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Good News/Bad News: Patent Owners and Petitioners Both Make Gains in CAFC Uniloc Decision

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The Federal Circuit's recent *Uniloc 2017 v. Facebook Inc.* decision is a mixed bag of good and bad news for both patent owners and *inter partes* review petitioners. On the plus side for patent owners (but not for petitioners), the Federal Circuit determined that the so-called "No Appeal" provision does not necessarily apply to 35 U.S.C. § 315(e)(1), and, therefore, a patent owner may still appeal a Patent Trial and Appeal Board determination that a petitioner is not estopped from maintaining an IPR under § 315(e)(1). However, the Federal Circuit also provided petitioners with good news, ruling that one petitioner's joining of another petitioner's instituted IPR does not place the two petitioners in privity for § 315(e)(1) estoppel purposes.

The *Uniloc* decision concerned two separate sets of IPR petitions and two separate joinders, all challenging the patentability of Uniloc's U.S. Patent No. 9,995,433 (hereinafter "the '433 Patent). The first set concerns Apple's IPR petition challenging certain ?433 Patent claims. After the PTAB instituted the Apple IPR petition, Facebook filed a substantively identical petition and joined the Apple IPR.

But before joining the Apple IPR, Facebook had already filed its own petitions challenging the ?433 Patent claims. And when PTAB instituted these Facebook IPRs, they, too were joined by another party. This time, however, the joining party was LG, which had not joined and was not a party to the Apple IPR.

While the Facebook IPRs were still pending, PTAB issued its final decision in the Apple IPR, finding that Apple and Facebook had failed to prove the challenged claims were unpatentable. Given the overlap of parties and challenges to the ?433 Patent, this decision raised numerous estoppel issues under 35 U.S.C. § 315(e)(1). Section 315(e)(1) is intended to prevent the proverbial two bites at the apple, and states that "[t]he petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that the claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review." Because Facebook was a petitioner in the finally decided Apple IPR, PTAB determined Facebook was estopped from maintaining the Facebook IPRs against any of the claims at issue in

the Apple IPR.

But although Facebook was estopped, PTAB also found that **LG** (who had joined the Facebook IPRs) was **not** similarly estopped. The Facebook IPRs thus proceeded to final written decisions, in which all of the challenged Uniloc claims were found unpatentable, leading to Uniloc's appeal to the Federal Circuit.

Among other things, Uniloc argued on appeal that, like Facebook, LG should have been estopped from maintaining the Facebook IPRs because LG was in privity with Facebook. The Federal Circuit first considered whether 35 U.S.C. § 314(d) would preclude their judicial review of the PTAB's post-institution application of estoppel. The Court found that 35 U.S.C. § 314(d), which renders the PTAB's institution decision non-appealable, does not apply in this instance because the PTAB's application of estoppel arose post-institution of the IPR.

But not all of the news was good for Uniloc. Although Uniloc's appeal could be considered, the Federal Circuit rejected Uniloc's argument that LG should be estopped along with Facebook. According to Uniloc, LG was in privity or a real-party-in-interest with Facebook in the earlier-decided Apple IPR because LG joined and agreed to be bound by the determination in the Facebook IPRs. But the Federal Circuit (like PTAB before it) disagreed, concluding that LG's joinder in the **Facebook** IPRs did not evidence the necessary control over Facebook in the later **Apple** IPRs: "We decline, as the Board too did, to conclude that LG is estopped as a result of Facebook's participation in the Apple IPR, merely by way of its joinder as a party in this later proceeding."

The Uniloc decision gives guidance to both patent owners and petitioners. For example, Petitioners need to be careful about joining ongoing IPRs, lest their involvement give rise to estoppel in their own separate IPRs. Patent owners, on the other hand, now may appeal at least certain § 315(e)(1) decisions, but they will need evidence other than mere joinder to establish the control needed to prove privity.

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