

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PROPPANT EXPRESS INVESTMENTS, LLC,
PROPPANT EXPRESS SOLUTIONS, LLC,
Petitioner,

v.

OREN TECHNOLOGIES, LLC,
Patent Owner.

Case IPR2018-00914
Patent 9,511,929 B2

Before MITCHELL G. WEATHERLY, KEVIN W. CHERRY, and
MICHAEL L. WOODS, *Administrative Patent Judges*.

Opinion for the Board filed by *Administrative Patent Judge* WEATHERLY.

Opinion Concurring filed by *Administrative Patent Judge* CHERRY.

DECISION

Denying Institution of *Inter Partes* Review; Denying Motion for Joinder
35 U.S.C. § 315

I. INTRODUCTION

Proppant Express Investments, LLC (“PEI”) and Proppant Express Solutions, LLC (“PES”), collectively, “PropX” or “Petitioner,” filed a Petition (Paper 1, “Pet.”) to institute an *inter partes* review (“IPR”) of

claim 4 of U.S. Patent No. 9,511,929 B2 (Ex. 1001, “the ’929 patent”). Along with its Petition, PropX filed a Motion for Joinder requesting that we join this IPR to *Proppant Express Investments LLC & Proppant Express Solutions, LLC v. Oren Technologies, LLC*, Case IPR2017-02103. Paper 3 (“Mot.” or “Motion”). Oren Technologies, LLC (“Patent Owner”) filed an Opposition to the Motion for Joinder (Paper 7, “Opp.”), and PropX filed a Reply (Paper 8, “Reply”).

For the reasons discussed below, we deny both the Motion for Joinder and the Petition to institute an *inter partes* review.

II. PROCEDURAL BACKGROUND

A brief summary of how this case fits into the context of certain related proceedings is helpful to understand the issues relevant to this Decision.

The ’929 patent is involved in a pending lawsuit captioned *SandBox Logistics, LLC v. Proppant Express Invs., LLC*, No. 4:17-cv-00589 (S.D. Tex.) (“Litigation”), which names PEI and PES as defendants. Pet. 2. The Litigation was filed on February 23, 2017.¹

On September 18, 2017, PropX filed a petition for *inter partes* review of the ’929 patent in Case IPR2017-02103 (“the -2103 IPR”). See Pet. 2. We instituted trial in the -2103 IPR on March 16, 2018. See -2103 IPR, Paper 19. Although we instituted trial on claims 1–3, 5–7, 10, and 12–19 of the ’929 patent, we did not originally institute trial on claim 4 of the

¹ Patent Owner’s mandatory notices states that the complaint was filed on “February 23, 2016.” Paper 6, 1. However, our review of the docket in the Litigation reveals that it was filed on February 23, 2017. Regardless of the date, the parties agree that the complaint was served one year before the filing date of this proceeding. Pet. 5; Opp. 1.

'929 patent. *Id.* at 3, 34. We later reintroduced the challenge to claim 4 into the -2103 IPR. IPR2017-02103, Paper 27. The -2103 IPR remains pending.

On April 16, 2018, PropX filed its Petition and Motion for Joinder in this case. PropX represents that “[a]side from correcting the combination of references used to challenge claim 4, claim constructions, prior art and other evidence,” the “arguments mapping that evidence to claim 4 in the [petition in this proceeding] are identical to those in [the -2103 IPR] (excluding Uhryn).” Mot. 6.

III. THE MOTION FOR JOINDER

Petitioner presents the issue of whether a party that is otherwise barred under 35 U.S.C. § 315(b) may, under 35 U.S.C. § 315(c), join new issues to an existing proceeding.

