



# THINK FORWARD

## Fed. Cir. Denies Patent Owner's Mandamus Petition

The Federal Circuit has denied VirnetX's petition for writ of mandamus directed to the PTAB's joinder decisions in *inter partes* review proceedings (IPR) between Patent Owner VirnetX and Petitioner's Apple and Mangrove Partners.

The Federal Circuit had temporarily stayed the IPRs pending a decision on VirnetX's *petition for writ of mandamus*. Apple and the USPTO filed responses on March 14, 2016. On March 18<sup>th</sup>, the Federal Circuit denied VirnetX's petition and lifted the stay.

At issue was the PTAB's interpretation of 35 U.S.C. § 315(b) which imposes a time bar on the institution of IPRs, but also provides an exception:

*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, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).*

### VirnetX's Petition

According to VirnetX's petition, it served Apple with a complaint alleging infringement of two of its patents ("the VirnetX patents") on August 11, 2010. In 2013, Apple filed several IPRs challenging the patentability of the VirnetX patents. The Board denied those petitions as being time-barred under § 315(b) because they were filed more than 1 year after the August 2010 complaint.

Then, according to VirnetX's petition, Apple tried again. In late 2013 RPX Corporation filed more IPRs challenging the VirnetX patents. Based on evidence demonstrating a connection between RPX Corporation and Apple, the Board determined that RPX was a proxy for the time-barred Apple. The Board denied RPX's petitions because Apple, which the Board identified as the real party-in-interest, was time-barred under § 315(b).

In October 2015, the PTAB instituted two IPR petitions filed by Mangrove Partners challenging the patentability of the VirnetX patents. Within a month of that institution decision, Apple filed two more IPR petitions challenging the VirnetX patents, accompanied by requests to join the Mangrove petitions.

The Board granted Apple's petitions and its joinder requests based on § 315(b)'s "exception" that the 1 year bar "shall not apply to a request for joinder."

VirnetX alleges in its *petition for writ of mandamus* that the Board erred in its interpretation of § 315(b). Specifically, VirnetX argues that the exception from the time bar provided in § 315(b) applies only to requests for joinder, and not to petitions themselves. VirnetX further argues that it will suffer irreparable harm if Apple is allowed to participate in the IPR proceedings:

*In authorizing this joinder, the Board effectively re-wrote the statute by extending the narrow statutory timing exemption, applicable only to joinder requests, to petitions as well. The Board's statutory interpretation is patently erroneous, because it contradicts the plain statutory language, legislative*

*history, congressional purpose, and the Supreme Court's precedent construing the key statutory term. The Board's interpretation also unravels the careful balance struck by Congress between encouraging the use of inter partes review and "preventing the serial harassment of patent holders." The injury is magnified here, where Apple (the time-barred party) has effectively taken over the proceedings. This Court's immediate intervention is needed in order to prevent irremediable harm to VirnetX.*

### **Apple and the USPTO's Responses**

The USPTO argued that § 315(b) provides an exception to the 1 year bar for requests for joinder. As a result, Apple's IPR petitions, which were accompanied by requests for joinder, were properly joined to the Mangrove petitions. The USPTO also argued that the America Invents Act (AIA) does not allow the Federal Circuit to review institution decisions.

*This Court lacks jurisdiction to entertain this petition: the Court's precedents unequivocally bar any challenge to the Board's § 315(b) determinations in particular, and bar the use of mandamus review to challenge institution decisions in general. VirnetX does not challenge joinder in order to compel Apple's IPRs to proceed separately from the Mangrove IPRs; rather, it attacks joinder as a gateway to challenging the institution of the Apple IPRs, an attack clearly barred by § 314(d).*

Apple added that VirnetX was using the petition as a delay tactic in view of a recent jury verdict ordering Apple to pay \$625.6 million for infringing the VirnetX patents, among others.

*VirnetX seeks to avoid or delay entry of final administrative decisions invalidating its patent claims—claims which underlie a large portion of the recent \$625 million verdict against Apple in the Eastern District of Texas. VirnetX clearly hopes that its petition, by interrupting the Board's proceedings, will increase the chances of the jury verdict reaching this Court before the Board's final written decision . . .*

### **Federal Circuit Decision**

The Federal Circuit denied VirnetX's petition in a brief decision. The court did so "without prejudice to VirnetX raising its arguments on appeal after the Board issues its final written decision." In other words, the question of whether or not Apple's IPR petitions were time-barred under § 315(b) may find its way back up to the Federal Circuit in the future.

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