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PTAB Precedential Opinion Panel Clarifies Standard for Joinder of Parties and Issues

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On March 13, 2019, the U.S. Patent and Trademark Office Patent Trial and Appeal Board (PTAB)'s Precedential Opinion Panel (POP), consisting of Director Andrei Iancu, Commissioner of Patents Drew Hirshfeld, and newly appointed Chief Administrative Patent Judge Scott Boalick, denied petitioner Proppant Express's motion for joinder. This significant decision, the first of the POP, sets precedent that petitioners in *inter partes* review can join their own petitions under 35 U.S.C. § 315(c) as well as add new issues through joinder. The decision tempered this announcement, however, by explaining that the decision to permit joinder is discretionary, and that the existence of a time-bar under § 315(b) is one of several factors that may be considered in determining whether to authorize joinder.

Proppant challenged Oren Technologies's patent in a petition for *inter partes* review. The PTAB instituted trial, but declined to review one of the challenged claims. Proppant then filed a second petition after the expiration of one year time-bar of § 315(b) addressing the non-instituted claim. Proppant submitted this second petition along with a motion to join the new challenge to the already instituted proceeding. The PTAB denied the motion for joinder. Proppant requested rehearing. The POP ordered review on rehearing to resolve the issue in a precedential decision.

The POP addressed three issues in the decision issued this week: (1) Under § 315(c) may a petitioner be joined to a proceeding in which it is already a party? (2) Does § 315(c) permit joinder of new issues into an existing proceeding? (3) Does the existence of a time-bar under § 315(b), or any other relevant facts, have any impact on the first two questions? We summarize the POP's answer on each issue below and conclude with some practical and strategic points.

(1) A petitioner can be joined to a proceeding in which it is already a party.

The POP first considered whether § 315(c) permits a petitioner to join an *inter partes* review in which it is already a party. The POP concluded that the statute does authorize such joinder, but explained that "in limited circumstances" the PTAB will exercise its discretion in doing so. In addressing the potential for gamesmanship by petitioners and patent owners alike, the POP noted that such gamesmanship should be avoided and can directly impact the calculus on whether the PTAB decides to allow or deny joinder. Despite the potential for gamesmanship, the POP expressly declined to adopt a "per se prohibition of same party joinder." The POP noted that Congress was "[p]erhaps cognizant of these possibilities," and thus "provided discretion in § 315(c) and not a per se rule one way or the other." The POP clarified that the PTAB will exercise this discretion only in limited circumstances, considering, among other factors, gamesmanship.

(2) Section 315(c) permits joinder of new issues into an existing proceeding.

Second, the POP considered whether § 315(c) permits joinder of new issues into an existing proceeding. The POP concluded that it does, but again cautioned that the decision to authorize such joinder is ultimately a discretionary one. With respect to its interpretation of the joinder provision, the POP observed that if "Congress had wanted to limit the scope of a petition accompanying a joinder request to only those issues raised in the existing proceeding to which joinder is sought, it could have included such a limitation in § 315(c)." Because Congress did not limit the joinder provision in this way, and surrounding provisions including § 314 are consistent with that interpretation, the POP concluded that issue-joinder is authorized. The POP further commented that "the language of § 315(c) indicates that new issues can be joined to a proceeding if a petition filed with a request for joinder satisfies the 'reasonable likelihood' standard."

(3) A time-bar and other equitable considerations can impact the first two issues.

Finally, the POP considered whether the existence of a time-bar under § 315(b), or any other relevant facts, may impact the first two joinder questions. The POP concluded that they may, and that a time-bar is one of several factors that the PTAB may consider in exercising its discretion. The POP commented that the PTAB will exercise that discretion "only in limited circumstances where fairness requires it and to avoid undue prejudice to a party." For example, actions taken by a patent owner in a related litigation, such as the late addition of new asserted claims, may warrant exercise of such discretion. Furthermore, "the conduct of the parties and attempts to game the system" may be considered. The stage and schedule of an existing *inter partes* review, which may make joinder inappropriate, may be considered. The PTAB may also consider the non-exclusive factors set out in the precedential decision *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357, Paper 19 at 16 (P.T.A.B. Sept. 6, 2017). Events in other proceedings related to the patent at issue may also be weighed. On the other hand, in general, the POP stated that it does not "expect fairness and prejudice concerns to be implicated, for example, where a petitioner merely corrects its mistakes or omissions."

Turning to the legislative history, the POP observed that the exception to the one year time-bar allowing for joinder should not be permitted to "swallow the rule" of § 315(b), which is intended to ensure "quiet title to patent owners" and to prevent *inter partes* review from being "used as [a] tool[] for harassment." Thus, it recognized that broad application of the exception runs the risk of circumventing § 315(b) and would "obviate the careful statutory balance." The POP thus explained that, when an otherwise time-barred petitioner requests same party and/or issue joinder, the PTAB will exercise this discretion "where fairness requires it and to avoid undue prejudice to a party." The POP thus emphasized that it aims to strike the right balance.

What are the practical and strategic takeaways from *Proppant*?

The most important takeaway from *Proppant* is that same-party and issue joinder are now authorized under PTAB precedent. While the Federal Circuit has yet to consider the correctness of the POP's statutory interpretation, this decision is presently binding on the PTAB.

Another takeaway is that petitioners and patent owners must carefully consider the circumstances under which they seek or oppose joinder. Gamesmanship is among the factors that may be considered. Therefore, if the petitioner is using an instituted *inter partes* review, including the patent owner's preliminary response and the institution decision, as a guide to file a second petition, this may weigh against joinder. By the same token, if a patent owner strategically waits to alter or assert claims in the related litigation in an attempt to wait-out the one-year bar, this may weigh in favor of joinder. Also, the POP has at least suggested that such factors are not expected to play a role "where a petitioner merely corrects its mistakes or omissions."

In sum, while the POP's decision answers the baseline questions of whether same-party and issue joinder are permitted, it cautions that the decision is ultimately a discretionary one where the facts and circumstances matter. The Federal Circuit is presently considering a set of closely related issues in Appeal No. 17-1368, *VirnetX Inc. v. The Mangrove Partners*, which was argued on January 8, 2019. We will keep you apprised of any developments in that case that may bear further on this important and evolving issue.

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