A. THE PARTIES' POSITIONS

Petitioner argues that “[a]lthough [PropX was] served more than one year ago with a complaint asserting infringement of the '929 Patent, the one-year bar under 35 U.S.C. § 315(b) does not apply” because it filed the Motion for Joinder “within one month of institution of Case IPR2017-02103.” Pet. 5; *see also* Mot. 5–6 (addressing timeliness of Motion under 37 C.F.R. § 42.122(b)). Petitioner reasons that because it filed a timely motion for joinder, the one-year bar does not apply to the Petition. Pet. 5.²

Patent Owner responds that we must deny the Motion for Joinder because the plain language of § 315(c) permits joinder of only parties, not

² Petitioner’s argument rests upon the last sentence of § 315(b), which states: “The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).” 35 U.S.C. § 315(b).

issues. Opp. 3. Because the Motion must be denied, Patent Owner argues that we must deny the Petition because it “is statutorily barred under 35 U.S.C. § 315(b).” *Id.* at 1.

In Reply, Petitioner argues that the Board previously has interpreted § 315(c) as allowing same-party joinder, so its request should be allowed. Reply 1.

B. ANALYSIS

Section 315(c) states:

(c) Joinder.—If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review 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.

35 U.S.C. § 315(c). For the reasons expressed below, we interpret the plain language of the section to convey authority to join only other parties to existing proceedings without introducing new issues of patentability.

In our view, the phrase “join as a party” cabins our authority such that we may not join new issues to an existing proceeding whether raised by the same petitioner or a different petitioner. The reasons underlying our view are expressed thoroughly in the dissent entered in *Target Corp. v. Destination Maternity Corp.*, Case IPR2014-00508, Paper 28 (PTAB Feb. 12, 2015) (Fitzpatrick, dissenting). We incorporate that reasoning here by this reference.

Petitioner correctly notes that the Board has rejected Patent Owner’s argument that § 315(c) does not permit joinder of new issues raised by an existing petitioner into an existing *inter partes* review in two decisions

entered by expanded panels of the Board. Mot. 1 (citing *Target Corp. v. Destination Maternity Corp.*, Case IPR2014-00508, slip op. at 7–12 (PTAB Feb. 12, 2015) (Paper 28); *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, Case IPR2015-00762, slip op. at 3–5 (PTAB Oct. 5, 2015) (Paper 16)). Neither of these Board decisions has been designated as informative or precedential.

We note that the Board’s *Target* and *Nidec* decisions predate the Federal Circuit’s decision in *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co. Matal*, 868 F.3d 1013 (Fed. Cir. 2017). Two of the three panel members in the Federal Circuit’s *Nidec* decision agree with our interpretation of § 315(c), indicating:

We think it unlikely that Congress intended that petitioners could employ the joinder provision to circumvent the time bar by adding time-barred issues to an otherwise timely proceeding, whether the petitioner seeking to add new issues is the same party that brought the timely proceeding, as in this case, or the petitioner is a new party.

Nidec, 868 F.3d at 1020 (Dyk, J. and Wallach, J. concurring). Although Judges Dyk and Wallach expressly note that they were not deciding the interpretation of § 315(c), they wrote separately because “we have serious questions as to the Board’s (and the Director’s) interpretation of the relevant statutes.” *Id.* at 1019.

The Board’s *Target* and *Nidec* decisions also predate the Supreme Court’s decision in *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348 (2018), in which the Court indicated that the Director may not deviate from statutory directives, even if policy considerations suggest doing so. *SAS*, 138 S. Ct. at 1358–59. The Court instructs us to “[s]tart where the statute does” with the understanding that “‘Congress’ choice of words is presumed to be

deliberate.”” *Id.* at 1355 (quoting *Univ. of Tex. Southwestern Med. Center v. Nassar*, 570 U.S. 338, 353 (2013)). The Court has also held that “an agency’s power is no greater than that delegated to it by Congress.” *Lyng v. Payne*, 476 U.S. 926, 937 (1986); *see also Killip v. Office of Pers. Mgmt.*, 991 F.2d 1564, 1569 (Fed. Cir. 1993) (“An agency is but a creature of statute. Any and all authority pursuant to which an agency may act ultimately must be grounded in an express grant from Congress.”). We discern no ambiguity in the language of § 315(c) that would permit us to conclude that Congress granted the Office authority to join new issues to an existing *inter partes* review.

