Filed on behalf of Valencell, Inc.
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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FITBIT, INC.,
Petitioner,

v.

VALENCELL, INC.,
Patent Owner.

Case IPR2017-01554
U.S. Patent No. 8,886,269

PATENT OWNER'S OPPOSITION TO PETITIONER'S MOTION FOR JOINDER

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Patent Owner Valencell, Inc. ("Valencell" or "Patent Owner") hereby files this opposition to the Motion for Joinder ("Motion," Paper No. 3) filed by Fitbit, Inc. ("Petitioner" or "Fitbit"). This opposition is timely given that it is being filed within one month of the Motion. 37 C.F.R. § 42.25.

Patent Owner opposes joinder, and indeed any institution of the present *inter partes* review, at least because *inter partes* review violates the Constitution: "Suits to invalidate patents must be tried before a jury in an Article III forum, not in an agency proceeding." *See* Brief of Petitioner at 10, *Oil States Energy Services LLC v. Greene's Energy Group, LLC*, No. 16-712 ("*Oil States*"). The Supreme Court recently granted certiorari in *Oil States* to decide this very issue. *Oil States Energy Services LLC v. Greene's Energy Group, LLC*, No. 16-712, --- S. Ct. ----, 2017 WL 2507340 (June 12, 2017) (granting certiorari on question of whether "*inter partes* review—an adversarial process used by the Patent and Trademark Office (PTO) to analyze the validity of existing patents—violates the Constitution by extinguishing private property rights through a non-Article III forum without a jury.").[1] In the

[1] Patent Owner notes that the Supreme Court granted certiorari on this issue *after* Patent Owner had already filed its preliminary response to, and the Board instituted, the proceeding that Petitioner moves to join: *Apple Inc. v. Valencell, Inc.*, Case No. IPR2017-00318 (Papers 6 and 7).

context of Fitbit's proposed joinder – which comes nearly five months after the statutory deadline for Fitbit to file an IPR against the '269 patent – the constitutionality of depriving Patent Owner of its property rights in such a manner is even more questionable.

I. *INTER PARTES* REVIEW PROCEEDINGS ARE UNCONSTITUTIONAL

Since a patent creates a property right, it is "not subject to be revoked or canceled by the president, or any other officer of the Government" because "[i]t has become the property of the patentee, and as such is entitled to the same legal protection as other property." *McCormick Harvesting Mach. Co. v. C. Aultman & Co.*, 169 U.S. 606, 608-09 (1898). In fact, the Supreme Court has previously held that "infringement cases today must be tried to a jury, as their predecessors were more than two centuries ago." *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 377 (1996). Additionally, the Seventh Amendment of the Constitution preserves a right to a jury trial in "[s]uits at common law." U.S. CONST., amend. VII. Because "[a]n action for patent infringement is one that would have been heard in the law courts of old England," *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 992-93 (Fed. Cir. 1995), patent infringement cases, including those with invalidity claims, should be tried by a jury.

That other courts may have held patents to be merely "public rights," and, therefore, outside Seventh Amendment protection, simply ignores Supreme Court

precedent. *See United States v. Am. Bell Tel. Co.*, 128 U.S. 315, 370 (1888) ("[The subject of the patent] has been taken from the people, from the public, and made the private property of the patentee . . . ."). Furthermore, if a patent were a pure "public right," then the USPTO would be solely responsible for violations of that right, which is clearly not the case.

Finally, even to the extent that Seventh Amendment protections do not apply to patent invalidity proceedings, *inter partes* review proceedings still violate Article III of the Constitution. The Supreme Court has held that "in general, Congress may not 'withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law, or in equity, or admiralty.'" *Stern v. Marshall*, 564 U.S. 462, 484 (2011) (quoting *Murray's Lessee v. Hoboken Land & Improvement Co.*, 59 U.S. 272, 284 (1855)). Because patent suits and corresponding invalidity defenses have long been suits at common law and are subject to federal jurisdiction, "the responsibility for deciding that suit rests with Article III judges in Article III courts." *Id.* "[S]uch an exercise of judicial power may [not] be taken from the Article III Judiciary simply by deeming it part of some amorphous 'public right.'" *Id.* at 495. However, *inter partes* review proceedings under the America Invents Act do just that by entering binding judgments on patent invalidity even though such decisions should be reserved to Article III courts.

Accordingly, *inter partes* review itself is unconstitutional. Additionally, Petitioner's dilatory conduct in filing its Petition and Motion for Joinder is particularly improper and further exacerbates these constitutional issues because Petitioner violated the enabling statute, 35 U.S.C. § 315, in making its request for joinder. Under 35 U.S.C. § 315(c), joinder is permitted only for "any person who *properly* files a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314." (emphasis added). Under 35 U.S.C. § 315(b), "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 . . . is served with a complaint alleging infringement of the patent." Although 35 U.S.C. § 315(b) does not apply to requests for joinder, 35 U.S.C. § 315(c) requires that the Board determine that a *petition* warrant institution before allowing joinder. A petition filed more than one year after service of a complaint alleging infringement would not, by statute, warrant institution.[2] Therefore, joinder cannot be proper for such a petition.

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[2] Patent Owner acknowledges that 37 C.F.R. § 42.122(b) exempts a petitioner from the one-year time bar if a petition is accompanied by a request for joinder. However,

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