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Client Alert Commentary

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En Banc Federal Circuit Overturns PTAB's IPR Time-Bar Ruling

Accused patent infringers may be time-barred by service of a complaint in a lawsuit that was later voluntarily dismissed without prejudice.

Key Points:

- Under the PTAB's old precedent, voluntary dismissals without prejudice of a lawsuit did not trigger the one-year countdown. The full Federal Circuit reversed: Now, voluntary dismissal without prejudice has no effect on the one-year clock, which continues to run from the date the complaint in the voluntarily dismissed action was served.
- The Federal Circuit also extended the one-year bar to co-petitioners who joined the petition with the time-barred party.
- The Federal Circuit's decision may also impact 35 U.S.C. § 315(a), by potentially barring a petitioner who has filed a declaratory judgment action seeking to invalidate patent claims even if that action was later dismissed without prejudice.

In *Click-to-Call Techs. LP v. Ingenio, Inc.*,[1] the Federal Circuit addressed for the first time whether a complaint served in a prior lawsuit that had been dismissed without prejudice triggers the one-year time bar under 35 U.S.C. § 315(b), after which the Patent Trial and Appeal Board (PTAB) may not institute *inter partes* review (IPR). The Federal Circuit held, *en banc*, that such a complaint does trigger the time bar, reversing long-standing PTAB precedent.

Background

Under 35 U.S.C. § 315(b), the PTAB may not institute IPR if the petition is filed more than one year after the date on which the petitioner, real party-in-interest, or privy of the petitioner "is served with a patent infringement complaint." In a case the PTAB designated "precedential" and therefore binding on all PTAB panels, the PTAB interpreted the statute to include an exception for complaints served in lawsuits dismissed without prejudice, even though the plain text of the statute offered no such exception.[2]

In *Click-to-Call*, the petitioner Ingenio's predecessor, Keen, was sued for infringement of the patent-at-issue in 2001 by Inforocket. Keen eventually acquired Inforocket, and the parties voluntarily dismissed the lawsuit without prejudice in 2003. Click-to-Call (CTC), an unrelated party, later bought the patent asserted

in the 2001 litigation, and asserted it against Keen's successor, Ingenio, in 2012, many years after the 2001 lawsuit. Ingenio filed an IPR petition in 2013 (joined by unrelated co-petitioners).

The PTAB held that Ingenio's 2013 IPR petition was not time-barred under § 315(b), even though well over one year had passed since the complaint was served in 2001, because that lawsuit was voluntarily dismissed without prejudice.[3] Relying on Federal Circuit cases that addressed the effect of voluntary dismissals of appeals for purposes of calculating statute of limitations, the PTAB wrote that dismissal of a lawsuit without prejudice "nullifies the effect of the service of the complaint" — so the service did not initiate the one-year clock.[4]

The Federal Circuit, following its recent *en banc* decision in *Wi-Fi One, LLC v. Broadcom Corp.*,[5] which held that the PTAB's time-bar determinations were appealable, granted rehearing to address the effect of voluntary dismissals without prejudice on § 315(b) time bar.

Click-to-Call Ruling

One-Year Time Bar Provides No Exceptions for Prior Dismissals Without Prejudice

The Federal Circuit reversed the PTAB's narrow reading of § 315(b), finding that the § 315(b)'s text "unambiguously precludes [the PTAB] from instituting an IPR if the petition seeking institution is filed more than one year" after the petitioner or real party in interest is "'served with a complaint'" for patent infringement.[6] In the ten-judge majority's view, the effect of the served complaint — that is, "what events transpired after the defendant was served" — does not affect the time bar.[7] And the PTAB was wrong to rely on the Court's decisions in *Bonneville* and *Graves*, as those concerned other areas of the law and did not interpret the plain text of § 315(b).[8]

Furthermore, the panel majority extended the bar not just to Ingenio, but also to co-petitioners not in privity with Ingenio whofiled the petition with Ingenio. In the panel's view, § 315(b) applies on a *petition-by-petition* basis, not on a *petitioner-by-petitioner* basis. So, because the petition here was barred based on Ingenio's status as a petitioner, the other petitioners who joined in that petition were also barred, even though they would not have been barred had they filed their own petitions.[9]

Judges Dyk and Lourie dissented from the *en banc* decision, saying that the PTAB's reliance on *Bonneville* and *Graves* was correct, and that the lack of language in the statute addressing voluntary dismissals without prejudice speaks to Congress's intent not to depart from the typical rule that such dismissals render the complaint null.[10]

Implications for § 315(a)

The reach of the *Click-to-Call* decision may not stop with § 315(b). The decision may also require reversal of the PTAB's interpretation of § 315(a) bar. Under § 315(a)(1), a petitioner who previously "filed a civil action challenging the validity" of a patent is barred from IPR review. For essentially the same reasons the PTAB articulated in the § 315(b) context, the PTAB has previously held that § 315(a)(1) does not bar petitioners who filed a declaratory judgment action seeking to invalidate a patent that was later dismissed without prejudice.[11]

That interpretation of § 315(a)(1) may not withstand the Federal Circuit's reasoning in *Click-to-Call*: if § 315(b)'s time bar is unconcerned with the effect of a served complaint for patent infringement, there is no reason that § 315(a)(1)'s bar should be concerned with the effect of a complaint filed seeking to invalidate a patent.

Conclusion

Click-to-Call provides even more reason for accused infringers to scrutinize prior litigation involving the patent at issue, all potential privies to the parties in prior litigation, and the relationship of co-defendants to parties in prior litigation. If there is any doubt about whether a co-defendant may be time-barred, a joint petition should not be filed. As a result, we may see a number of individual petitions by co-defendants in litigation, rather than a single joint petition, for fear of that petition being time-barred by a co-petitioner.

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Endnotes

1 *Click-to-Call Techs. LP v. Ingenio, Inc*., No. 2015-1242, 2018 WL 3893119 (Fed. Cir. Aug. 16, 2018).

2 *Oracle Corp. v. Click-to-Call Techs. LP*, IPR2013-00312, Paper 26 (Oct. 30, 2013) (precedential).

3 *Click-to-Call,* 2018 WL 3893119, at *3-5.

4 *Id.* at *7, 16, (citing *Graves v. Principi*, 294 F.3d 1350, 1356-57 (Fed. Cir. 2002) ("dismissal of an action without prejudice leaves the parties as though the action had never been brought."); *Bonneville Assoc., Ltd. Partnership v. Baram*, 165 F.3d 1360, 1364 (Fed. Cir. 1999).

5 *Wi-Fi One, LLC v. Broadcom Corp.,* 878 F.3d 1364 (Fed. Cir. 2018).

6 *Click-to-Call*, 2018 WL 3893119, at 5.

[7] *Id*. at *7.

[8] *Click-to-Call*, 2018 WL 3893119, at *7-8.

[9] *Id.* at *20.

[10] *Id*. at * 21 (Dyk, T., and Lourie, A., dissenting).

[11] *E.g.*, *Clio USA, Inc. v. The Procter & Gamble Co.*, IPR2013-00438, Paper 9 at 8 (Jan. 9, 2014) ("The court dismissed Clio's declaratory judgment action without prejudice; the action, therefore, is a nullity. In the context of § 315(a)(1), the action never existed.").