In view of the foregoing, we determine that we have no authority under § 315(c) to grant the relief requested by Petitioner—joining the issues presented in the Petition to a previously instituted *inter partes* review. Accordingly, we deny Petitioner’s Motion for Joinder.

IV. THE PETITION

Under § 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.” 35 U.S.C. § 315(b); *see also* 37 C.F.R. § 42.101(b).³ Because Petitioner was served with a complaint asserting infringement of the ’929 patent more than one year before it filed the Petition, Pet. 3, we deny the Petition as barred under 35 U.S.C. § 315(b).

³ The last sentence of § 315(b) exempting “a request for joinder under subsection (c)” from the one-year bar does not save the Petition under our interpretation of § 315(c), which only permits the Director to grant a request by another party to join an existing proceeding without introducing new issues of patentability.

V. ORDER

For the reasons given, it is:

ORDERED that the Motion for Joinder is *denied*; and

FURTHER ORDERED that the Petition to institute *inter partes* review is *denied*.

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CHERRY, *Administrative Patent Judge*, concurring,

I agree with the majority opinion that the motion for joinder should be denied, and, therefore, the Petition is time-barred and should also be denied. However, I do not join the reasoning articulated by the majority. The discretion to grant joinder is vested by statute in the Director. *See* 35 U.S.C. § 315(c). Whatever the merits of the majority opinion, the Director has repeatedly taken the position, in briefing before the United States Court of Appeals for the Federal Circuit, that such same-party joinder is permitted by § 315(c). *See, e.g., Nidec Motor Corp. v. Zhongshan Broad Ocean Motor*

Co. Ltd, 2016-2321 (Fed. Cir.), Brief for Intervenor—Director of the United States Patent and Trademark Office, 32–39. I am not aware of any guidance from the Director departing from this position.⁴ Given that we act on behalf of the Director, I would follow the previous positions taken by the Director, until they are modified, and determine that § 315(c) does permit same-party joinder.

I note that this understanding is consistent with the direction provided in our rules and Trial Practice Guide. When exercising our discretion to grant joinder, the Board is mindful that patent trial regulations, including the rules for joinder, must be construed to secure the just, speedy, and inexpensive resolution of every proceeding. *See Target Corp. v. Destination Maternity Corp.*, Case IPR2014-00508, slip op. at 3 (PTAB Feb. 12, 2015) (Paper 28) (citing 37 C.F.R. § 42.1(b)(1)). “As indicated in the legislative history, the Board will determine whether to grant joinder on a case-by-case basis taking into account the particular facts of each case.” *Id.* (citing 157 CONG. REC. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (noting that when determining whether and when to allow joinder, the Office may consider factors including the breadth or unusualness of the claim scope, claim construction issues, and consent of the patent owner)). Indeed, in circumstances as noted by the *Target* majority, such as where the same patent and parties are involved in both proceedings, there is an overlap in the cited prior art, and Petitioner has been diligent and timely in filing the

⁴ The Director, together with designees of the Director, have the authority and ability to modify our decisions. *See* PTAB Standard Operating Procedure 2 (10th rev. Sept. 20, 2018), <https://www.uspto.gov/sites/default/files/documents/SOP2%20R10%20FINAL.pdf>

Motion, joinder is, in many circumstances, consistent with the admonition of Rule 42.1(b). *Id.* at 4.

