *Shaw* decision was based on an interpretation of the

plain language of § 315(e) that did not depend on the content of the original petition. 817 F.3d at 1300. The Federal Circuit's clear holding, that "estoppel applies only to grounds that were both raised in the IPR petition and instituted in the IPR proceeding," means that non-instituted grounds are not subject to estoppel – regardless of whether they were presented in the IPR petition. *Finjan, Inc. v. Blue Coat Systems, LLC*, Case No. 15-cv-03295, slip op. at 20-21 (N.D. Cal. July 28, 2017) (discussing *Shaw*) (emphasis added). Similarly, although some have argued that as a policy matter the estoppel under § 315(e) should extend beyond instituted grounds, the Federal Circuit has made clear that *Shaw* controls, and that "[s]uch policy arguments are more properly addressed to legislators or administrators, not to judges." *Credit Acceptance*, 859 F.3d at 1053 (citation omitted).

### C. The Present IPR Should Proceed to Final Written Decision

Even if the estoppel under § 315(e)(1) applied to non-instituted grounds that could have been presented in an earlier-filed IPR petition (which it does not), estoppel would still not apply here. This is because the Petitioners here could not "reasonably" have presented the grounds here in their petition seeking joinder with IPR2017-00225. The Petitioners here joined as mere "understudies" in IPR2017-00225, bound to accept all positions and evidence proffered by Apple. (*See* IPR2017-01634, Papers 3, 10.) It would not have been proper for the Petitioners to raise the different Zydney-based grounds in their joinder petition. *See*, *e.g.*,

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