

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

JT INTERNATIONAL S.A.
Petitioner,

v.

FONTEM HOLDINGS 1 B.V.
Patent Owner.

Case No. IPR2015-01587
Patent No. 8,365,742

**PETITIONER'S REPLY TO PATENT OWNER'S PRELIMINARY
RESPONSE TO PETITION FOR *INTER PARTES* REVIEW OF U.S.
PATENT NO. 8,365,742**

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Pursuant to the Board's reply email of Nov. 12, 2015 to the parties, Petitioner JT International S.A. ("Petitioner" or "JTI") hereby files this Reply to Patent Owner's Preliminary Response to Petition for *Inter Partes Review*.

I. JTI IS NOT PRECLUDED FROM PETITIONING BASED ON THE BOARD'S DECISION IN *VMWARE*

35 U.S.C. § 315(b) states that "[a]n 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." Patent Owner has not shown this one-year bar applies.

Patent Owner alleges that § 315(b) bars JTI from petitioning for *inter partes* review of the '742 patent because (i) Logic Technology Development LLC ("Logic") was served with an infringement complaint more than one year prior to the filing of the Petition, and (ii) JTI acquired Logic after JTI filed the Petition. *See* Paper 6 at 2-8. Patent Owner relies on the Board's decision denying institution in *VMWare, Inc. v. Good Technology Software, Inc.*, IPR2015-00031, Paper 11 (PTAB Mar. 6, 2015). *See, e.g.*, Paper 6 at 4-7. *VMWare* does not support Patent Owner's position.

In *VMWare*, the petition was precluded as untimely under § 315(b) given the petitioner admittedly became a privy with a defendant it acquired more than a year after the defendant was served with the infringement complaint, but **prior** to the

filing of the IPR petition. *VMWare, Inc.*, Paper 11 at 2. Therefore, *VMWare* did not hold that events taking place after the filing of an IPR petition could bar the petition. In fact, it is illogical that later acts could bar an already filed petition; other Board decisions similarly reflect that events subsequent to a petition filing are inapposite to the § 315(b) inquiry. For example, in *Synopsys, Inc. v. Mentor Graphics Corp.*, IPR2012-00042 (PTAB Feb. 22, 2013), the Board held that the petitioner was not in privity with the defendant it acquired after filing the petition. Paper 16 at 15-18 (finding no persuasive evidence that defendant was a subsidiary of petitioner when the petition was filed).

VMWare is easily distinguishable from the facts here because JTI was not in privity with Logic at any time prior to the Petition filing. The time line is clear. Logic, not JTI, was served with the complaint in March 2014. Paper 6 at 5. JTI subsequently filed the Petition on July 14, 2015 and, after filing the Petition, acquired Logic on July 27, 2015. *Id.* at 5-6.¹ Patent Owner has pointed to no evidence that, at the time of the Petition filing (1) JTI agreed to be bound by the determination of issues in the district court litigation alleging Logic infringes the ‘742 patent; (2) a “substantive legal relationship” existed between JTI and Logic; (3) Logic represented JTI (adequately or otherwise) in the district court litigation; or (4) JTI assumed control over the district court litigation. *See Taylor v. Sturgell*,

¹ Patent Owner incorrectly listed the filing date of the Petition as June 26, 2015. *Compare* Paper 6 at 5 *with* Paper 4 (Notice of Filing Date Accorded Petition).

553 U.S. 880, 892-95 (2008) (exceptions to general rule against nonparty exclusion). Patent Owner points to a JTI announcement in April 2015 regarding “an agreement to acquire Logic.” *See* Paper 6 at 5. However, the announcement makes clear that the acquisition must receive regulatory clearance before the acquisition can be completed. Ex. 2005. An agreement to acquire in the future does not create privity between JTI and Logic. *See Synopsys, Inc.*, IPR2012-00042, Paper 16 at 16 (finding no evidence that an “agreement to acquire” in the future created privity between petitioner and defendant). JTI is therefore not barred from petitioning under § 315(b) based on *VMWare*.²

