

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FIFTH THIRD BANK
Petitioner

v.

LEON STAMBLER
Patent Owner

Case IPR2014-00244
U.S. Patent 5,793,302

Before THOMAS L. GIANNETTI, BRYAN F. MOORE, and TRENTON A.
WARD, *Administrative Patent Judges*.

GIANNETTI, *Administrative Patent Judge*.

ORDER
Conduct of the Proceeding
37 C.F.R. § 42.5

Petitioner, Fifth Third Bank, has requested authorization to file a motion to join this proceeding with IPR2013-00341. *See* 35 U.S.C. § 317(a); 37 C.F.R. 42.122(b). On December 11, 2013, the Board granted the joint request of the parties to IPR2013-00341, namely the Federal Reserve Banks¹ and Leon Stambler (Patent Owner), to terminate that proceeding. IPR2013-00341, Paper 12. As joinder with a terminated proceeding is not permitted, Petitioner's request is denied.

DISCUSSION

The statutory provision governing joinder of *inter partes* review proceedings is 35 U.S.C. § 315(c), which reads as follows:

(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.

As is apparent from the statute, joinder is possible only if a review is instituted. Also, a request for joinder affects certain deadlines under the AIA

¹ Federal Reserve Bank of Atlanta, Federal Reserve Bank of Boston, Federal Reserve Bank of Chicago, Federal Reserve Bank of Cleveland, Federal Reserve Bank of Dallas, Federal Reserve Bank of Kansas City, Federal Reserve Bank of Minneapolis, Federal Reserve Bank of New York, Federal Reserve Bank of Philadelphia, Federal Reserve Bank of Richmond, Federal Reserve Bank of San Francisco, and Federal Reserve Bank of St. Louis.

(Leahy-Smith America Invents Act). Normally, a petition for *inter partes* review filed more than one year after the petitioner (or the petitioner's real party-in interest or privy) is served with a complaint alleging infringement of the patent is barred. 35 U.S.C. § 315(b); 37 C.F.R. § 42.101(b). However, the one-year time bar does not apply to a request for joinder. 35 U.S.C. § 315(b)(final sentence); 37 C.F.R. § 42.122(b). This is an important consideration here, because Fifth Third Bank was served with a complaint asserting infringement of the '302 patent more than one year before filing its petition. IPR2013-00244, Paper 1, 3 n.3. Thus, absent joinder of this proceeding with IPR2013-00341, it appears that Fifth Third Bank's petition would be barred.

On November 29, 2013, the parties in IPR2013-00341 advised the Board that they were exploring settlement of that proceeding and three related proceedings.² On Wednesday, December 4, 2013, the Board authorized these parties to file a motion to terminate the four proceedings under 37 C.F.R. § 42.74. *See* IPR2013-00341, Paper 9. The Board set a deadline of Monday, December 9, 2013, for filing the motion.

On December 6, 2013, counsel for Fifth Third Bank requested a conference with the Board to seek authorization to file a motion for joinder. The Board declined the conference request, advising Fifth Third Bank that because no petition had been filed by Fifth Third Bank, there was no need for a conference. Later that day, the parties in IPR2013-00341 filed their motion to terminate the proceeding and the three related proceedings. In their motion, the parties stated that the

² IPR2013-00344, IPR2013-00406, and IPR2013-00409.

settlement agreement between them would be “void *ab initio*” if the petition to institute were granted in any of the proceedings. IPR2013-00341, Paper 10, 2.

On the following Monday, December 9, 2013, Fifth Third Bank filed the petition in this proceeding, and again requested a conference with the Board. The Board granted the request, and on December 11th, a conference took place with the above panel of Administrative Patent Judges and counsel for Fifth Third Bank, Patent Owner, and the Federal Reserve Banks, respectively. After hearing from all parties, the Board took the request for joinder under advisement.

On December 12, 2013, the Board granted the joint motion to terminate in IPR2013-00341, terminating that proceeding (as well as the three related proceedings) as requested by the parties. IPR2013-00341, Paper 12. In granting the motion, the Board pointed out that the proceedings still were in their preliminary stages because a trial had not been instituted. *Id.* at 3-4. The Board further concluded that the separate petition filed by Fifth Third Bank, and the possibility of joinder, were not sufficient reasons to deny the parties’ joint request to terminate. *Id.*

At the December 11th telephone conference, counsel for Fifth Third Bank confirmed that they had been served with a complaint by Patent Owner on October 29, 2012, more than one year before filing their petition. Counsel for Fifth Third Bank stated that they were waiting to see if the petition filed by the Federal Reserve Banks would be granted before filing their own petition. Petitioner urged the Board not to terminate the proceeding, notwithstanding the joint request of the parties to do so.

In opposition, Patent Owner pointed out that the settlement agreement with the Federal Reserve Banks would be void if a trial were initiated, which would

affect several other IPRs and federal court actions. Patent Owner said it relied on the fact that a trial had not been initiated in the IPRs, and therefore joinder was not possible, in reaching a settlement.

The Federal Reserve Banks pointed to the timing of Fifth Third Bank's petition as a reason for denying the request. Fifth Third Bank said it knew about the one-year time bar and still did not take any action to file a petition. Further, the Federal Reserve Banks pointed out the possibility of settlement as an important feature of *inter partes* review, and that parties to such proceedings should be able to rely on the guidance that the Board expects that such proceedings will terminate after the filing of a settlement agreement. *See, e.g., Office Patent Trial Practice Guide*, 77 Fed. Reg. 48756, 48768 (Aug. 14, 2012).

The Board agrees with Patent Owner that Fifth Third Bank should not have delayed in filing its petition until after it learned of the settlement, allowing the one-year period under 35 U.S.C. § 315(b) to lapse. By doing so, Fifth Third Bank took a risk that the *inter partes* review proceeding would terminate prior to a decision on institution, as 35 U.S.C. § 315(c) only permits joinder to a previously instituted case. *See* 35 U.S.C. § 315(c) ("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 . . ."). We do not find persuasive Fifth Third Bank's arguments of prejudice. Fifth Third Bank made a litigation choice, and now must face the consequences.

Because Fifth Third Bank delayed its filing, and IPR2013-00341 has been terminated, the joinder statute's prerequisite of an instituted review cannot be met. Fifth Third Bank's request for joinder is, therefore, denied.

ORDER

In view of the foregoing, it is

ORDERED that Petitioner Fifth Third Bank's request for authorization to file a motion for joinder is denied.

IPR2014-00244
Patent 5,793,302

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