

WESTERNGECO LLC v. ION GEOPHYSICAL CORPORATION, Appeal Nos. 2016-2099, -2100, -2101, -2332, -2333, -2334 (Fed. Cir. May 7, 2018). Before Wallach, Chen, and Hughes. Appealed from Patent Trial and Appeal Board.

Background:

WesternGeco (WG) sued ION for patent infringement. In support of its infringement case, WG served Petroleum GeoServices (PGS) with a third party subpoena seeking information about PGS's use of ION's allegedly infringing product. PGS then appeared in the lawsuit as a third party and was represented by its own counsel, but did not file anything. A jury found that ION infringed WG's patents and that ION failed to prove that WG's patents were invalid.

WG next sued PGS for infringement of the same patents. In response, PGS filed *inter partes* review petitions seeking invalidation of WG's patents. After PGS's petitions were instituted, ION moved to join the proceedings. Both WG and PGS opposed. WG argued that joinder would create delay and scheduling complications, while PGS sought to avoid prejudicial testimony from the WG-ION litigation being added to the IPR proceeding because PGS did not have the opportunity to participate in the WG-ION litigation. The PTAB granted ION's request, but limited ION's role to spectator status. The PTAB eventually found that various claims of WG's patents were invalid. WG appealed, arguing that the PTAB improperly denied WG the opportunity to be heard on whether the IPRs were time barred pursuant to 35 U.S.C. §315(b). After PGS settled with WG, WG was permitted to file supplemental briefing addressing whether ION was a "privy" of PGS.

Issues/Holdings:

Did the district court err in holding that the IPR petitions are not time-barred under 35 U.S.C. §315(b)? No, affirmed.

Discussion:

Under §315(b), the USPTO may not institute an IPR where the petition is filed more than one year after the date on which the petitioner, or privy of the petitioner, is served with a complaint alleging infringement. WG contends that ION was served with an infringement complaint more than a year before PGS filed its IPR petitions and that ION would have been time-barred from filing any petitions had it not been joined with PGS's petitions. WG further alleges that PGS's petitions should be time-barred because ION was a "privy" of PGS.

During the IPR, the PTAB analyzed privity based on ION's control over the PGS proceeding and pre-existing legal relationships between ION and PGS and concluded that PGS and ION are not privies under §315(b). The PTAB found no evidence that ION directed, funded, controlled, or influenced PGS's IPR petitions. Further, evidence showed that ION and PGS are distinct and unrelated corporate entities represented by different counsel and that, pre-suit, ION and PGS had a contractual and relatively standard customer-manufacturer relationship. The Federal Circuit agreed that PGS and ION are not privies under §315(b) because substantial evidence supports the PTAB's decision that ION's relationship with PGS is not sufficiently close to have given PGS a full and fair opportunity to litigate the validity of WG's patents in the WG-ION litigation. Thus, the Federal Circuit held that the IPR petitions are not time-barred under §315(b).