Yet that is not the end of the analysis. The Board has also looked at the totality of the circumstances when considering whether to exercise that discretion. For example, in *Amneal Pharms., LLC v. Endo Pharms., Inc.*, Case IPR2014-01365 (PTAB Feb. 4, 2015) (Paper 13), the Board also considered whether the petitioner had been previously sued for infringement of the claims that it sought to add, and whether the Board had previously denied institution of the claims and the petitioner was now using the Board's prior decision as a roadmap to get a "second bite at the apple." *Id.* at 7–8. In *Amneal*, the Board allowed same-party joinder for claims that had not been previously challenged and on which the petitioner had not been previously sued, *id.* at 7–8, but denied joinder for claims where the petitioner was merely trying correct the mistakes the Board identified in the Board's decision on institution with respect to the petitioner's analysis of those claims, *id.* at 10–11. As in *Amneal*, the claim challenged in this Petition was previously challenged and Petitioner merely seeks to correct mistakes in the prior petition. *Id.*

Additionally, Petitioner delayed seeking to correct its Petition in the -2103 IPR. After Patent Owner first pointed out the errors in the Petition in its Preliminary Response in -2103 IPR, it was not until after our Decision on Institution that Petitioner began its attempts to correct the Petition. This belated effort led us to deny Petitioner's request to amend its petition in the

-2103 IPR and also weighs against granting the Motion for Joinder.⁵ Moreover, because claim 4 has been added to the -02103 IPR as a result of the Supreme Court's decision in *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348 (2018), Petitioner will have an opportunity, subject to the limits of 37 C.F.R. § 42.23, to attempt to argue why the Petition establishes that claim 4 is unpatentable. Petitioner has also filed a request for an *ex parte* reexamination. This is, in effect, Petitioner's third bite at the apple. Thus, because Petitioner will already have a chance to argue that claim 4 is unpatentable based on its previously filed petition and this is the latest of multiple attempts that it has made, I believe we should exercise our discretion and deny the Motion for Joinder.

In addition to denying the Motion for Joinder based on our discretion, I would deny the Motion for Joinder because it is futile. Under § 315(c), "joinder is only permissible if the Director determines that a petition 'warrants the institution of an *inter partes* review.'" *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1019 (Fed. Cir. 2017) (Dyk, J., concurring) (quoting 35 U.S.C. § 315(c)). Here, I would determine that the Petition should be denied based on our discretion under § 314(a). In *General Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357, (PTAB September 6, 2017) (Paper 19) (precedential), the

⁵ Petitioner tries to argue that somehow it is entitled to relief under the "interests of justice" standard. *See* Reply 3. Without defining the exact differences between the "good cause" and "interests of justice" standards, I do not see how Petitioner actions should be excused under the "interests of justice" standard. At the very least, because claim 4 is now added to the -2103 IPR and Petitioner will have an opportunity to argue the unpatentability of claim 4, we do not see how the interests of justice weigh in favor of us allowing a belated re-write of the Petition in -2103 IPR.

Board set forth a non-exhaustive list of factors (“*General Plastic* factors”) the Board takes into consideration in evaluating follow-on petitions. Here, I would find that all of the factors weigh against review. Petitioner has filed a prior petition addressing claim 4, and this Petition applies art that it was aware of when it filed the first petition. Indeed, Petitioner admits that it is attempting to correct a mistake in the Petition noted by Patent Owner in its Preliminary Response in the -2103 IPR and discussed in our Decision on Institution in the -2103 IPR. In essence, it is using our prior decision as a roadmap to fixing its prior petition. Moreover, Petitioner’s explanation that it failed to “appreciate” the error noted in the Preliminary Response, Reply 3–4, is inadequate. Again, it amounts to simply requesting a do over. This is not an adequate justification for its belated efforts to correct its prior petition. Finally, the addition of this new petition would require modifying the schedule and would make completing the -2103 IPR within the one-year statutory limit more difficult. Thus, I would find that all of the factors articulated in *General Plastics* weigh against institution and would deny the Petition. Because the Petition would not merit institution, the Motion for Joinder would be futile and should be denied as well.

Accordingly, I respectfully concur in the decision of the Board.

IPR2018-00914
Patent 9,511,929 B2

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