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Federal Circuit Affirms PTAB Decision Holding IPRs Were Not Time-Barred

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Pursuant to Section 315(b), the PTAB may not institute an IPR proceeding when the petition "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." 35 U.S.C. § 315(b) (emphasis added). WesternGeco LLC and Petroleum Geo-Services, Inc. (PGS), along with ION Geophysical Corp. and ION International S.A.R.L. (collectively, "ION"), are part of the marine seismic survey industry. In 2009, WesternGeco filed a patent infringement suit against ION and later served PGS with a third-party subpoena seeking information concerning PGS's operation and usage of the competitor system. In August 2012, a jury determined that ION had infringed the asserted patents and had failed to prove invalidity.

Thereafter, WesternGeco sued PGS for patent infringement, and PGS responded by filing two rounds of IPR petitions with the PTAB. After the first round of IPRs was instituted, ION moved to join the proceedings. WesternGeco and PGS opposed. After considering the arguments in opposition, the PTAB granted ION's request to join the proceedings. However, ION's role in the proceedings was restricted to "spectator" status, meaning that ION "had no right 'to file papers, engage in discovery, or participate in any deposition or oral hearing.'" The PTAB ultimately issued final written decisions finding that the claims under review were anticipated by, or obvious over, the prior art, and rejecting WesternGeco's argument that the IPRs were time-barred under 35 U.S.C. § 315(b).

Based on a recent Federal Circuit decision in *Wi-Fi One v. Broadcom Corp.*, 878 F.3d 1364 (Fed. Cir. 2018) (en banc), time-bar decisions under Section 315(b) are judicially reviewable. Consequently, on appeal, WesternGeco argued that the PTAB never should have instituted the IPRs because the proceedings were time-barred. In WesternGeco's view, ION was a "privy"

of PGS within the meaning of Section 315(b), and, therefore, no party timely filed the petitions. WesternGeco further argued that the scope of privity is broader than real party in interest and is not limited to "whether PGS controlled or had an opportunity to control ION's decisions in the ION patent infringement litigation, or whether ION controlled or had an opportunity to control PGS's decisions in the PGS-initiated IPRs." According to WesternGeco, the PTAB applied an unduly restrictive test that improperly focused solely on control when analyzing whether the statutory bar should apply.

The Federal Circuit agreed that the control consideration is "not the exclusive analytical pathway for analyzing privity," but is "one of a variety of considerations." The Federal Circuit, however, disagreed with WesternGeco's assertion that the PTAB focused on only the control consideration when analyzing privity in the context of 35 U.S.C § 315(b). The Federal Circuit recounted that WesternGeco had raised additional considerations to the PTAB, including a pre-existing business alliance and indemnity agreements between ION and PGS, and explained that the PTAB had considered those arguments, but found them unpersuasive.

The Federal Circuit held that "[s]ubstantial evidence supports the [PTAB's] finding that ION lacked the opportunity to control PGS's IPR petitions" and found no basis to "overturn the [PTAB's] determination that privity did not exist based on any other alleged considerations." The Federal Circuit clarified that "[a]s a general proposition, [it] agree[s] with the [PTAB] that a common desire among multiple parties to see a patent invalidated, without more, does not establish privity." Because there was substantial evidence to support the PTAB's finding that "ION's relationship with PGS is not sufficiently close such that the ION proceeding would have given PGS a full and fair opportunity to litigate the validity of the claims of the WesternGeco Patents," the Federal Circuit affirmed the PTAB's conclusion that the IPR proceedings were not time-barred under 35 U.S.C. § 315(b).

Finding that the statutory bar did not apply, the Federal Circuit proceeded to the merits and found substantial evidence to support the PTAB's unpatentability findings.

WesternGeco LLC v. ION Geophysical Corp. (In re WesternGeco LLC), Nos. 2016-2099, 2016-2100, 2016-2101, 2016-2332, 2016-2333, 2016-2334 (Fed. Cir. May 7, 2018)

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35 U.S.C. § 315(b)

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