II. PATENT OWNER CANNOT SHOW PRIVACY UNDER § 315(b) THROUGH EVENTS TAKING PLACE AFTER THE FILING OF THE PETITION

Instead of pointing to some evidence of privity between the time of service of the complaint and the Petition filing, Patent Owner relies on JTI’s acquisition of Logic after the Petition filing. *See* Paper 6 at 5-6. Patent Owner cannot establish

² In considering privity under § 315(b), the Board has also focused on whether the petitioner and the defendant were privies at the time the defendant was served with the infringement complaint. *See, e.g., Abb Tech., Ltd. v. IPCO, LLP*, IPR2013-00482, Paper 8 at 9 (PTAB Feb. 4, 2014) (finding patent owner did not persuasively show that petitioner was a privy of defendant when defendant was served with infringement complaint); *Synopsys, Inc.*, IPR2012-00042, Paper 16 at 16 (same); *Chi Mei Innolux Corp. v. Semiconductor Energy Lab. Co. Ltd.*, IPR2013-00028, Paper 14 at 6 (PTAB Mar. 21, 2013) (same). As detailed in Section II, JTI did not acquire Logic until well after Logic was served with the complaint alleging infringement of the ‘742 patent. Therefore, JTI is also not barred from petitioning under § 315(b) based on these other Board decisions.

privity by pointing to an acquisition alone, especially one that takes place after the Petition filing. *See, e.g., Synopsys, Inc.*, IPR2012-00042, Paper 16 at 15-18; *see also Aruze Gaming Macau, Ltd. v. MGT Gaming, Inc.*, IPR2014-01288, Paper 13 at 19 (PTAB Feb. 20, 2015) (“[C]ontrol of a party to litigation through stock ownership or corporate officership is not enough to create privity, absent a showing that the corporate form has been ignored.”) (quoting *Gillig v. Nike, Inc.*, 602 F.3d 1354, 1362 (Fed. Cir. 2010)).

Patent Owner seemingly relies on *General Electric Co. v. Transdata, Inc.*, IPR2014-01380 (PTAB Apr. 15, 2015), for the proposition that the existence of privity at any point in litigation will bar a subsequent petition under § 315(b). Paper 6 at 4, 7-8. That case, however, reinforces the notion that the privity inquiry under § 315(b) is directed to whether the petitioner and the defendant were privies at the time the defendant was served with the infringement complaint. *General Electric Co.*, IPR2014-01380, Paper 34 at 10-11 n.7 (finding petitioner and defendant in privity at the time the defendant was served with complaint). Moreover, contrary to the mere attorney argument in Patent Owner’s Preliminary Response (Paper 6 at 7-8), there is no evidence that JTI and Logic ever admitted to being privies with respect to the earlier litigation.

Even though the § 315(b) inquiry does not extend to facts taking place after the filing of the petition, *see, e.g., Synopsys, Inc.*, Paper 16 at 15-18, Fontem relies

on post-acquisition activity: (1) JTI and Logic sharing the same counsel two months after the acquisition; and (2) JTI after the acquisition becoming a real-party-in-interest to the IPRs Logic filed. Paper 6 at 5-8. The fact parties share the same counsel is not proof that the parties are privies, especially in this case when the parties did not share the same counsel until **after** the acquisition. *See Aruze Gaming Macau, Ltd.*, IPR2014-01288, Paper 13 at 19-20 (rejecting patent owner’s argument that petitioner and defendant are privies due to common counsel); *Syntroleum Corp. v. Neste Oil OYJ*, IPR2013-00178, Paper 22 at 7 (PTAB Sept. 4, 2013) (finding that sharing counsel in a copending litigation does not establish that co-defendants have the ability to control petitioner’s conduct in the Board proceeding). Patent Owner further mischaracterizes the record by arguing that JTI “supplanted” Logic as the real-party-in-interest to the IPRs Logic filed. Paper 6 at 7. Instead, JTI became a real-party-in-interest along with Logic **after** the acquisition. Exs. 2007-2010.

III. CONCLUSION

For the reasons described above, Petitioner requests that the Board reject Fontem’s privity challenge under § 315(b).

Date: November 19, 2015

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached Petitioner's Reply to Patent Owner's Preliminary Response to Petition for *Inter Partes* Review was served on November 19, 2015, via electronic mail upon the following counsel of record for Patent Owner:

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